

AGENDA

Municipal Pensions Oversight Board

Meeting of the Board Members

March 21, 2019 – 1:00 P.M.

301 Eagle Mountain Road

Second Floor, Suite 251

Charleston, WV 25311

- I. Call to Order and Roll Call
- II. Approval of Minutes of Meeting on December 13, 2019
- III. Old Business
 - a. Donald Scurlock/Nitro Policemen's Pension Case – No update.
 - b. Legislative Update
 - i. HB2743 – investments language deleted from §8-22-11a
 - ii. SB617 – municipal pre-payment of pension obligations
 - iii. SB316 – municipalities ability to continue overpayments; way to fix overpayments
 - iv. HB2229 – Honorable Service requirements
 - c. Morgantown Policemen's Pension and Firemen's Pension – No Update
 - d. Huntington Policemen's Pension and Firemen's Pension – No Update
 - e. Compliance Reviews – No Update
- IV. New Business
 - a. Bolton Partners, USA – Actuarial Changes
 - b. Disability Retirant working for new employer as a police officer/firefighter
 - c. Personnel
 - d. RFQ for FY Audit Services
 - e. P-Card Expenditures (November and December 2018, January and February 2019)
 - f. Executive Director's Report
- V. Next Board Meeting is 1:00 pm, June 27, 2019, Location 301 Eagle Mountain Road, Suite 251, Charleston, WV 25311
- VI. Public Comments
- VII. Adjournment

MUNICIPAL PENSIONS OVERSIGHT BOARD
Minutes of Meeting
March 21, 2019

The Municipal Pensions Oversight Board (MPOB) met on March 21, 2019 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia. The Chair, Mr. Neddo, called the meeting to order, noting that a quorum was present.

ATTENDEES

Board Members:

- Lisa Dooley, absent
- Jeffrey Fleck, present
- John Kee, present
- Emily Lambright, present
- David Lanham, absent
- Jason Matthews, (joined by teleconference at 1:42 p.m.)
- Stephen Neddo, present
- Michael Payne, present by teleconference
- Craig Slaughter, present

General Counsel:

- Kelli Talbott, Counsel – WV Attorney General’s Office, absent

Staff:

- LeAnne Neccuzi, Administrative Assistant
- Les Smith, Accountant
- Blair Taylor, Executive Director

Guests:

- Larry Diamond - Retiree - City of Huntington Firemen’s Pension Fund
- Susan Economou – Legislative and Policy Analyst, WVML
- Ellen Kleinsteuber, Chief Actuary-Bolton
- Tom Lowman, President, Bolton Retirement-Bolton
- Forrest Marshall - Retiree - City of Huntington Firemen’s Pension Fund
- Jordan McClane, Consulting Actuary – Bolton
- James Ritchie, Senior Consulting Actuary – Bolton
- Alan Torroella, Actuarial Analyst - Bolton

Minute Taker:

- LeAnne Neccuzi

ORIGINAL

Approval of Minutes

Minutes for the MPOB meeting on December 13, 2018, were presented for approval. Ms. Lambright requested a correction of the minutes to reflect that she was present by teleconference at the December 13th meeting: *Moved by Mr. Fleck; Seconded by Ms. Lambright; Passed unanimously:*

RESOLVED, that the minutes of the December 13, 2018 Municipal Pensions Oversight Board meeting be approved with the noted change.

OLD BUSINESS

Donald Scurlock/Nitro Policemen’s Pension Case – No Update

No update.

Legislative Update

Mr. Taylor discussed legislation passed by the WV Legislature in the 2019 Session.

- i. **HB2743 – investments language deleted from §8-22-11a. Restrictions on Investments.** This bill passed both the House and the Senate. It was forwarded to the Governor’s office for signature on March 8th. This bill provides clean up language to 8-22-11a that referenced police pension plans and fire pension plans with respect to a restriction on how monies could be invested. This was an erroneous instance in the Code because all the police and fire pension investment restrictions are in 8-22-22a. The Governor has until the 27th of March to sign all of the bills. If he does not sign it and does not veto it, it will become law automatically.
- ii. **SB617 –** This bill was at the request of the MPOB. Current law requires a city to pay 1/12 of its share into pension plan each month. Current law does not allow for prepayments of municipal obligations. The MPOB asked the Legislature to change the Code to allow for prepayment of municipal obligations. SB617 passed and it was sent to the Governor’s Office on March 19th. Mr. Taylor believes SB617 will be signed by the Governor.
- iii. **SB316 –** SB316 was introduced at the request of several fire pension retirees and was passed. Assuming the bill is signed by the Governor, the bill is in effect from passage (March 6, 2019). The bill made several changes to §8-22-27a(a) and (d). Specifically,

ORIGINAL

the bill directs the MPOB to order local pension boards of trustees to correct discovered errors in pension calculations if the local pension board fails to correct such errors. The bill also gives the governing boards of municipalities certain powers once the MPOB orders a municipal pension plan to correct errors. A municipality's governing body may appoint four additional members to the board of trustees for the purpose of implementing the provisions of the order from the MPOB. A municipality may also authorize the continued erroneous payments to retirants or beneficiaries provided the municipality continues to also authorize continued payment into the pension fund its statutory obligations.

- iv. **HB2229** – Honorable Service requirements which was introduced by Delegate Shott-Did not pass. Mr. Taylor left it on the agenda because eventually it will be passed by both Houses, not just the House of Delegates. Current statutes state a member shall lose his/her pension if convicted of a felony that relates to their position in government. The bill would have made the conviction of certain misdemeanors also a requisite to forfeiting a public pension.

Morgantown Policemen's and Firemen's Pension Update

No update.

Huntington Policemen's and Firemen's Pension Update

No update.

Compliance Reviews No Update

Mr. Taylor reported that the West Virginia State Auditor's Office (WVSAO) continues to do some compliance reviews out in the field. The MPOB, however, has not had a chance to do any for the past sixty days while the legislature has been in session. At the meeting in March, the City of Princeton had just received the results of their AUP's from the State Auditor's Office. They are working on a couple of other cities but have not finished those reports yet.

NEW BUSINESS

Bolton Partners, USA – Actuarial Changes

The representatives from Bolton began their presentation by introducing themselves and describing the roles they will perform in providing actuarial services to the MPOB. Ms. Ellen Kleinstuber, Chief Actuary, will provide support to the team and quality control for the project. Mr. Tom Lowman has been an actuary at Bolton for 20 years and has a total of 40 years' experience working as an actuary. He works mostly on public sector pensions and has worked extensively with DROPS. Mr. Allen Torroella has two years' experience and recently transferred to Bolton's Baltimore office. He will be the data collection contact for the pension plans. Mr. Jordan McClane is the project leader for the engagement. It is his responsibility to keep everyone on schedule to meet their deadlines and ensure that valuations are on time, etc. Mr. Jim Ritchie is the lead actuary with 30 years of experience. He is new to Bolton. His experience includes working with the public sector. The MPOB primarily will be working with Mr. McClane and Mr. Ritchie. Bolton provides actuarial work for pensions, health care work and some investment consulting. Seventy-five percent of their work involves public pensions. Bolton employs 115 people of which, approximately one quarter are credentialed actuaries.

Mr. McClane reported on the preliminary transition results of how closely Bolton matched the Gabriel Roeder Smith (GRS) results produced for the July 1, 2017 actuarial valuation. He gave an overview of the procedures they use when they take over a new client or do any sort of replication audit:

“We look at a few key measures after we code the valuation; Present Value of Benefits (PVB), the Accrued Liability and Normal Cost. The PVB is generally what we look at first because it is all encompassing. This is the discounted value of all future benefits that will be paid out by the plan. The Accrued Liability is essentially, of the PVB, how much of that is accrued to date on the valuation date? The Normal Cost is just, you can consider that your cost for an additional year of service. So, if we look at the PVB which is on the first line, you see that we have a difference of about 2.1%. Bolton is at 1.93 Billion. GRS was at 1.89 Billion. Generally, in terms of tolerance when we are looking to do these replications, we consider anything within 3 to 5% as reasonable. So that we are under 3%, that is a good match. Again, these are preliminary results, so we are showing this in aggregate for all 53 plans. We have this broken down by plan and we are still making a few tweaks here and there to see if there are any differences between our numbers and GRS' but for the most part these are pretty good results. The Accrued Liability is the same thing, about 2%. Bolton's about 2% high. Normal cost, which is an important component for plans that are using the Standard and Optional Funding methods because

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the Normal cost is a direct component of the contribution. So that's some of the things that were less than 1% different there. So, we're feeling confident about our numbers and that's with not having a lot of information from GRS. Any questions?"

Mr. Slaughter asked, what types of things would cause Bolton's numbers to be different. Mr. Ritchie explained that sometimes it can be timing. Mr. McClane stated that GRS uses a different valuation software. How GRS codes it versus how Bolton codes it can skew the numbers up and down.

Bolton representatives then discussed the actuarial schedule for the current period through December. Their timeline can be found in the attached PowerPoint handout, *West Virginia MPOB Pension and Representative Kick-Off Meeting*ⁱ, that will also be distributed at the Pension Representative Kick-off meeting on March 22, 2019 at the Charleston Convention Center. Bolton will be training pension secretaries and municipal treasurers on how to submit data using their CITRIX Sharefile® data collection system. Next week they will be sending out the data requests that will have been discussed at that training.

During the actuarial transition period, the new actuary will basically perform the transition and reflect on the current actuarial assumptions. They will be looking to see if any assumptions should change and if they do need to be changed, when? Finally, they will review the DROP plans and provide those reviews to the MPOB for the Legislature. Mr. Lowman discussed how the DROP plans will be reviewed by Bolton in the future. Reviews will be done for the three DROPS that were authorized by Code in 2011: Saint Albans Fire, Saint Albans Police, and Wheeling Fire. In the coming quarter, they will produce reports on whether these plans were revenue cost neutral to the municipal plans.

Disability Retirant working for new employer as a police officer/firefighter

Mr. Neddo reported an issue that has come to his attention regarding two police officers who have both retired on a permanent medical disability pension and then returned to work at other police departments. He has been asked whether the MPOB will take any measures in response to the actions of the officers. Initially, he believed that the issue is not really MPOB related as much as it is related to the state agency that certifies police officers which is the Law Enforcement Professional Standards Information System (LEPSIS). At their last board meeting, he and LEPSIS personnel looked at what their standard is to recertify a police officer. He later met



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with Mr. Taylor and Ms. Talbott to see what options the MPOB has. It is his belief that if a police officer retires, and retires on a medical disability, they should not be working at another police department. LEPSIS is looking at this issue and possibly will be tweaking some of their reapplication/certification rules. It currently is their policy that if an officer claims a medical reason or a mental reason for no longer being able to work, they are no longer eligible to work as a police officer. Further, Mr. Fleck has been consulted and has offered helpful information about how the Consolidated Public Retirement Board (CPRB) certifies a medically retired pensioner every year. Mr. Taylor referenced W.Va. §8-22-23a which is the statute that applies when determining whether someone is disabled; either duty related or nonduty related. It states that the doctor is certifying that the person is disabled because they are so mentally or physically disabled from doing the job of a firefighter or police officer; and that, with the medical piece they can no longer be a police officer or firefighter. Ms. Talbot agrees that an individual who receives a disability based on that language should not be able to go out and become a police officer or firefighter for another department or agency; as they have been medically certified to not be able to hold those standards for that job. It may become necessary to educate the local boards and the members who are taking disability about the limitations as far as ever becoming a police officer or a fire fighter again. Mr. Neddo, Ms. Talbot, and Mr. Taylor will continue to research options for handling this situation.

Personnel

At 1:43 p.m., Mr. Fleck recommended the board go into executive session as provided for in the Open Meetings Act, under **W.Va. §6-9A-4(b)(12)**, to discuss personnel matters. *Moved by Mr. Fleck; Seconded by Ms. Lambright; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board go into executive session as provided for in W.Va. §6-9A-4(b)(12) to discuss personnel matters.

All guests, Ms. Neccuzi, and Mr. Smith left the meeting during the executive session.

Mr. Neddo called the meeting back to the regular order of business, stating that no votes had been taken during executive session. *Moved by Mr. Slaughter; Seconded by Mr. Fleck; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board authorizes the Executive Director to hire a Chief Financial Officer (CFO).

ORIGINAL



Mr. Neddo announced that Mr. Smith will be retiring from his position as Accountant for the Municipal Pensions Oversight Board in July 2019. *Moved by Mr. Fleck; Seconded by Ms. Lambright; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board authorizes the executive director to re-employ Mr. Les Smith on a temporary/part-time basis after his retirement, not to exceed the \$20,000 limitation in statute.

Moved by Mr. Slaughter; Seconded by Ms. Lambright; Passed unanimously:

RESOLVED, that the Municipal Pensions Oversight Board give current staff a raise which is equivalent to what state employees will receive under the 5% mandate of the WV Legislature in the 2020 Governor's Budget Bill (HB 2020), effective July 1, 2019.

RFQ for FY Audit Services

The current MPOB auditing services contract, MPO1600000003, with Suttle and Stalnaker was for one year with two optional one-year renewals, which have been completed and will expire on June 9, 2019. The MPOB will be releasing a Request for Quotation (RFQ) for audit services to the public within the next few weeks. The cost for this last audit was bid at roughly \$10,000 per year, however, it is anticipated that, to account for inflation, bids could come in between \$10,000 and \$15,000 per year. Mr. Taylor is hoping to have a new contract in place before the end of the fiscal year.

P-card Expenditures (November and December 2018, January, and February 2019

Mr. Smith presented the P-Card expenditures for November and December 2018, January, and February 2019. *Moved by Mr. Kee; Seconded by Mr. Lanham; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board approve P-Card expenditures for November and December 2018, January, and February 2019ⁱⁱ.

Executive Director's Report

Mr. Taylor presented his report for the period of January 1, 2019 through March 7, 2019.

Next Board Meeting

The next regular meeting of the MPOB will be held on June 27, 2019 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia 25311.

Public Comments

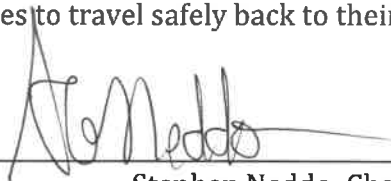
Mr. Neddo invited any guests who would like to make comments do so at this time. No guests chose to make comments.

ADJOURNMENT

Mr. Slaughter called for a motion to adjourn: *MOTION: Moved by Mr. Slaughter; Seconded by Mr. Fleck; Passed unanimously:*

RESOLVED, that the March 21, 2019 meeting of the MPOB is adjourned.

Ms. Neccuzi cautioned meeting attendees to travel safely back to their headquarters.



Stephen Neddo, Chairman

Minutes approved 06/27/2019
(date)

ⁱ Powerpoint Presentation - West Virginia MPOB Pension Representative Kick-off Meeting
ⁱⁱ P-Card expenditures for November and December 2018, January, and February 2019



MPOB Purchasing Card Review/Audit Record

Cardholder Karen L. Naccuzzi

Billing Cycle Nov/Dec 2018

Transaction Limit _____ Monthly Limit _____

Reviewer: _____

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Del Ticket Y / N	Tran Document Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y / N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y / N
1	11/14/2018	WV Treasury	WV Correctional Industries - Paper (40 Reams)	\$140.80 \$140.80	Y	TRAN 2656416					
2	11/19/2018	Komax	Copier Click Charges 9/7/18 to 10/6/18	\$13.59 \$13.59	Y	TRAN 2611157			Y	dllscop	
3	11/19/2018	Komax	Copier Click Charges 10/7/18 to 11/6/18	\$16.29 \$16.29	Y	TRAN 2661158			Y	dllscop	
4	11/21/2018	Suddenlink	10 meg circuit 10/16/18 - 11/15/18	\$775.00 \$775.00	Y	TRAN 2664097			N		
5	11/29/2018	Jimmy Johns	Food for RFP Committee	\$31.70 \$31.70		TRAN 2671422			N		
6	11/29/2018	ATT	ATT Service 10/3/18 - 11/2/18 #287267230256 B. Taylor	\$57.36 \$57.36	Y	TRAN 2671423			Y	cellphone13A	
7	11/29/2018	ATT	ATT Service 10/3/18 - 11/2/18 #287245126564 L.Smith	\$54.26 \$54.26	Y	TRAN 2671424			Y	cellphone 13A	
8	12/8/2018	Office Max	Electric Pencil Sharpener #805564	\$18.17 \$18.17	Y	TRAN 2683061			Y	Office15	
9	12/10/2018	Office Max	Calendars, Decanter, Sticky Notes, E.Stapler	\$118.60 \$118.60	Y	TRAN 2686658			Y	Office15	
10	12/11/2018	FedEx	Laminated Plan Statistics Schedule (30)	\$89.70 \$89.70	Y	TRAN 2686659					
				\$1,315.47							

*R - Reconciled/*D - Disputed/*C - Carryover from prev. month

** If "N", Reviewer must provide discrepancy Listing form

Cardholder Certification/Date: Karen L. Naccuzzi 1/10/19

Reviewer-Auditor Certification/Date: [Signature] 1/3/19

I hereby certify that the items herein were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

MPOB Purchasing Card Review/Audit Record

Cardholder Blair M. Taylor

Billing Cycle Dec-18

Transaction Limit \$5,000.00 Monthly Limit

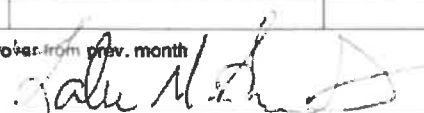
Card Holder: 

Item	Trans Date	Vendor	Brief Item Description	Unit Cost	Transaction Amount	Itemized Receipt/Del Ticket Y/N	OASIS Transaction Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	11/14/2018	Office Depot/Office Max	USB Flash Drive	\$ 5.99	\$11.98	Y	2656417	Y	R	N		N
1	11/14/2018	Office Depot/Office Max	Calculator Inkroll	\$ 14.99	\$14.99	Y	2656417	Y	R	N		N
Total					\$ 26.97							

*R - Reconciled/*D - Disputed/*C - Carryover from prev. month

** If "N", Review must provide discrepancy Listing form

Reviewer/Auditor Certification:



Signature/date _____

I hereby certify that the items hereon were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

MPOB Purchasing Card Review/Audit Record

Cardholder Karen L. Neccuzi

Billing Cycle Dec/Jan 2019

Transaction Limit _____ Monthly Limit _____

Reviewer: _____

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Del Ticket Y / N	Tran Document Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y / N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y / N
1	12/20/2018	ATT	ATT Service 11/3/18 - 12/2/18 #287267230258 B. Taylor	\$57.36 \$57.36	Y	TRAN 2699819			Y	cell phone 13A	
2	12/20/2018	ATT	ATT Service 11/3/18 - 12/2/18 #287245126564 L. Smith	\$54.26 \$54.26	Y	TRAN 2699820			Y	cell phone 13A	
3	12/21/2018	FedEx	Overnight Ground - Huntington	\$8.36 \$8.36	Y	TRAN 2701626			Y	PKGSVS	
4	12/21/2018	FedEx	Overnight Ground - Beckley Police	\$12.22 \$12.22	Y	TRAN 2701627			Y	PKGSVS	
5	12/21/2018	FedEx	Overnight Ground - SEC	\$80.27 \$80.27		TRAN 2701628			Y	PKGSVS	
6	12/29/2018	Suddenlink	10 meg circuit 12/18/18 - 1/15/19	\$775.00 \$775.00	Y	TRAN 2705757			N		
7	12/29/2018	Suddenlink	10 meg circuit 1/16/19 - 2/15/19	\$775.00 \$775.00	Y	TRAN 2705758			N		
8	12/29/2018	Suddenlink	10 meg circuit 12/16/19 - 3/15/19	\$775.00 \$775.00	Y	TRAN 2705759			N		
9	1/11/2019	FedEx	Laminating Services - Plan Statistics Schedule (30)	\$119.70 \$119.70	Y	TRAN 2721482			N		
				\$2,657.17							

*R - Reconciled/D - Disputed/C - Carryover from prev. month

** If "N", Reviewer must provide discrepancy listing form

Cardholder Certification/Date: Karen L. Neccuzi 1/5/19

Reviewer-Auditor Certification/Date: Tate M. Hunt 2/13/19

I hereby certify that the items hereon were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures.

Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

MPOB Purchasing Card Review/Audit Record

Cardholder Karen L. Neccuzzi

Billing Cycle Jan/Feb 2019

Transaction Limit _____ Monthly Limit _____

Reviewer: _____

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Del Ticket Y/N	Tran Document Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	1/17/2019	ATT	ATT Service 12/3/18 - 1/2/19 #287267230256 B. Taylor	\$57.35 \$57.35	Y	TRAN 2729910			Y	cellphone13A	
2	1/17/2019	ATT	ATT Service 12/3/18 - 1/2/19 #287249126564 L.Smith	\$54.26 \$54.26	Y	TRAN 2729911			Y	cellphone 13A	
3	1/21/2019	Komax	Copier Click Charges 11/7/18 - 12/6/18	\$26.41 \$26.41	Y	TRAN 2735180			Y	Digicop	
4	1/22/2019	IVS Conferencing	Conference Call - 7/1/18 - 12/31/18 Invoice 43130015	\$30.61 \$30.61	Y	TRAN 2735930			N		
5	1/30/2019	WV Treasury	Office of the State Auditor Princeton Police & Fire FY 2017	\$1,282.50 \$1,282.50		TRAN 2750196			N		
6	2/6/2019	FedEx	Overnight Ground - Bluefield Police and Charleston Fire	\$23.90 \$23.90	Y	TRAN 2758497			Y	PKGSVS	
7	2/6/2019	FedEx	Overnight Ground - Logan Police & Fire Pt Pleasant Police	\$95.96 \$95.96	Y	TRAN 2758498			Y	PKGSVS	
8	2/14/2019	Komax	Copier Click Charges 1/7/19 - 2/9/19	\$7.61 \$7.61	Y	TRAN 2771280			Y	Digicop	
9	2/14/2019	Komax	Copier Click Charges 12/7/18 - 1/6/19	\$7.50 \$7.50	Y	TRAN 2771281			Y	Digicop	
				\$1,586.10							

*R - Reconciled/*D - Disputed/*C - Carryover from prev. month

** If "N", Reviewer must provide discrepancy listing form

Cardholder Certification/Date: Karen L. Neccuzzi 3/5/19

Reviewer-Auditor Certification/Date: Karen M. A. 3/5/19

I hereby certify that the items herein were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures.

Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

MPOB Purchasing Card Review/Audit Record

Cardholder Blair M. Taylor

Billing Cycle Feb-19

Transaction Limit \$5,000.00 Monthly Limit

Card Holder: *Blair Taylor*

Item	Trans Date	Vendor	Brief Item Description	Unit Cost	Transaction Amount	Itemized Receipt/Del Ticket Y/N	OASIS Transaction Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	1/24/2019	Fairfield Inn and Suites	Lodging	\$ 94.00	\$94.00	Y	2741948	Y	R	N		N
								Y	R	N		N
			Total	\$ 94.00								

*R - Reconciled/*D - Disputed/*C - Carryover from prev. month

** If "N", Review must provide discrepancy Listing form

Reviewer/Auditor Certification:

Blair M. Taylor 3/5/19 Signature/date

I hereby certify that the items hereon were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.



West Virginia MPOB *Pension Representative Kick-off Meeting*

James Ritchie, ASA, FCA, EA, MAAA | Senior Consulting Actuary

Tom Lowman, FSA, FCA, EA, MAAA | President, Bolton Retirement

Ellen Kleinstuber, FSA, FCA, EA, MAAA | Chief Actuary

Jordan McClane, ASA, EA, MAAA | Consulting Actuary

Alan Torroella | Actuarial Analyst

Friday, March 22, 2019

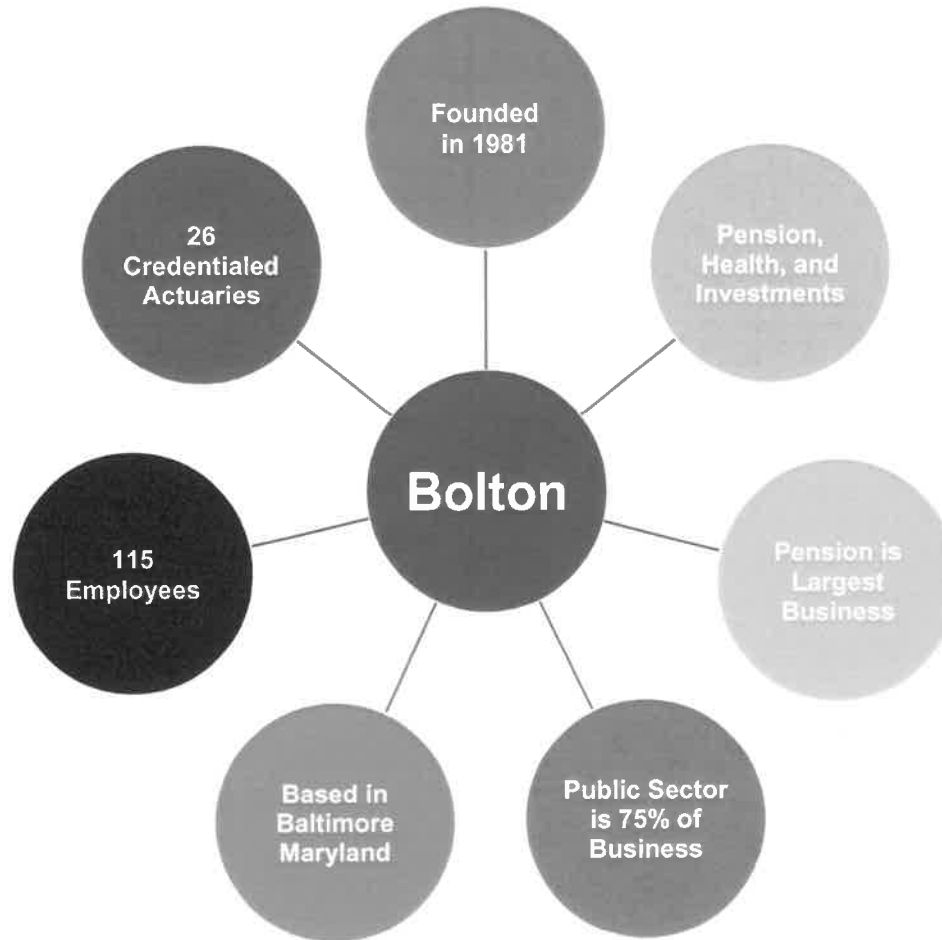
Bolton



Agenda

- Introductions/About Bolton
- ShareFile Demonstration
- Sample Data Request
- Timeline for 2018/2019
- Transition Concerns/Feedback

About Bolton



About Bolton's Actuaries

Actuary	Role	Years of Experience	Career Highlights
Tom Lowman, FSA, FCA, EA, MAAA	Public Sector Expert, President of Bolton Retirement	40	<ul style="list-style-type: none"> National expert on public plan issues Former Chair of SOA pension section council research committee Former Chair of AAA Public Pension Plan Committee Vice Chair of CCA Public Plans Community
Jim Ritchie, ASA, FCA, EA, MAAA	Lead Consultant	29	<ul style="list-style-type: none"> Retirement consulting lead for 5 pension plans over \$1 billion including the NFL pension plans Frequent speaker on pension topics including EA meeting Quoted in several periodicals including the WSJ
Ellen Kleinstuber, FSA, FCA, EA, MAAA	Chief Actuary, Peer Review	26	<ul style="list-style-type: none"> Chairperson of AAA Pension Committee Board of Directors for Conference of Consulting Actuaries Vice-chairperson of the Joint Program Committee for the Enrolled Actuaries Meeting
Jordan McClane, ASA, EA, MAAA	Project Manager	7	<ul style="list-style-type: none"> Performed pension audits for large cities Built models to quantify the impact of proposed legislation and changes to assumptions and provisions for large pension systems
Alan Torroella	Data Leader	2	<ul style="list-style-type: none"> Benefit calculations, program testing, and plan interpretation under contract with the Pension Benefit Guarantee Corporation

ShareFile®

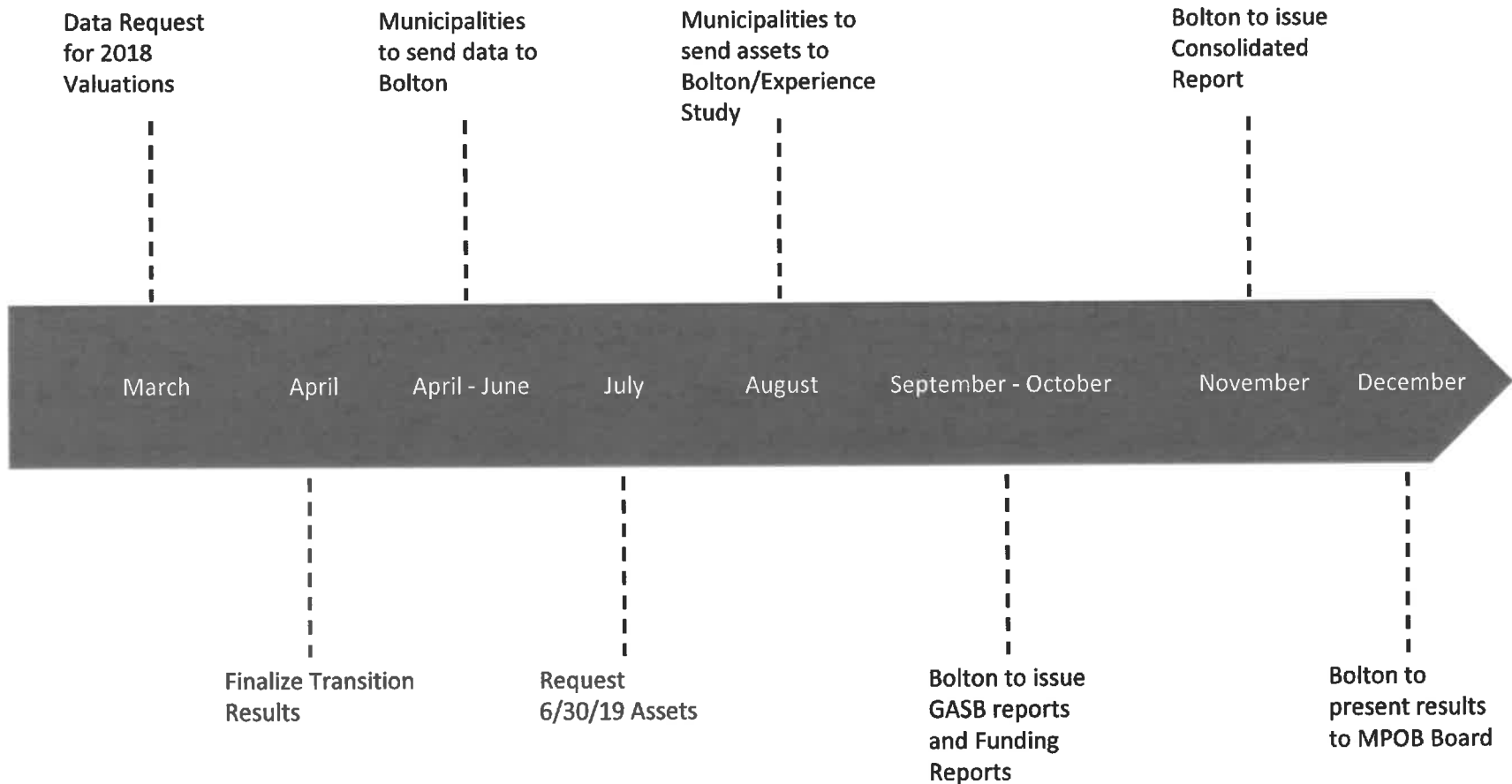
CITRIX®



Data Request

- **Goals**
 - **Collect relatively accurate information to provide a reasonable assessment of the financial status of the plan**
 - **Does not need to be perfect, but need to make a reasonable effort**
- **Information**
 - **Information needed to calculate the benefit (i.e. compensation and service)**
 - **Demographic information (i.e. date of birth and gender)**
 - **Value retiree benefits and COLA (i.e. original benefit and current benefit)**
- **Asset information**
 - **Trying to consolidate three requests into one**
- **New Information**
 - **General information tab in spreadsheet**
 - **Unused leave**
 - **Partial (decimal) years of service**
- **Timing**
 - **Request in March (earlier in future years), send back by end of July**
 - **Valuation processing after receipt of final data takes approximately 8 weeks**
- **Sample**

Timeline



Feedback – Open Forum



AGENDA

Municipal Pensions Oversight Board

Meeting of the Board Members

June 27, 2019 – 1:00 P.M.

301 Eagle Mountain Road

Second Floor, Suite 251

Charleston, WV 25311

- I. Call to Order and Roll Call
- II. Approval of Minutes of Meeting on March 21, 2019
- III. Old Business
 - a. Donald Scurlock/Nitro Policemen's Pension Case – Finalized
 - b. Morgantown Policemen's Pension and Firemen's Pension
 - c. Huntington Policemen's Pension and Firemen's Pension
 - d. Disability Retirant working for new employer as a police officer/firefighter
 - e. Personnel
 - f. RFQ for FY Audit Services
- IV. New Business
 - a. Bolton Partners Presentation
 - i. Plan by Plan replication results
 - ii. 60% Survivor Benefits including COLA Calculations
 - iii. Wheeling DROP Review
 - iv. Open/Closed Group Projections
 - b. P-Card Expenditures (March, April and May 2019)
 - c. Executive Director's Report
- V. Next Board Meeting is 1:00 pm, September 19, 2019, Location 301 Eagle Mountain Road, Suite 251, Charleston, WV 25311
- VI. Public Comments
- VII. Adjournment

MUNICIPAL PENSIONS OVERSIGHT BOARD

Minutes of Meeting

June 27, 2019



ORIGINAL

The Municipal Pensions Oversight Board (MPOB) met on June 27, 2019 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia. The Chair, Mr. Neddo, called the meeting to order, noting that a quorum was present.

ATTENDEES

Board Members:

- Lisa Dooley, absent
- Jeffrey Fleck, present
- John Kee, present
- Emily Lambright, absent
- David Lanham, present
- Jason Matthews, present
- Stephen Neddo, present
- Michael Payne, present
- Craig Slaughter, absent

General Counsel:

- Kelli Talbott, Counsel – WV Attorney General's Office, present

Staff:

- LeAnne Neccuzi, Administrative Assistant
- Michelle Painter, CFO
- Les Smith, Accountant
- Blair Taylor, Executive Director

Guests:

- Susan Economou – Legislative and Policy Analyst, WVML
- Alan Fowler - Retiree - City of Huntington Firemen's Pension Fund
- Tom Lowman, President, Bolton Retirement-Bolton
- Forrest Marshall - Retiree - City of Huntington Firemen's Pension Fund
- Kathy Moore – Finance Director – City of Huntington
- Angela Shockley – Finance- City of Huntington

Minute Taker:

- LeAnne Neccuzi

Approval of Minutes

Minutes for the MPOB meeting on March 21, 2019, were presented for approval. *Moved by Mr. Matthews; Seconded by Mr. Fleck; Passed unanimously:*

RESOLVED, that the minutes of the March 21, 2019 Municipal Pensions Oversight Board meeting be approved as written.

OLD BUSINESS

Donald Scurlock/Nitro Policemen's Pension Case – Finalized

The **Settlement Agreement and Releaseⁱ** regarding *Donald A. Scurlock vs. Board of Trustees of the Nitro Policemen's Pension and Relief Trust Fund* dated December 13, 2018 is attached and shall be made a part of these minutes.

Morgantown Policemen's and Firemen's Pension Update

Mr. Taylor sent letters, dated April 23, 2019 to City Manager, Paul Brake of the City of Morgantown Policemen's Pension Planⁱⁱ and the City of Morgantown Firemen's Pension Planⁱⁱⁱ requesting both an electronic and paper copy of recalculations of all their pensioners by June 15, 2019. On May 30th, the MPOB received letters from Chairman/City Manager, Mr. Paul Brake along with Pension Fund Secretaries, Captain Matthew Solomon of the Morgantown Policemen's Pension Fund^{iv} and Captain Gary Freshour of the Morgantown Firemen's Pension Fund^v, in which they requested a two-month extension to provide the data requested by the MPOB. One of the reasons for requesting the delay are due to Mr. Brake having been on a leave-of-absence for the month of June. Additionally, Morgantown held city elections that will cause their City Council members to change effective July 1st. They would like for the new city council to vote whether to continue to pay the overpayments or not. *Moved by Mr. Kee; Seconded by Mr. Fleck; Passed unanimously:*

RESOLVED, that the MPOB grant a 2-month extension to the City of Morgantown Policemen's Pension Plan and Morgantown Firemen's Pension Plan to provide the requested pension recalculation data to the MPOB by August 15, 2019.

Huntington Policemen's and Firemen's Pension Update

Mr. Taylor referenced letters dated April 23, 2019 that were sent to the Chairman of the City of Huntington Policemen's Pension Plan^{vi} and to the Chairman of the City of Huntington Firemen's Pension Plan^{vii}. In the letter, the MPOB asked that they recalculate all their pensions and that they provide written data as well as electronic data using the calculator provided. The Huntington Policemen's Pension Fund Secretary, Sergeant Michael Chornobay, replied in a letter dated June 15th ^{viii}. In Sergeant Chornobay's letter he provided a list of twelve of their retirees that have been re-calculated and have included the original calculations along with that information. They have asked for a six-month extension to continue that work.

The Huntington Firemen's Pension Plan initially did not respond to the MPOB's letter by the 15th, however, a letter was received from Mayor Steve Williams^{ix} on June 19th. Mayor Williams requested a 6-month extension similar to the request made by the Huntington Policemen's Pension Plan. No calculations for the Huntington Fire retirees have been received. They did indicate that they will be hiring an external CPA firm to do the recalculations and that cost will be charged back to the Huntington Firemen's Pension Board. Both plans seem to be making headway and appear to be complying with the MPOB's request. Due to the larger size of the fire pension plan and the larger number of retirees, the extension appears to be a reasonable request. *Moved by Mr. Kee; Seconded by Mr. Lanham; Passed unanimously:*

RESOLVED, that the MPOB grant a 6-month extension to the City of Huntington Policemen's Pension Plan and Huntington Firemen's Pension Plan to provide the requested pension recalculation data to the MPOB by December 15, 2019.

Disability Retirant working for new employer as a police officer/firefighter

As discussed at the March meeting, at least one policemen's pension plan has permanent disability retirees who are now working as police officers in other areas while collecting disability payments from their original employer. Mr. Taylor has been working with both Ms. Talbott and Mr. Neddo to determine what action the MPOB should take in response to this issue. Mr. Neddo has also been consulting with the Law Enforcement Professional Standards (LEPS) program coordinator. W.Va. §8-22-23a explicitly states that if a doctor disables you, that disability prohibits you from being a police officer or firefighter in the future.

To ensure that police officers and firefighters are aware of the statute upon filing for permanent disability, the MPOB disability packet forms have been changed to add language from the Code that indicates that if a doctor declares that a police officer or firefighter is disabled, they are prohibited from holding a job as a police officer or firefighter in the future.

Mr. Taylor has also consulted with the State Fire Marshal regarding standards for firefighters. The law requires that firefighters follow the medical standards of the NFPA. Those same standards are applied to police officers in the State. There is no centralized office or similar fire board like the one for law enforcement to report someone who has been a firefighter and is disabled. There is nothing, however, preventing the MPOB from reporting those firefighters who are disabled to the State Fire Marshall's Office.

To become a police officer, not only do you have to meet the standards of the NFPA, but you also are required to meet law enforcement standards. It is Mr. Taylor's understanding that if a police officer leaves one department and lapses; or is no longer a police officer for a period-of-time and gets rehired as a police officer some place else, there is required training that they must complete to keep their certificate. They are required to maintain certification.

The MPOB disability form has been revised and language was added that states the MPOB will now report police officer or firefighter permanent disabilities to LEPS and the State Fire Marshall's Office.

Board discussion ensued concerning the disability statutes. Due to advances in medicine and technology, the medical disability statutes should be looked at in the future.

Personnel

Mr. Taylor announced that there are two personnel issues to report. The first being that MPOB staff accountant, Mr. Les Smith, has submitted a notice of retirement. His last day is July 19th. Based on the MPOB's recommendations and motions that were passed at the March 2019 meeting, Mr. Smith has agreed to come back as a part-time retired employee on August 19th. The second announcement is to welcome the MPOB's new Chief Financial Officer, Ms. Michelle Painter. Ms. Painter has a Bachelor's degree in Finance with a minor in Economics. In addition, she holds a Master's in Business Administration and is a Certified Public Accountant. She has

worked for the State of West Virginia since 2005. Prior to working in state government, she worked in Banking. She offers a variety of experience and is familiar with wvOASIS.

RFQ for FY Audit Services

Mr. Taylor reported that the MPOB has gone through the Request for Quotation (RFQ) and bid process to acquire the services of an independent auditor. The contract was awarded on June 9, 2019 to Brown, Edwards and Company, LLP, the lowest bidder at \$11,895. Brown, Edwards and Company recently bought Gibbons and Kawash who had been contracted to do the audit for the MPOB in the past.

The MPOB has received Brown, Edwards' engagement letter. In the past, Mr. Taylor has signed their letter, however, they have asked for an additional signature from someone from the board. Mr. Taylor asked if a motion was needed to sign their letter. Mr. Neddo stated that Mr. Kee who is Chairman of the Audit Committee is permitted to sign the letter.

The new Audit Committee members are Mr. Jeff Fleck, Mr. John Kee, Mr. Craig Slaughter, and Mr. Michael Payne.

NEW BUSINESS

Bolton Partners, Presentation

Mr. Tom Lowman, President of Bolton Retirement gave his presentation to the board. Mr. Lowman's presentation^x covered three topics: Plan by Plan replication results, 60% Survivor Benefits Including Cost Of Living Adjustments (COLA) Calculations and Wheeling Deferred Retirement Option Plan (DROP) review. After the discussion about the 60% Survivor Benefits and the COLA calculations the board took the following action:

Moved by Mr. Payne; Seconded by Mr. Fleck; Passed unanimously:

RESOLVED, that the Municipal Pensions Oversight Board authorizes Bolton to develop a calculator and notify the pension boards that it is available for use.

After Mr. Lowman completed his presentation he raised an item for discussion with the board regarding the way in which the 15 year solvency test projections are calculated. In December

2011 the MPOB granted approval to our previous actuary GRS regarding the solvency test projections as follows: “Resolved, that regarding the 15 year solvency test, that the plan assets must exceed \$1.00 over a 15 year period that we approve the changes to an open group projection for purposes of issuing state premium tax allocations and to a closed group for purposes of providing supplemental benefits to plan members.” The question posed by Mr. Lowman was, will the board consider allowing the new actuary, Bolton, to calculate the 15 year solvency test projections for both plan assets and supplemental benefits on an open group basis. After some discussion the board took no action.

P-card Expenditures (March, April and May 2019)

Mr. Smith presented the P-Card expenditures for March, April and May 2019. *Moved by Mr. Kee; Seconded by Mr. Lanham; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board approve P-Card expenditures for March, April and May 2019.^{xi}

Executive Director’s Report

Mr. Taylor presented his report for the period of April 1, 2019 through May 1, 2019.

Next Board Meeting

The next regular meeting of the MPOB will be held on September 19, 2019 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia 25311.

Public Comments

Mr. Neddo invited any guests who would like to make comments do so at this time. No guests chose to make comments.

ADJOURNMENT

Mr. Fleck called for a motion to adjourn: *MOTION: Moved by Mr. Fleck; Seconded by Mr. Payne; Passed unanimously:*

RESOLVED, that the June 27, 2019 meeting of the MPOB is adjourned.

Ms. Neccuzi cautioned meeting attendees to travel safely back to their headquarters.



CRITICAL

Stephen Neddo, Chairman

Minutes approved

9/19/2019
(date)

-
- ⁱ ***Settlement Agreement and Release - December 13, 2018- Donald A. Scurlock vs. Board of Trustees of the Nitro Policemen's Pension & Relief Trust Fund***
 - ⁱⁱ Mr. Blair M. Taylor, Exec. Dir., MPOB to Mr. Paul Brake, City Mgr., City of Morgantown Policemen's Pension & Relief Fund, April 23, 2019, MPOB File
 - ⁱⁱⁱ Mr. Blair M. Taylor, Exec. Dir., MPOB to Mr. Paul Brake, City Mgr., City of Morgantown Firemen's Pension & Relief Fund, April 23, 2019, MPOB File
 - ^{iv} Mr. Paul Brake, City Mgr., City of Morgantown Policemen's Pension & Relief Fund to Mr. Blair M. Taylor, Exec. Dir., MPOB, May 30, 2019
 - ^v Mr. Paul Brake City Mgr., City of Morgantown Firemen's Pension & Relief Fund to Mr. Blair M. Taylor, Exec. Dir., MPOB, May 30, 2019
 - ^{vi} Mr. Blair M. Taylor, Exec. Dir., MPOB to Honorable Mayor Stephen Williams, City of Huntington Policemen's Pension & Relief Fund, April 23, 2019, MPOB File
 - ^{vii} Mr. Blair M. Taylor, Exec. Dir., MPOB to Honorable Mayor Stephen Williams, City of Huntington Firemen's Pension & Relief Fund, April 23, 2019, MPOB File
 - ^{viii} Sgt. Michael Chornobay, Pension Secretary, City of Huntington Policemen's Pension & Relief Fund to Mr. Blair M. Taylor, Exec. Dir., MPOB, June 17, 2019
 - ^{ix} Honorable Mayor Stephen Williams, City of Huntington's Firemen's Pension and Relief Fund to Mr. Blair M. Taylor, Exec. Dir., MPOB, June 19, 2019
 - ^x Presentation by the actuary Mr. Tom Lowman, President of Bolton Retirement, June 27, 2019.
 - ^{xi} P-Card expenditures for March, April and May 2019

CICCARELLO, DEL GIUDICE & LAFON

ATTORNEYS AT LAW

SUITE 100

1219 VIRGINIA STREET EAST

CHARLESTON, WEST VIRGINIA 25301

MICHAEL J. DELGIUDICE
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TIMOTHY J. LAFON
tlafor@cdlwr.com

KEISHA MAY
kmay@cdlwr.com

ARTHUR T. CICCARELLO
(1930-2004)

TELEPHONE
304-343-4440

FACSIMILE
304-343-4464

November 28, 2018

John F. Dascoli, Esq.
2442 Kanawha Boulevard, East
Charleston, West Virginia 25311

Re: Donald A. Scurlock vs. Board of Trustees of the Nitro Policemen Pension
and Relief Trust Fund
Kanawha County Circuit Court Civil Action No. 16-C-609

Dear Mr. Dascoli:

Enclosed please find the "Settlement Agreement and Release" in relation to the above matter which has been executed by my client.

Should you have any questions or concerns, please do not hesitate to contact me.

Sincerely,



Michael J. Del Giudice

MJD/sbb

Enclosure

cc: Kelli D. Talbott, Esq.
Donald Scurlock

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement is entered into this 13th day of December, 2018 by and between **DONALD A. SCURLOCK** (hereinafter referred to as "Participant"); **BOARD OF TRUSTEES OF THE NITRO POLICEMEN PENSION AND RELIEF TRUST FUND** (hereinafter referred to as the "Fund"); and **WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD** (hereinafter referred to as the "Board").

WHEREAS, the Participant was an active officer of the Nitro Police Department from on or about January 16, 1996 through March 25, 2017; and

WHEREAS, the Participant was also enlisted in the Army National Guard from October 1, 1991 through the present with active duty on several occasions in 1992 and from 2003 through 2005; and,

WHEREAS, upon retirement, the Participant requested to receive immediate retirement pension benefits pursuant to West Virginia Code §8-22-25(c) entitling him to draw his retirement pension benefits prior to the age of 50 years; and,

WHEREAS, on May 1, 2015, the Fund issued a letter to the Participant in which it informed him that he would begin receiving pension payments in February 2016, prior to the age of 50 years, based upon a decision issued by the Circuit Court of Cabell County, West Virginia, in *Scott Fuller v. Policeman's Pension and Relief Fund of the City of Huntington*, Civil Action No. 10-C-690 (April 29, 2011), and the Fund's previous issuance of pension benefits to another participant, Captain Gene Javins, prior to age 50; and,

WHEREAS, on February 10, 2016, the Fund issued a letter to the Participant in which it informed him that he would not be eligible to receive pension payments prior to age 50 based upon the West Virginia Legislature's passage of Senate Bill 358 on April 13, 2013 in which the

Legislature sought to clarify the law to the effect that West Virginia Code § 8-22-25 does not make a member eligible for retirement before age 50; and,

WHEREAS, a dispute arose by and among the parties as to whether the Participant was entitled to draw his retirement pension benefits prior to the age of 50 years due to court rulings and Legislative action; and

WHEREAS, due to the unique facts and circumstances of this matter, the parties are desirous of resolving the dispute by and through this Settlement Agreement; and,

NOW, THEREFORE, the parties hereto agree to the following terms and conditions of this Settlement Agreement:

1. The Participant shall be entitled to commence drawing his retirement pension benefits from the Fund beginning January 1, 2019.
2. The Participant's amount of retirement pension benefit shall be in the sum of \$3,962.28 per month and continue for as long as the Participant meets the terms required under the Pension Plan for him to draw.
3. The Fund owes the Participant from March 24, 2017 through December 31, 2018 forty-seven payments totaling \$84,230.41, which shall be paid to the Participant from January 1, 2019 through November 30, 2022 in forty-seven equal monthly installments of \$1,792.14 per month to be paid at the same time as his normal pension retirement benefit check each month until he attains the age of 50 years, at which time he will start receiving only his normal monthly retirement pension benefit.
4. It is specifically acknowledged and understood by the Participant that he shall not be entitled to any interest on the arrearages being paid over those forty-seven months.

5. The parties acknowledge the unique facts and circumstances giving rise to this dispute. And, by entering into this Settlement Agreement, it is not the intent of the parties to set any binding precedent that would entitle other participants who are members of a Policemen's Pension and Relief Fund or a Fireman's Pension and Relief Fund to receive benefits prior to the age of 50 years.
6. The parties acknowledge that the Participant continues to assert that he is entitled to receive pension benefits prior to the age of 50, and that the Fund and the Board continue to assert that he is not entitled to receive pension benefits prior to the age of 50. However, despite the parties' disagreement over the application of the law to the Participant's circumstances, they are desirous of settling and resolving in full this matter.
7. It is further understood and agreed that all parties shall bear their own costs and expenses incurred in this litigation, including attorney fees.
8. This Settlement Agreement shall be interpreted under the laws of the State of West Virginia and, in particular, the applicable rules and regulations that govern the Fund and the Board.
9. This is the entire agreement by and among the parties and any alterations or changes to this Settlement Agreement shall not occur unless in writing and signed by all parties.
10. The parties agree to mutually release each other from any and all liability that may or may not have been at issue in this litigation, and further agree to execute and deliver to the Court a Dismissal Order dismissing the matter pending in the Circuit Court of Kanawha County, West Virginia, styled *Donald A. Scurlock*,

Plaintiff, vs. Board of Trustees of the Nitro Policemen Pension and Relief Trust Fund, Defendant, and West Virginia Municipal Pensions Oversight Board, Intervenor, Civil Action No. 16-C-609, with prejudice.

11. The parties further agree that they will execute any and all other documents necessary to accomplish the spirit and intent of this Settlement Agreement.

All of which is agreed to this 19TH of NOVEMBER, 2018.



DONALD A. SCURLOCK

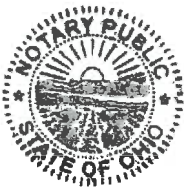
STATE OF OHIO,

COUNTY OF Portage ,

I, Brian Uscilowski , do hereby certify that **DONALD A. SCURLOCK**, whose name is signed above, has this day acknowledged the same before me.

Given under my hand this 19 day of November , 2018.

My commission expires 10/30/2020 .



BRIAN USCILOWSKI
Notary Public, State of Ohio
My Comm. Expires 10/30/2020
Recorded in Summit County



Notary Public

**BOARD OF TRUSTEES OF THE
NITRO POLICEMEN PENSION
AND RELIEF TRUST FUND**

By: David K. Richardson
Its: Secretary DAVID K. Richardson

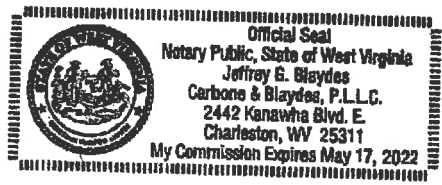
STATE OF WEST VIRGINIA,
COUNTY OF KANAWHA,

I, JEFFREY G. BLAYDES, do hereby certify that DAVID K. RICHARDSON as
Secretary of the Board of Trustees of the Nitro Policemen Pension and Relief Trust Fund,
whose name is signed above, has this day acknowledged the same before me.

Given under my hand this TH day of DECEMBER, 2018.

My commission expires MAY 17, 2022.

Jeffrey G. Blaydes
Notary Public



WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD

By: *Stephen Neddo*
Its: Chairman

STATE OF WEST VIRGINIA,
COUNTY OF *Kanawha*,

I, *Sherry M. Lawson*, do hereby certify that *Stephen Neddo*,
as Chairman of the West Virginia Municipal Pensions Oversight Board, whose name is
signed above, has this day acknowledged the same before me.

Given under my hand this *13th* day of *December*, 2018.

My commission expires *November 9, 2021*.

Sherry M. Lawson
Notary Public



Stephen Neddo
Chairman

Blair M. Taylor
Executive Director



Municipal Pensions Oversight Board

Board Members
John Kee,
Vice Chairman
Lisa Dooley,
Secretary/Treasurer
Jeffrey E. Fleck
Emily R. Lambright
David W. Lanham
Jason Matthews
Michael Payne
Craig Slaughter

April 23, 2019

Mr. Paul Brake, City Manager
Pension Chairman
Policemen's Pension and Relief Fund
City of Morgantown
389 Spruce Street
Morgantown, WV 26505

Lt. Matthew D. Solomon
Pension Secretary
Policemen's Pension and Relief Fund
City of Morgantown
300 Spruce Street
Morgantown, WV 26505

Dear City Manager Brake and Lt. Solomon:

On March 6, 2019, the West Virginia Legislature passed Senate Bill 316. Governor Justice signed SB316 on March 25, 2019. The bill is in effect from passage. The revised law requires the Municipal Pensions Oversight Board (MPOB) to order any municipal policemen's or municipal firemen's pension and relief fund board of trustees to correct errors in pension calculations if the municipal pensions board of trustees has failed to correct known errors.

Based on communications between the MPOB and the Morgantown Policemen's Pension and Relief Fund starting in 2017 and continuing to the present regarding potential overpayments and underpayments to pensioners, please provide the following to the MPOB:

1. the current calculation and amount being received by each member or member's beneficiaries;
2. the re-calculation of each member's retirement calculation including the data used for the re-calculation;
3. if errors have been found or are found, when corrections took place or will take place to the retiree's benefit payments; and
4. please provide the methodology the Morgantown Policemen's Pension and Relief Fund Board of Trustees used or will use to re-coop any erroneously paid pensions to members between July 7, 2017 and the present.

Please provide the data both in printed form as well as in Excel spreadsheets. Specifically, the recalculations are to be completed using the **WV Benefit Calculator** found on the MPOB's website, <https://mpob.wv.gov/Training/Pages/default.aspx>.

This information, including all calculations and re-calculations are due to the MPOB on or before June 15, 2019. The MPOB will review the steps the Morgantown Policemen's Pension and Relief Fund Board of Trustees has taken and is taking to remedy the overpayments and underpayments. Should the Board of Trustees fail to take any corrective action regarding overpayments or underpayments, the MPOB will, as proscribed by current law, order the Morgantown Policemen's Pension Board of Trustees to correct any errors.

Sincerely,



Blair Taylor
Executive Director

C: Stephen Neddo, MPOB Chairman
Kelli Talbott, Senior Deputy Attorney General
file

Stephen Neddo
Chairman

Blair M. Taylor
Executive Director



Municipal Pensions Oversight Board

Board Members
John Kee,
Vice Chairman
Lisa Dooley,
Secretary/Treasurer
Jeffrey E. Fleck
Emily R. Lambright
David W. Lanham
Jason Matthews
Michael Payne
Craig Slaughter

April 23, 2019

Mr. Paul Brake, City Manager
Pension Chairman
Firemen's Pension and Relief Fund
City of Morgantown
389 Spruce Street
Morgantown, WV 26505

Captain Gary W. Freshour
Pension Secretary
Firemen's Pension and Relief Fund
City of Morgantown
228 S. High Street
Morgantown, WV 26505

Dear City Manager Brake and Captain Freshour:

On March 6, 2019, the West Virginia Legislature passed Senate Bill 316. Governor Justice signed SB316 on March 25, 2019. The bill is in effect from passage. The revised law requires the Municipal Pensions Oversight Board (MPOB) to order any municipal policemen's or municipal firemen's pension and relief fund board of trustees to correct errors in pension calculations if the municipal pensions board of trustees has failed to correct known errors.


Based on communications between the MPOB and the Morgantown Firemen's Pension and Relief Fund starting in 2017 and continuing to the present regarding potential overpayments and underpayments to pensioners, please provide the following to the MPOB:

1. the current calculation and amount being received by each member or member's beneficiaries;
2. the re-calculation of each member's retirement calculation including the data used for the re-calculation;
3. if errors have been found or are found, when corrections took place or will take place to the retiree's benefit payments; and
4. please provide the methodology the Morgantown Firemen's Pension and Relief Fund Board of Trustees used or will use to re-coop any erroneously paid pensions to members between July 7, 2017 and the present.

Please provide the data both in printed form as well as in Excel spreadsheets. Specifically, the recalculations are to be completed using the **WV Benefit Calculator** found on the MPOB's website, <https://mpob.wv.gov/Training/Pages/default.aspx>.

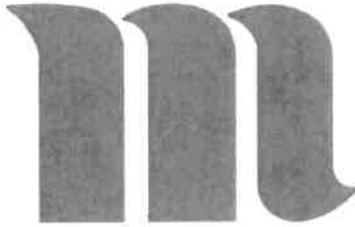
This information, including all calculations and re-calculations are due to the MPOB on or before June 15, 2019. The MPOB will review the steps the Morgantown Firemen's Pension and Relief Fund Board of Trustees has taken and is taking to remedy the overpayments and underpayments. Should the Board of Trustees fail to take any corrective action regarding overpayments or underpayments, the MPOB will, as proscribed by current law, order the Morgantown Firemen's Pension Board of Trustees to correct any errors.

Sincerely,



Blair Taylor
Executive Director

C: Stephen Neddo, MPOB Chairman
Kelli Talbott, Senior Deputy Attorney General
file



OFFICE OF CITY MANAGER

The City of Morgantown

389 SPRUCE STREET
MORGANTOWN, WEST VIRGINIA 26505
(304) 284-7405

May 30, 2019

Blair Taylor
Executive Director
Municipal Pensions Oversight Board
301 Eagle Mountain Road, Suite 251
Charleston, WV 25311

Re: Letter Requesting Response Overpayment and Underpayments to Retirees.

Dear Mr. Taylor:

We are writing in response to your letter dated April 23, 2019 regarding the above referenced letter. You had indicated to Matt Solomon that a response is needed from the Police Officers' Pension and Relief Fund Board.

Our Board met yesterday to discuss the process needed to review, and the steps that should be taken to remedy the overpayments and underpayments of the Pension and Relief Fund. The Board is ready to act, however the implementation of such changes must be approved by the Morgantown City Council. We are encountering two logistic issues. First our chairman, Paul Brake, is taking a leave of absence during the first three weeks of June (June 3 through June 24). Next, the Morgantown City Council will have a change-over of new councilors starting July 1, 2019. It is paramount that the City Council, as a whole, be given ample time to consider the financial implications of this important decision.

We respectfully ask that you extend the deadline to **Thursday, August 15, 2019**. Again, we have a strong interest in reaching a sustainable solution to meet the immediate and long-term needs of the Pension and Relief Fund.

Thank you for your consideration. We look forward to hearing from you in this regard.

Sincerely,

Paul J. Brake, City Manager
Pension Chairman

Captain Matthew D. Solomon
Pension Secretary

2019 JUN -5 PM 11



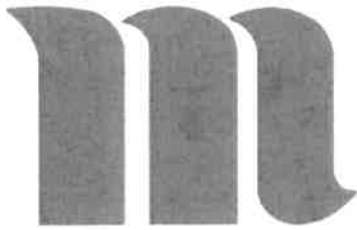
Phillip "PJ" Scott
Police Department Trustee



Jason Ammons
Police Department Trustee



Ken Murphey
Police Department Trustee



OFFICE OF CITY MANAGER

The City of Morgantown

389 SPRUCE STREET
MORGANTOWN, WEST VIRGINIA 26505
(304) 284-7405

May 30, 2019

Blair Taylor
Executive Director
Municipal Pensions Oversight Board
301 Eagle Mountain Road, Suite 251
Charleston, WV 25311

Re: Letter Requesting Response Overpayment and Underpayments to Retirees.

Dear Mr. Taylor:

We are writing in response to your letter dated April 23, 2019 regarding the above referenced letter. Further, we wanted to express our appreciation for meeting with us on May 16, 2019 to discuss the passage of West Virginia Senate Bill 316 signed by Governor Justice.

Our Board has met today to discuss the process needed to review, and the steps that should be taken to remedy the overpayments and underpayments of the Morgantown Firemen's Pension and Relief Fund. The Board is ready to act, however the implementation of such changes must be approved by the Morgantown City Council. We are encountering two logistic issues. First our chairman, Paul Brake, is taking a leave of absence during the first three weeks of June (June 3 through June 24). Next, the Morgantown City Council will have a change-over of new councilors starting July 1, 2019. It is paramount that the City Council, as a whole, be given ample time to consider the financial implications of this important decision.

We respectfully ask that you extend the deadline to **Thursday, August 15, 2019**. Again, we have a strong interest in reaching a sustainable solution to meet the immediate and long-term needs of the Pension and Relief Fund.

Thank you for your consideration. We look forward to hearing from you in this regard.

Sincerely,

Paul J. Brake, City Manager
Pension Chairman

Captain Gary W. Freshour
Pension Secretary

2019 JUN 11 10:15 AM
MORGANTOWN, WV



Mark Thalman
Fire Department Trustee



Keith Summers
Fire Department Trustee



Tanner Dalton
Fire Department Trustee

Stephen Neddo
Chairman

Blair M. Taylor
Executive Director



Municipal Pensions Oversight Board

Board Members
John Kee,
Vice Chairman
Lisa Dooley,
Secretary/Treasurer
Jeffrey E. Fleck
Emily R. Lambright
David W. Lanham
Jason Matthews
Michael Payne
Craig Slaughter

April 23, 2019

The Honorable Stephen Williams, Mayor
Pension Chairman
Policemen's Pension and Relief Fund
City of Huntington
P.O. Box 1659
Huntington, WV 25717

Sgt. Michael Chornobay
Pension Secretary
Policemen's Pension and Relief Fund
City of Huntington
675 10th Street
Huntington, WV 25701

Dear Mayor Williams and Sgt. Chornobay:

On March 6, 2019, the West Virginia Legislature passed Senate Bill 316. Governor Justice signed SB316 on March 25, 2019. The bill is in effect from passage. The revised law requires the Municipal Pensions Oversight Board (MPOB) to order any municipal policemen's or municipal firemen's pension and relief fund board of trustees to correct errors in pension calculations if the municipal pensions board of trustees has failed to correct known errors.

Based on communications between the MPOB and the Huntington Policemen's Pension and Relief Fund starting in 2017 and continuing to the present regarding potential overpayments and underpayments to pensioners, please provide the following to the MPOB:

1. the current calculation and amount being received by each member or member's beneficiaries;
2. the re-calculation of each member's retirement calculation including the data used for the re-calculation;
3. if errors have been found or are found, when corrections took place or will take place to the retiree's benefit payments; and
4. please provide the methodology the Huntington Policemen's Pension and Relief Fund Board of Trustees used or will use to re-coop any erroneously paid pensions to members between July 7, 2017 and the present.

Please provide the data both in printed form as well as in Excel spreadsheets. Specifically, the recalculations are to be completed using the **WV Benefit Calculator** found on the MPOB's website, <https://mpob.wv.gov/Training/Pages/default.aspx>.

This information, including all calculations and re-calculations are due to the MPOB on or before June 15, 2019. The MPOB will review the steps the Huntington Policemen's Pension and Relief Fund Board of Trustees has taken and is taking to remedy the overpayments and underpayments. Should the Board of Trustees fail to take any corrective action regarding overpayments or underpayments, the MPOB will, as proscribed by current law, order the Huntington Policemen's Pension Board of Trustees to correct any errors.

Sincerely,



Blair Taylor
Executive Director

C: Stephen Neddo, MPOB Chairman
Kelli Talbott, Senior Deputy Attorney General
file

Stephen Neddo
Chairman

Blair M. Taylor
Executive Director



Municipal Pensions Oversight Board

Board Members
John Kee,
Vice Chairman
Lisa Dooley,
Secretary/Treasurer
Jeffrey E. Fleck
Emily R. Lambright
David W. Lanham
Jason Matthews
Michael Payne
Craig Slaughter

April 23, 2019

The Honorable Stephen Williams, Mayor
Pension Chairman
Firemen's Pension and Relief Fund
City of Huntington
P.O. Box 1659
Huntington, WV 25717

Tim E. Burns, Firefighter
Pension Secretary
Firemen's Pension and Relief Fund
City of Huntington
839 7th Avenue
Huntington, WV 25701

Dear Mayor Williams and Secretary Burns:

On March 6, 2019, the West Virginia Legislature passed Senate Bill 316. Governor Justice signed SB316 on March 25, 2019. The bill is in effect from passage. The revised law requires the Municipal Pensions Oversight Board (MPOB) to order any municipal policemen's or municipal firemen's pension and relief fund board of trustees to correct errors in pension calculations if the municipal pensions board of trustees has failed to correct known errors.


Based on communications between the MPOB and the Huntington Firemen's Pension and Relief Fund starting in 2016 and continuing to the present regarding potential overpayments and underpayments to pensioners, please provide the following to the MPOB:

1. the current calculation and amount being received by each member or member's beneficiaries;
2. the re-calculation of each member's retirement calculation including the data used for the re-calculation;
3. if errors have been found or are found, when corrections took place or will take place to the retiree's benefit payments; and
4. please provide the methodology the Huntington Firemen's Pension and Relief Fund Board of Trustees used or will use to re-coop any erroneously paid pensions to members between July 7, 2017 and the present.

Please provide the data both in printed form as well as in Excel spreadsheets. Specifically, the recalculations are to be completed using the **WV Benefit Calculator** found on the MPOB's website, <https://mpob.wv.gov/Training/Pages/default.aspx>.

This information, including all calculations and re-calculations are due to the MPOB on or before June 15, 2019. The MPOB will review the steps the Huntington Firemen's Pension and Relief Fund Board of Trustees has taken and is taking to remedy the overpayments and underpayments. Should the Board of Trustees fail to take any corrective action regarding overpayments or underpayments, the MPOB will, as proscribed by current law, order the Huntington Firemen's Pension Board of Trustees to correct any errors.

Sincerely,



Blair Taylor
Executive Director

C: Stephen Neddo, MPOB Chairman
Kelli Talbott, Senior Deputy Attorney General
file

Huntington Police Pension and Relief Fund Pension Board

Dear Blair Taylor and members of the Municipal Pensions Oversight Board,

This letter is in response to the letter that the Huntington Police Pension and Relief Fund Pension Board received on April 23, 2019. Based on the request from that letter and multiple conversations with Blair Taylor about what the Oversight Board is reviewing and requesting of the Huntington Police Pensions and Relief Fund, these are the steps that we have been working on to find and correct any errors in pension calculations.

First, we reviewed the report presented to our board after the CPA hired by your board came to Huntington and preformed an audit of the pension calculations for our pension system. After deep review of the pension calculations that the Oversight's CPA provided and a reevaluation of how we were calculating our pensions, we found the following:

- The calculations that the Oversight Board's CPA provided the Huntington Police Pension and Relief Fund were not correct. Either from incorrect data being used or from misinterpretation of our payroll system to input the correct data into the WV Benefit Calculator. We did this by having the City Of Huntington Payroll Clerk and Finance Department preform an independent calculation of individual's pensions and then have the members of the Huntington Police Pension and Relief Fund provided and separate calculation both using the WV Benefit Calculator (that the Municipal Oversight Board provides). We would then compare these to calculations to themselves and the calculation provided by the Municipal Oversight Board CPA's calculation. We found our Board's calculations and those of the City of Huntington matched and were different (sometimes very different) from those of the Oversight Board's CPA. After speaking with Blair Taylor about this, he stated that the he and the Oversight Board believes that the calculations of their auditor are not correct. We also found that our new recalculations of several of our members pensions to be different than their original calculations. We now believe that the differences in these pension calculations are due to the fact that the City's previous payroll clerk and account that calculated the police pensions did not have the correct understanding of the WV Benefit Calculator or use the proper level of data when calculating those pensions. She used the pensioner's monthly or sometimes yearly salary when calculating the pensions, instead of what we now know to use is the data from each pay period for the most precise pension calculation. We do not believe that any errors in calculation to be intentional but to simply be a mistake. Also, at that time our pension board did not have access to the City of Huntington Payroll information, only through that payroll clerk. Our board relied on the City's Payroll Clerk and account to preform that calculations and the board would simply review them before we would vote to approve them.

2019 APR 27 10:07 AM

Huntington Police Pension and Relief Fund Pension Board

- The Huntington Police Pension Board and the City of Huntington are currently in the process of performing recalculations of our member's pensions. We have been working on these for over a year now. We have found that the process is very slow due to a few different factors. First, when recalculating a member's pension each pay period for every year of the pensioner's career must be printed out and then every bit of that data must be entered into the WV Benefit calculator by hand. Which is a very lengthy process. Our Pension Board has first started on the 20 pensions that the Oversight Board's CPA and auditor sent to us as being incorrectly calculated. During that time we also had to pull all of the data and recalculate or calculate any pensions of those members that have recently retired or were about to retire to make sure that their pension calculations were correct. Currently we and the City of Huntington Payroll Clerk have calculated approximately 20 pensions of our current members that have recently retired or who will retire in the next year, so the our pension system will be correct and up to date. We are also now receiving monthly payroll data for each pay period to our board to keep separate calculations from the City to compare them. As for the original 20 pension calculations that our board received as incorrect from the Oversight Board, we have been able to recalculate 12 of those. Here are our findings on those pensions:

Summary of pension recalculations as of 05/22/2019

	Original calculations	Recalculations	% difference
V. Casey	\$39,490.92\3,290.91	\$35,788.32\2,982.36	-9.35%
C. Rohrig	\$49,735.62\4,144.64	\$49,722.81\4,143.57	->.1%
R. Eplin	\$55,640.88\4,636.74	\$54,652.66\4,554.39	-1.8%
K. Lake	\$46,831.86\3,902.66	\$46,212.24\3,851.02	-1.25%
D. Booth	\$58,474.10\4,782.84	\$58,521.71\4,876.81	+0.1%
D. Dempsey	\$45,541.09\3,795.09	\$45,813.46\3,817.79	+0.7%
J. Williams	\$65,924.77\5,493.73	\$66,055.72\5,504.64	+0.2%
D. Mcnell	\$52,292.37\4,357.70	\$50,013.10\4,167.76	-4.4%
G. Queen	\$41,042.83\3,420.24	\$40,895.17\3,407.93	-0.4%
B. Wamsley	\$50,202.55\4,183.55	\$48,924.33\4,077.03	-2.5%
K. Beckett	\$52,953.62\4,412.80	\$53,369.16\4,447.43	+0.78%
J. Franklin	\$50,397.00\4,199.75	\$49,246.76\4,103.90	-2.26%

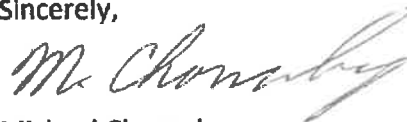
- All of these calculations correspond with the findings of the City of Huntington's findings for their recalculations.

Huntington Police Pension and Relief Fund Pension Board

- Per our last Pension Board meeting on May 23rd 2019, the Pension Board's plan is continue to work on recalculating our member's pensions to make sure that we have the correct or most precise calculations for our members. We do have some issues attempting to recalculate all of the member's pensions. Because of the change in our payroll system we do not have any payroll data that before the year 2000. This means that we would not be able to provide a correct data to be entered in the WV Benefit Calculator before or during that year. It also keeps us from performing any pension recalculation before the year 2006 because we would not have enough complete data for the WV Benefit Calculator to work properly. Therefore, the plan of the pension board is to work for the next 6 months to complete all of the pension recalculations back to 2006. Because this is a very time consuming process and it is not the full time job of any of the parties that are involved in this process we request the Municipal Pension Oversight Board to work with us on their request for the data on the recalculations. We are willing to provide you with all the data that we have as the process continues.
- The Huntington Police Pension Board had decided to complete the above listed pension recalculations before we decide how to address the errors in calculations that we have found. We want to have all of the best information to provide to our pensioners and potentially our City Council.
- The Pension Board has discussed many options regarding how we would address any over or under payments of pensions of our members. Recalculations for underpayments may be implemented, as well as calculating what back-pay is due. For overpayments, we will be considering both a means of repayment through payroll deduction or taking the matter to our City Council to approve we continue payments as originally calculated, since the errors were not due to any fault of the pensioner who has now become reliant on a certain income level. As we complete recalculations, we will continue to deliberate on the matter.

The Huntington Police Pension Board requests that the Municipal Oversight Board grant us a period of the next 6 months to complete all of the pension calculations that we have the data to complete and enact our plan to correct any errors in calculations that we find to allow us to be in compliance with the law, the best interest of our pensioners and the wishes of our City Council. On behalf of the Huntington Police Pension Board, I would like to thank you for working with us on this matter.

Sincerely,



Michael Chornobay

Secretary

Huntington Police Pension and Relief Fund



Mayor Steve Williams
City of Huntington

June 19, 2019

Blair Taylor
Executive Director
W.Va. Municipal Pensions Oversight Board
301 Eagle Mountain Road, Suite 251
Charleston, WV 25311

Re: Huntington Firemen's Pension and Relief Fund

Dear Mr. Taylor:

Thank you for your correspondence of April 23, 2019, providing direction from the Municipal Pensions Oversight Board in light of the recent passage of Senate Bill 316. We acknowledge receipt of your directives and the responsibility of the Huntington Firemen's Pension and Relief Board to comply.

In order to comply with the instructions, we will need additional time. We are therefore requesting an extension of six months from the due date of June 15, 2019 to achieve compliance. As you are well aware, the research and recalculations of the benefits requires a substantial investment of time. We believe that the extra six months will provide the Board with enough time to successfully accumulate the necessary information.

Thank you for your consideration of this request, and we look forward to working with you on this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Steve Williams".

Stephen T. Williams, Chair
Huntington Firemen's Pension and Relief Fund

cc: Tim E. Burns, Secretary

MPOB Purchasing Card Review/Audit Record

Cardholder: Karen L. Neccuzzi

Billing Cycle: Feb/March 2019

Monthly Limit

Reviewer:

Transaction Limit

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/D of Ticket Y/N	Tran Document Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	2/21/2019	FedEx	Overnight Ground - SC Fire	\$9.75 \$9.75	Y	TRAN 2758497			Y	PKGSYS	
2	2/21/2019	ATT	ATT Service 1/3/19 - 2/2/19 #287245128584 L.Smith	\$54.26 \$54.26	Y	TRAN 2780068			Y	cell phone 13A	
3	2/21/2019	ATT	ATT Service 1/3/19 - 2/2/19 #28722672302588 B. Taylor	\$57.35 \$57.35	Y	TRAN 2780069			Y	cell phone 13A	
4	3/9/2019	Office Max	Office Max/Office Depot Expanding Folders, legal size	\$8.28 \$8.28	Y	TRAN 2804589			Y	Office15	
5	3/10/2019	Office Max	Office Max/Office Depot Faucet Mount Replacement - <i>Flats</i>	\$32.99 \$32.99	Y	TRAN 2807516			Y	Office15	
6	3/11/2019	Office Max	Office Max/Office Depot Cups, Keyboard Tray	\$124.83 \$124.83	Y	TRAN 2808841			Y	Office15	
7	3/12/2019	Office Max	Office Max/Office Depot Expanding Folders, letter size	\$11.34 \$11.34	Y	TRAN 2810761			Y	Office15	
8	3/13/2019	Office Max	Office Max/Office Depot Silm wall clock	\$19.99 \$19.99	Y	TRAN 2812931			Y	Office15	
				\$318.79							

*R - Reconciled/D - Disputed/C - Carryover from prev. month

** If "N", Reviewer must provide discrepancy Listing form

Cardholder Certification/Date: *Karen L. Neccuzzi 3/25/19*

Reviewer-Auditor Certification/Date: *Karen L. Neccuzzi 3/25/19*

I hereby certify that the items herein were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

MPOB Purchasing Card Review/Audit Record

Billing Cycle March/Apr 2019

Cardholder Karen L. Neccuzzi

Transaction Limit Monthly Limit Reviewer:

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Del Ticket Y/N	Tran Document Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	3/18/2019	Office Max	Office Max/Office Depot	\$86.89	Y	TRAN 2819530			Y	Office15	
			First Aid Kit, Folding Table	\$86.89							
2	3/19/2019	Office Max	Office Max/Office Depot	\$22.79	Y	TRAN 2821486			Y	Office15	
			HDMI Cable 12'	\$22.79							
3	3/25/2019	ATT	ATT Service 2/3/19-3/2/19	\$57.35	Y	TRAN 2828591			Y	cellphone 13A	
			#28722672302596 B. Taylor	\$57.35							
4	3/25/2019	ATT	ATT Service 2/3/19-3/2/19	\$54.26	Y	TRAN 2828592			Y	cellphone 13A	
			#287245126564 L. Smith	\$54.26							
5	3/28/2019	SuddenLink	10 meg circuit 3/16/19 - 4/15/19	\$775.00	Y	TRAN 2832040			N		
				\$775.00							
6	3/28/2019	Charleston Civic Center	Bolton/Trustee Meeting	\$207.68	Y	TRAN 2836606			N		
			Food - Hospitality Center	\$207.68							
7	4/3/2018	Office Max	Office Max/Office Depot	\$80.00	Y	TRAN 2844719			Y	Office15	
			Letter tray, staples, clips & tape	\$80.00							
8	4/5/2019	Office Max	Office Max/Office Depot	\$9.33	Y	TRAN 2847258			Y	Office15	
			Pens	\$9.33							
9	4/5/2019	Charleston Civic Center	Bolton/Trustee Meeting	\$390.00	Y	TRAN 2847255			N		
			Meeting Room, AV Cart	\$390.00							
1	4/8/2019	Office Max	Office Max/Office Depot	\$259.88	Y	TRAN 2851633			Y	Office15	
			Wireless HDMI Transmitter/receiver kit	\$259.88							
				\$1,943.19							

*R - Reconciled/D - Disputed/C - Carryover from prev. month
 Cardholder Certification/Date: Karen L. Neccuzzi 4/29/19
 Reviewer-Auditor Certification/Date: [Signature] 4/29/19
 ** If 'N', Reviewer must provide discrepancy Listing form

I hereby certify that the items herein were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

MPOB Purchasing Card Review/Audit Record

Cardholder: Blair M. Taylor

Billing Cycle: Apr-19

Card Holder:

Transaction Limit: \$5,000.00 Monthly Limit

Item	Trans Date	Vendor	Brief Item Description	Unit Cost	Transaction Amount	Itemized Receipt/Dial Ticket Y/N	OASIS Transaction Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	4/4/2019	Sodaro's Electronic Sales	Sony 4K Smart LED TV	\$ 1,799.00	\$1,799.00	Y	2847257	Y	R	N		N
1			Sanus Wall Mount Stand	\$ 119.00	\$119.00	Y	2847257	Y	R	N		N
1			Mount Installation	\$ 180.00	\$180.00	Y	2847257	Y	R	N		N
1			4Year Warranty Extension P&L	\$ 299.00	\$299.00	Y	2847257	Y	R	N		N
			Total		\$2,397.00							

*R - Reconciled/*D - Disputed/*C - Carryover from prev month

Signature/date

Signature/date

I hereby certify that the items hereon were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

June 2010

MPOB Purchasing Card Review/Audit Record

Billing Cycle Apr/May 2019

Cardholder Karen L. Neccuzzi

Transaction Limit _____

Monthly Limit _____

Reviewer: _____

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/D el Ticket Y / N	Tran Document Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y / N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y / N
1	4/16/2019	ATT	ATT Service 3/3/19-4/2/19 #287245126584 L. Smith	\$54.15 \$54.15	Y	TRAN 2862388			Y	cellphone 13A	
2	4/17/2019	FedEx	Packaged Shipped Pt Pleasant & SCFD	\$22.17 \$22.17	Y	TRAN 2864378			Y	PKGSVS	
3	4/18/2019	IVS Conf	Conference Call MPOB Quarterly Mtg 3/21/19	\$23.27 \$23.27	Y	TRAN 2868832			N		
4	4/18/2019	ATT	ATT Service 3/3/19-4/2/19 #287267230256 L. Smith B Taylor	\$57.25 \$57.25	Y	TRAN 2868833			Y	cellphone 13A	
5	4/23/2019	Komax	Copier Maintenance & Click Charges 3/17/19 to 4/2/19 - BW 7.21; Color 7.39	\$14.60 \$14.60	Y	TRAN 2872514			Y	Djicop12	
6	4/23/2019	Komax	Copier Maintenance & Click Charges 2/7/19 to 3/6/19 - BW 3.30; Color 2.12	\$5.42 \$5.42	Y	TRAN 2872515			Y	Djicop12	
7	4/24/2019	FedEx	Packaged Shipped City of Beckley	\$9.71 \$9.71	Y	TRAN 2874554			Y	PKGSVS	
8	4/26/2019	SuddenLink	10 meg circuit 4/16/19 - 5/15/19	\$775.00 \$775.00	Y	TRAN 2876674			N		
9	4/24/2019	FedEx	Packaged Shipped Huntington and Morgantown	\$77.68 \$77.68	Y	TRAN 2901172			Y	PKGSVS	
1				\$1,039.25							

*R - Reconciled/D - Disputed/C - Carryover; from prev. month

Cardholder Certification/Date: Karen L. Neccuzzi 5/28/19

I hereby certify that the items herein were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

Reviewer-Auditor Certification/Date: _____

** If "N", Review must provide discrepancy listing form. 5/31/19

MPOB Purchasing Card Review/Audit Record

Cardholder Blair M. Taylor Billing Cycle May-19 Card Holder: [Signature]
 Transaction Limit \$5,000.00 Monthly Limit _____

Item	Trans Date	Vendor	Brief Item Description	Unit Cost	Transaction Amount	Itemized Receipt/Del Ticket Y/N	OASIS Transaction Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	5/3/2019	Best Buy #1288	6ft HDMI Cable	\$ 24.13	\$24.13	Y	2890043	Y	R	N		N
1			6ft Display Port to HDMI Cable	\$ 38.61	\$38.61	Y	2890043	Y	R	N		N
1			6ft Display Port to HDMI Cable	\$ 38.61	\$38.61	Y	2890043	Y	R	N		N
1			6ft Display Port to HDMI Cable	\$ 38.61	\$38.61	Y	2890043	Y	R	N		N
			Total		\$139.96							

*R - Reconciled/D - Disputed/C - Carryover from prev. month

Reviewer/Auditor Certification: [Signature] Signature/date 5/31/19
 I hereby certify that the items herein were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.



June 27, 2019 Board Meeting

Actuarial Agenda:

1. Plan by Plan replication results
2. 60% Survivor Benefit COLA
3. Wheeling DROP

Plan by Plan Replication Results



Employee Benefits, Actuarial & Investment Consulting

May 10, 2019

Mr. Blair Taylor
Executive Director
West Virginia Municipal Pensions Oversight Board
301 Eagle Mountain Road
Suite 251
Charleston, WV 25311

Re: A Comparison of Bolton's Replication Results to the July 1, 2017 Actuarial Valuation Results Prepared by Gabriel, Roeder, Smith & Company

Dear Blair:

As part of our assumption of actuarial services for the Municipal Pension Oversight Board, Bolton has completed a review of the July 1, 2017 actuarial results prepared by Gabriel, Roeder, Smith & Company (GRS) and replicated those results. In aggregate across the 53 plans, the difference in the Actuarial Accrued Liability prepared by Bolton and GRS is approximately 2.06% and the difference in the Normal Cost (excluding expenses) is approximately 0.02%. Both differences are within a reasonable range and generally are attributable to variations in valuation systems, how valuation assumptions are applied, and the interpretation of plan provisions.

The exhibit on the following page displays a comparison of the results prepared by Bolton to those prepared by GRS for each of the 53 plans. While the comparisons for each plan vary, we feel the results are reasonable overall and that no further review or investigation is needed.

We would be happy to discuss these results in more detail with you at your request.

Sincerely,

Jim Ritchie, ASA, EA, FCA, MAAA
Senior Consulting Actuary

cc: Tom Lowman
Jordan McClane

West Virginia Municipal Pensions Oversight Board
Comparison of July 1, 2017 Actuarial Valuation Results

	Actuarial Accrued Liability			Total Normal Cost (excluding expenses)		
	GRS	Bolton	Percent Change	GRS	Bolton	Percent Change
Total	1,514,800,801	1,545,965,460	2.06%	37,119,133	37,113,298	-0.02%
Beckley Fire	46,089,126	47,160,019	2.32%	1,194,011	1,138,648	-4.64%
Beckley Police	33,526,320	34,131,526	1.81%	960,176	956,617	-0.37%
Belle Police	1,823,861	1,828,987	0.28%	15,473	16,069	3.85%
Bluefield Fire	17,632,108	17,952,501	1.82%	292,178	301,934	3.34%
Bluefield Police	12,188,011	12,569,772	3.13%	319,814	331,401	3.62%
Charles Town Police	1,312,560	1,312,424	-0.01%	0	0	0.00%
Charleston Fire	184,198,524	188,719,134	2.45%	3,634,525	3,569,878	-1.78%
Charleston Police	172,935,054	176,983,815	2.34%	3,620,491	3,549,880	-1.95%
Chester Police	2,191,427	2,206,977	0.71%	33,771	34,463	2.05%
Clarksburg Fire	32,233,592	32,936,474	2.18%	911,837	885,541	-2.88%
Clarksburg Police	28,735,254	29,384,349	2.26%	964,909	949,106	-1.64%
Dunbar Fire	13,254,546	13,706,595	3.41%	244,966	245,558	0.24%
Dunbar Police	8,038,499	8,162,470	1.54%	163,266	159,123	-2.54%
Elkins Fire	1,387,599	1,404,491	1.22%	56,451	56,848	0.70%
Elkins Police	5,121,290	5,193,921	1.42%	75,761	77,235	1.95%
Fairmont Fire	42,547,347	43,508,577	2.26%	1,181,064	1,180,382	-0.06%
Fairmont Police	28,028,963	28,577,345	1.96%	768,878	800,041	4.05%
Grafton Fire	2,668,414	2,715,039	1.75%	11,904	12,081	1.49%
Grafton Police	2,192,953	2,183,216	-0.44%	60,571	58,422	-3.55%
Huntington Fire	112,574,537	115,221,383	2.35%	1,761,439	1,727,477	-1.93%
Huntington Police	97,152,732	99,388,686	2.30%	1,677,226	1,645,552	-1.89%
Logan Fire	1,777,186	1,777,892	0.04%	125,693	123,714	-1.57%
Logan Police	2,105,310	2,128,570	1.10%	116,577	114,272	-1.98%
Martinsburg Fire	36,293,902	37,081,421	2.17%	1,182,646	1,174,649	-0.68%
Martinsburg Police	37,803,918	38,601,563	2.11%	1,384,492	1,360,406	-1.74%
Morgantown Fire	45,762,352	46,691,877	2.03%	1,446,472	1,467,538	1.46%
Morgantown Police	62,780,889	63,714,823	1.49%	2,164,296	2,258,400	4.35%
Moundsville Fire	5,102,394	5,143,341	0.80%	89,892	93,193	3.67%
Moundsville Police	7,441,305	7,543,072	1.37%	135,571	135,111	-0.34%
Nitro Fire	9,795,852	9,884,842	0.91%	348,019	356,642	2.48%
Nitro Police	11,351,621	11,568,376	1.91%	465,947	467,517	0.34%
Oak Hill Police	3,647,200	3,702,386	1.51%	57,934	58,006	0.12%
Parkersburg Fire	59,198,392	60,522,649	2.24%	1,150,067	1,205,738	4.84%
Parkersburg Police	53,653,663	54,537,412	1.65%	1,477,801	1,505,848	1.90%
Point Pleasant Police	4,399,271	4,469,632	1.60%	131,537	132,912	1.05%
Princeton Fire	12,003,972	12,301,974	2.48%	337,741	345,875	2.41%
Princeton Police	10,652,278	10,806,923	1.45%	372,045	366,805	-1.41%
South Charleston Fire	37,985,998	38,685,109	1.84%	1,389,036	1,405,289	1.17%
South Charleston Police	28,472,232	29,050,087	2.03%	1,163,436	1,147,429	-1.38%
St. Albans Fire	19,919,903	20,291,350	1.86%	551,675	538,474	-2.39%
St. Albans Police	14,887,506	15,210,936	2.17%	469,689	473,201	0.75%
Star City Police	1,993,170	1,998,864	0.29%	73,627	75,166	2.09%
Vienna Police	9,858,499	9,788,376	-0.71%	307,293	329,729	7.30%
Weirton Fire	13,816,681	13,982,215	1.20%	371,654	372,629	0.26%
Weirton Police	37,130,231	37,817,355	1.85%	1,153,764	1,185,313	2.73%
Welch Police	2,320,342	2,347,909	1.19%	73,730	66,397	-9.95%
Weston Fire	1,750,658	1,781,236	1.75%	71,739	72,584	1.18%
Weston Police	1,489,741	1,513,544	1.60%	38,929	38,965	0.09%
Westover Police	2,671,848	2,697,594	0.96%	39,463	38,193	-3.22%
Wheeling Fire	70,807,951	71,668,529	1.22%	1,391,221	1,427,972	2.64%
Wheeling Police	55,506,409	56,582,080	1.94%	977,353	966,307	-1.13%
Williamson Fire	3,860,791	4,056,990	5.08%	56,255	56,833	1.03%
Williamson Police	2,726,619	2,768,832	1.55%	54,828	55,935	2.02%



60% Survivor Benefit COLA

Spouse Benefit/COLA Illustration

- A member retires in 2005 with an annual benefit of \$40,000.
- The member dies in 2017. Assuming that a constant COLA of 2.75% was applicable from 2007 (2 years after member retired) to 2017, the member's annual benefit as of the date of death would be:
$$\text{<Compounded COLA on first \$15,000>} + \text{<Initial excess above \$15,000>} \\ \text{▪ } \mathbf{\$15,000 * (1.0275)^{10}} + \mathbf{(\$40,000 - \$15,000) = \$44,675}$$
- Death benefit is 60% of member benefit
- WV Code Section 8-22-26a states:
 - **Supplemental benefit applies to first \$15,000 of death benefit (not original benefit)**
 - **Death benefit is calculated at the base year (i.e. participants benefit start date)**
 - **Supplemental benefits applied to participant benefits are not included**
 - **Death benefit is re-indexed**
 - **See appendix for actual language from WV Code**

Spouse Benefit/COLA Illustration – Current Method

- Take 60% of the member's total annual benefit at the date of death:

$$\begin{array}{l} \text{<Member's benefit} \\ \text{at death>} \end{array} * \begin{array}{l} \text{<Continuation} \\ \text{Percentage>} \end{array} = \text{\$26,805}$$

▪ **\$44,675** * **60%** = **\$26,805**

- Under the current method, this annual benefit of \$26,805 would be payable to the spouse upon the member's death and such amount would increase for any future COLA's.
- **The amount to which the COLA applied would essentially be reset as of the member's date of death.**
- **In future COLA calculations, \$11,805 (i.e. \$26,805 - \$15,000) of the total annual benefit would not be subject to the COLA.**

Spouse Benefit/COLA Illustration – Correct Method

- First, determine the spouse's annual benefit as of the member's original retirement date:

<Member's benefit at retirement> * <Continuation Percentage>

$$\$40,000 * 60\% = \$24,000$$

- Next, index (based on the "allowable amount") the spouse's annual benefit to the date of the member's death:

<Compounded COLA on first \$15,000> + <Initial excess above \$15,000>

$$\$15,000 * (1.0275)^{10} + (\$24,000 - \$15,000) = \$28,675$$

- Under the correct method, this annual benefit of \$28,675 would be payable to the spouse upon the member's death and such amount would increase for any future COLA's.
- **In future COLA calculations, only \$9,000 (i.e. \$24,000 - \$15,000) of the total annual benefit would not be subject to the COLA.**

Spouse Benefit/COLA Illustration – Summary

	Current Method	Correct Method	Difference
Spouse Benefit Payable at Member's Death	\$26,805	\$28,675	(\$1,870)
Amount Not Subject to Future COLA	\$11,805	\$9,000	\$2,805
Amount Subject to Future COLA	\$15,000	\$19,675	(\$4,675)

- For members with annual benefits in excess of \$15,000 at date of retirement, the annual benefit payable to the spouse calculated under the correct method will be larger and the subsequent future COLA's on that benefit will be greater than those calculated under the current method.

§8-22-26a. Supplemental pension benefits entitlement; benefit payable; application of section; construction.

(b) Upon commencement of the payment of death benefits pursuant to section twenty-six of this article, there shall be calculated on the allowable amount, which is the first fifteen thousand dollars of the annual allowable benefit under said section twenty-six, the supplemental benefit provided for in subsection (a) of this section using the date that the retirement benefit provided for pursuant to section twenty-five of this article began as the base year. The amount of the death benefit provided pursuant to section twenty-six of this article shall be calculated without regard to any supplemental benefit previously paid under this section. After the initial calculation made pursuant to this subsection the beneficiary of the benefits provided for pursuant to section twenty-six, shall, after reindexation, thereafter receive the supplemental benefit provided for in subsection (a).

Comment on Recalculations:

Calculations can be done using ratio based on final benefit to initial benefit

WV MPOB - Sample Spouse's Death Benefit

Comparison of Re-indexing method to "Ratio" method

The 60% Spousal benefit at the date of death of the retiree can be determined if you just know (1) the retiree's initial benefit and (2) the retiree's benefit when they died.

We can first determine 60% of the initial benefit. Then we need to know how much "indexing" to give the first \$15,000 of the 60% survivor benefit. The indexing increases for the survivor benefit is the same percent as that of the first \$15,000 of the retiree's benefit that was indexed.

We know what the first \$15,000 of the retiree's benefit has increased to, since it is the total current benefit less the difference between the total initial benefit and \$15,000 (this part of the benefit is fixed/not indexed).

An example is shown below.

Using this "ratio" method avoids (1) digging into actual past COLAs that were granted (even those prior to the existence of MPOB) and (2) COLAs not provided in years when plans failed to meet their requirements to get a COLA. The method also will not find any unrelated errors made by the plan (not looking under rocks for problems).

Sample Participant

Date of Retirement	6/1/2013	Date of First COLA increase	7/1/2015
Original Annual Benefit	27,000	2015 COLA increase	1.60%
Date of Death	2/1/2019	2016 COLA increase	0.10%
Annual Benefit at Date of Death	27,779	2017 COLA increase	1.30%
		2018 COLA increase	2.10%
		Accumulated Increase	5.19%

Reindexing - direct method

1 Participant's Benefit at Retirement	27,000
2 Spouse's Death Benefit at Date of Retirement (1. x 60%)	16,200
3 Spouse's Death Benefit subject to re-indexation (min 2. and \$15,000)	15,000
4 Spouse's Death Benefit not subject to re-indexation (2. - 3., not less than \$0)	1,200
5 2015 COLA increase	1.60%
6 2016 COLA increase	0.10%
7 2017 COLA increase	1.30%
8 2018 COLA increase	2.10%
9 Spouse's benefit at date of death eligible for future COLA increases (3. x (1+5.) x (1+6.) x (1+7.) x (1+8.))	15,779
10 Spouse's total benefit at date of death (4. + 5.)	16,979

Reindexing - Ratio Method

1 Participant's Benefit at Retirement	27,000
2 Participant's Benefit at Retirement eligible for COLA (lesser of 1. and \$15,000)	15,000
3 Participant's Benefit at Retirement not eligible for COLA (1. - \$15,000, not less than \$0)	12,000
4 Participant's Benefit at Death	27,779
5 Participant's Benefit at Death including COLA increases (4. - 3.)	15,779
6 Cumulative COLA increases from Date of Retirement to Date of Death as dollar amount (5. - 2.)	779
7 Cumulative COLA increases from Date of Retirement to Date of Death as percentage (6. / 2.)	5.19%
8 Spouse's Death Benefit at Date of Retirement (1. x 60%)	16,200
9 Spouse's Death Benefit subject to re-indexation (min 8. and \$15,000)	15,000
10 Spouse's Death Benefit not subject to re-indexation (2. - 3., not less than \$0)	1,200
11 Spouse's benefit at date of death eligible for future COLA increases (3. x [1+7.])	15,779
12 Spouse's total benefit at date of death (10. + 11.)	16,979

WV Municipal Pensions Historical COLAs

CPI Year	Average CPI	Increase for CPI Year	Effective Year (at 7/1)
1980	82.408		1981
1981	90.925	10.3%	1982
1982	96.500	6.1%	1983
1983	99.600	3.2%	1984
1984	103.883	4.3%	1985
1985	107.567	3.5%	1986
1986	109.608	1.9%	1987
1987	113.625	3.7%	1988
1988	118.258	4.1%	1989
1989	123.967	4.8%	1990
1990	130.658	5.4%	1991
1991	136.192	4.2%	1992
1992	140.317	3.0%	1993
1993	144.458	3.0%	1994
1994	148.225	2.6%	1995
1995	152.383	2.8%	1996
1996	156.850	2.9%	1997
1997	160.517	2.3%	1998
1998	163.008	1.6%	1999
1999	166.575	2.2%	2000
2000	172.200	3.4%	2001
2001	177.067	2.8%	2002
2002	179.875	1.6%	2003
2003	183.958	2.3%	2004
2004	188.883	2.7%	2005
2005	195.292	3.4%	2006
2006	201.592	3.2%	2007
2007	207.342	2.9%	2008
2008	215.303	3.8%	2009
2009	214.537	-0.4%	2010
2010	218.056	1.6%	2011
2011	224.939	3.2%	2012
2012	229.594	2.1%	2013
2013	232.957	1.5%	2014
2014	236.736	1.6%	2015
2015	237.017	0.1%	2016
2016	240.007	1.3%	2017
2017	245.120	2.1%	2018
2018	251.107	2.4%	2019
2019			2020
2020			2021
2021			2022
2022			2023
2023			2024

Source: DLS CPI release: Table 24. CPI-U US City Average all items. - Annual Average increase

Wheeling DROP

June 4, 2019

Mr. Blair M. Taylor
Executive Director
West Virginia Municipal Pensions Oversight Board
1700 MacCorkle Avenue, SE
Charleston, WV 25314

*Subject: City of Wheeling, West Virginia Firemen's Pension and Relief Fund –
Analysis of DROP impact on Pension Cost*

Dear Blair:

We have reviewed the financial impact of the DROP design adopted by the City of Wheeling, West Virginia Firemen's Pension and Relief Fund ("Fund") on May 3, 2016. West Virginia Code Section §8-22-25a(e) requires the oversight board to annually report to the Legislature's Joint Committee on Pensions and Retirement the status of any DROP that has been approved, including any experienced impact on an affected pension and relief fund. This report is intended to help fulfill that requirement for the DROP adopted by the City of Wheeling.

In the original March 18, 2016 DROP study prepared by GRS, there were 16 members eligible to elect DROP. Nine actually made that election. All nine entered DROP on June 30, 2016 (the last date under the DROP election window included as part of the design). As of June 30, 2018, all nine members were still working and accumulating additional DROP lump sum benefits.

The main focus for this analysis was determining as of July 1, 2018 whether adding the DROP, as designed, including the additional normal cost payments, has improved or worsened the financial status of the Fund. We will not have a final answer of the total impact of the DROP until all nine DROP members actually retire and therefore exit DROP. However, we have computed an estimate based on the first two years of experience. We followed the same basic outline used by GRS in their March 18, 2016 letter which estimated the expected future impact of the DROP. A comparison of our results and those of GRS are shown in the table below. Keep in mind that the GRS letter assumed 16 members would join DROP while our analysis reflects only the nine members who actually elected the DROP.

Impact of Proposed DROP Design (Gain)/Loss	GRS Present Value 12/31/2015	Bolton Present Value 12/31/2018
Payment Trade-off ¹	312,218	(46,538)
DROP Member Contributions	(275,231)	(142,116)
DROP Interest Credit	0	0
Premium Tax Allocation	466,490	197,826
City's Normal Cost Contribution	(1,080,880)	(915,028)
Net (Gain)/Loss	(577,403)	(905,856)

GRS showed that there would be a net improvement of \$577,403 and our calculations as of July 1, 2018 show a net improvement of \$905,856.

¹ Referred to as 'Accelerated Retirement' in GRS letter

Components of the Calculations

The remainder of this letter details the components of the impact of the DROP used to develop our results. Note that, although we used the same cost impact components as GRS for determining the impact of the DROP, our calculation methodologies and assumptions may have differed from those used by GRS. However, more important than understanding any differences in methodologies is understanding the nature or purpose of the calculations. We cover this in more detail below. Please note that our analysis develops the impact on the financial status of the Fund, not the overall cost to the employer, employees, or other benefit plans.

For this analysis, we assumed all nine members who elected DROP would remain in DROP until the earlier of five years in DROP or age 65. Additionally, we assumed that, had the DROP not been offered, the DROP members would have retired based on the Fund's current retirement assumptions.

The cost components are as follows:

- **Payment Trade-off:** This is a trade-off of either locking into a lower benefit with a longer payment period versus getting a higher benefit with a shorter payment period or taking your retirement benefit immediately versus taking the DROP immediately. Whether there is an increase or decrease in the liability due to the DROP depends on which category the member falls into. For the members expected to retire at the DROP entry date, the DROP creates a gain because the DROP account does not grant interest credit on the DROP account and the plan saves on the investment return that would have been lost if those payments were no longer in the trust. For those not immediately eligible, the trade-off is whether a higher benefit paid later for a shorter period of time is more valuable than a lower benefit paid now for a longer period of time. For this case, it varies whether this is a savings or a loss. This demonstrates that the expected timing of when a member would retire without the DROP has a significant impact on whether the DROP creates a savings or a loss. In this case, the net trade-offs resulted in a savings to the Plan.
- **DROP member Contributions:** This is the value of the extra employee contributions going into the Fund for the years during which the member would have already been retired had there not been a DROP but is still employed due to participation in DROP.
- **DROP Interest Credit:** GRS included this as a zero value. The lack of interest on the DROP account balances is included in the *Payment Trade-off* component. We likely will start to discontinue showing this as a separate category of cost.
- **Premium Tax Allocation:** This is the loss of premium allocation money for the period when a member is in DROP. The Fund receives more premium tax money (approximately \$5,100) for each active member



(whether a member in this Fund or the State plan) than for each retiree. Members who elect DROP are considered retired for premium tax purposes. However, had there not been a DROP, the DROP members would either (a) still be active or (b) have retired and we assume a new member would have been hired into the State plan as a result. In either scenario, these members or their replacements would have been considered active for premium tax purposes but, because they elected DROP, they are considered retired during the DROP period. While the DROP increases the premium tax allocation available to the other plans covered by MPOB, it decreases the premium tax allocation available to this Fund. As discussed in the next section on Normal Cost, the potential losses are shifted one year and end in FY22.

- **Normal Cost Savings:** The Fund closed to new entrants prior to the date that DROP was implemented. If a member works longer because of DROP, the hiring of a new employee is theoretically delayed. In an open plan, such a scenario would result in Normal Cost savings, but because this Fund closed before DROP was implemented, there are no savings to this pension plan considering all new hires are required to join the State plan. However, the Wheeling DROP provisions require the City to pay the Normal Cost rate on the payroll for members in DROP. Since the value of benefits is already considered in the *Payment Trade-off* component, GRS correctly viewed this as a benefit to the Fund (even though it is an added cost to the City). Because of the methodology used to determine City contributions, the extra Normal Cost payments are assumed to be made in FY18-22 even though the five years of DROP participation are FY17-21.

We relied on member data provided by the City of Wheeling. Unless stated otherwise, the assumptions we used are as stated in the 2017 actuarial valuation.

One additional consideration that we reviewed was selection bias, which captures that members who plan to work after the date they would have been eligible to elect DROP (with or without a DROP incentive) are generally more likely to elect DROP. To determine the impact of the selection bias, we analyzed (1) the expected retirement ages for the nine members who elected DROP, and (2) the expected and some actual retirement ages for those members who did not elect DROP. Our analysis showed that there was not a material difference between the two groups, and for this reason, we did not make any selection bias adjustments to the results for this study. We will continue to look at selection bias in future annual reviews and may change our assumptions if experience changes.

A further consideration in determining DROP cost is the amount of pay raises occurring during the DROP period. We will continue to look at this in future annual reviews, but for this analysis, we have relied on the current salary assumptions in the valuation.

Observations and Conclusions

Based on the analysis described above, the Fund is projected to experience a gain of \$905,856. The gain is primarily due to the additional normal cost payments made by the City for



Mr. Blair M Taylor
June 5, 2019
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members in DROP. In addition, the *Payment Trade-off* resulted in a gain mainly because the DROP accounts did not earn any interest.

A net gain was generated under the proposed design using the assumptions, methods and data outlined above. The results are based on our "best estimate" assumptions. It is possible that another equally plausible scenario, based on another set of reasonable assumptions, could produce materially different results. Also, it is possible that other emerging experience due to actual salary or retirement experience could produce materially different results.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

This report is intended for use by the MPOB, the City of Wheeling, and the City of Wheeling Firemen's Pension and Relief Fund. This report may be provided to other parties only in its entirety with supporting documents and only with the permission of the MPOB, the City of Wheeling, and the City of Wheeling Firemen's Pension and Relief Fund. This report should not be relied on for any purpose other than estimating the financial impact of the 2016 DROP on the City of Wheeling Firemen's Pension and Relief Fund.

Please see the most recent valuation report for the City of Wheeling Firemen's Pension and Relief Fund for a more comprehensive description of the benefits provided and summary of the data, assumptions and methods used in the actuarial valuations.

Our estimates do not consider the potential impact to the plan sponsor, such as the impact to compensation or fringe benefits.

The signing actuaries are independent of the plan sponsor.



Mr. Blair M Taylor
June 5, 2019
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Jim Ritchie and Tom Lowman are Members of the American Academy of Actuaries (MAAA) as indicated and they, along with Jordan McClane, meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please let us know if you have any questions or comments.

Sincerely,

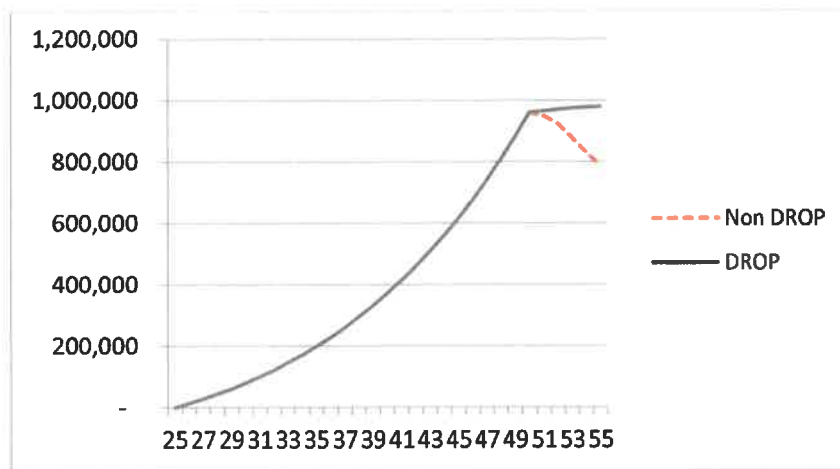
James Ritchie, ASA, EA, FCA, MAAA

Thomas Lowman, FSA, EA, FCA, MAAA

Jordan McClane, ASA, EA



DROP is like an actuarial increase that those with lots of service find attractive:



DROP Ratio: The ratio between the green (DROP) and red (non-DROP) line is called the DROP ratio.

These PV's are all at the same age (e.g. "peak retirement age").

Beckley may be different since members can join DROP closer to "peak Retirement Age". Would you rather have 73% of pay for life or 70% plus a lump sum of 210% (3 year DROP)? This is the expensive scenario if they would have worked beyond "peak retirement age." Some would have retired at peak retirement age without DROP and have no cost.

If 50% elect DROP uniformly and stay for 5 years

Age	Current Retirement assumption	Probability still working	Number retiring out of 1,000	Retire without DROP	Retire with DROP	When enter DROP	When Exit DROP	Service if hired at age 27	Benefit if hired at age 27
50	45%	100%	450	225	225	50	55	23	66%
51	30%	55%	165	83	83	50	55	24	68%
52	30%	39%	116	58	58	50	55	25	70%
53	30%	27%	81	40	40	50	55	26	71%
54	30%	19%	57	28	28	50	55	27	72%
55	30%	13%	40	20	20	50	55	28	73%
56	35%	9%	32	16	16	51	56	29	74%
57	35%	6%	21	11	11	52	57	30	75%
58	35%	4%	14	7	7	53	58	31	75%
59	35%	3%	9	4	4	54	59	32	75%
60	100%	2%	17	8	8	55	60	33	75%
Number of retirements			1,000	500	500				
Weighted Average =				52.26		50.73	55.73		

Normal Cost can end at 50.73 (GASB) or 55.73 depending on method.

Notes: Retirement rates make a huge difference (is DROP a cost or a savings?)
 Problem with using the same retirement rates for all cities.
 Salary increases have some impact
 Beckley selected (7%) Alternative method so NC is only an accounting issue
 Are payments into DROP account treated as payments under conservation method? (non Beckley issue)

Not 50% and not uniform but retire/DROP close to schedule

Age	Current Retirement assumption	Probability still working	Number retiring out of 1,000	Retire without DROP	Retire with DROP	When enter DROP	When Exit DROP	Service if hired at age 27	Benefit if hired at age 27
50	45%	100%	450	180	270	50	55	23	66%
51	30%	55%	165	66	99	50	55	24	68%
52	30%	39%	116	23	92	50	55	25	70%
53	30%	27%	81	16	65	50	55	26	71%
54	30%	19%	57	-	57	50	55	27	72%
55	30%	13%	40	-	40	50	55	28	73%
56	35%	9%	32	-	32	51	56	29	74%
57	35%	6%	21	-	21	52	57	30	75%
58	35%	4%	14	-	14	53	58	31	75%
59	35%	3%	9	-	9	54	59	32	75%
60	100%	2%	17	-	17	55	60	33	75%
Number of retirements			1,000	285	715				
Weighted Average =				51.06		50.83	55.83		

Not 50% and not uniform but extend retirement

Age	Current Retirement assumption	Probability still working	Number retiring out of 1,000	Retire without DROP	Retire with DROP	When enter DROP	When Exit DROP	Service if hired at age 27	Benefit if hired at age 27
50	45%	100%	450	180	270	50	55	23	66%
51	30%	55%	165	66	99	51	56	24	68%
52	30%	39%	116	23	92	52	57	25	70%
53	30%	27%	81	16	65	53	58	26	71%
54	30%	19%	57	-	57	54	59	27	72%
55	30%	13%	40	-	40	55	60	28	73%
56	35%	9%	32	-	32	56	61	29	74%
57	35%	6%	21	-	21	57	62	30	75%
58	35%	4%	14	-	14	58	63	31	75%
59	35%	3%	9	-	9	59	64	32	75%
60	1	2%	17	-	17	60	65	33	75%
Number of retirements			1,000	285	715				
Weighted Average =				51.06		52.74	57.74		

DROP Basics: Considerations for Adding a DROP to a Pension Plan

What is a DROP?

First, let's start by defining a DROP. A DROP is an option provided to active participants of certain retirement plans. It allows members who elect DROP the option to continue to work beyond their Normal Retirement Date and convert part of their retirement benefit into a lump sum.

The lump sum is typically defined as the accumulation of the annuity benefit the participant would have been entitled to receive at Normal Retirement Date. This accumulation of the annuity benefit is tracked in a notional account. Typically, the account is credited with interest from the date the employee elected to start participating in the DROP until the employee actually retires. At retirement, the employee receives a check for the accumulated benefit payments in the DROP account and starts to receive the monthly benefits that were being credited into the DROP account for the remainder of the employee's life (or in accordance with the optional form elected.) To get the DROP lump sum, a member must give up future annuity accrual, often of approximately equal value to the lump sum.

The theory is that the employee receives the equivalent retirement benefits that the employee would have received if the employee actually retired on the DROP election date. Typically, only employees eligible for normal retirement can elect DROP, and the employees' periods in DROP are usually limited to between three to five years. Frequently, the employees must pick their actual termination of employment dates (which is also the end of their DROP period) when entering DROP.

Employee contributions to the pension plan may or may not end when the employee enters DROP. Most DROPs continue to withhold employee contributions, but the employee contributions are usually credited to the employee's DROP account in addition to his monthly benefits. Most DROPs require employees to continue to make employee contributions, because if employees do not make their required contributions to the pension plan, there may be tax consequences to other employees who are not in the DROP. If you want to stop employee contributions as part of the DROP, you should consult an attorney to ensure that the contributions for other employees do not become taxable.

DROPs are most common for uniformed employees; whose normal retirement age is relatively early. DROPs are less common for non-public safety employees since these employees have later normal retirement ages, are less likely to want to work beyond their normal retirement age, and because the cost of DROP is typically higher for older employees.

Why Adopt A DROP?

DROPs were initially created to encourage police officers eligible for normal retirement to work a few more years by allowing them to receive the equivalent value of their normal retirement benefits if they continued to work beyond their normal retirement dates. The result is that the police officers accumulate a lump sum in addition to their normal retirement benefits and effectively maximize the value of their retirement benefits. DROPs generally have positive results for employees electing them, with the exception of rare situations where employees have significant pay increases during their DROP periods. DROPs have positive and negative impacts for employers that need to be considered to determine the effectiveness of the DROP. The following table summarizes the more significant DROP impacts for employers and employees.

DROP Impact – For employers	DROP Impact – For Employees
Encourage employees to work longer especially when it is necessary to keep more experienced employees (e.g. it is difficult to hire experienced law enforcement officers).	Defer pension payments while still working but receive their accumulated benefits as a significant lump sum payout when they retire (end of DROP period).
Typically increases cost of retirement benefits, since employees can maximize the value of the retirement benefit since some employees join DROP earlier than they might otherwise retire.	Maximize the value of the retirement benefit by providing the equivalence of their normal retirement benefit benefits for employees who continue to work past their normal retirement dates.
Limits the effect of pay increases on retirement benefits while employees are in DROP.	Give up retirement benefit increases from pay increases and additional service while working during the DROP period.
Assists with succession planning by requiring employees in DROP to identify when they will retire, giving employers ample time to develop a succession/training plan for these employees.	

Do DROPs Increase Pension Cost?

DROPs were frequently described as being cost neutral or “free”, based on the argument that the benefits accumulating in the DROP account are simply the retirement benefits that the employees would have received if the employees elected to retire on their normal retirement dates. Theoretically, the interest credited to DROP accounts is paid from interest that the pension fund earns from the DROP account payments that would otherwise have been paid out to employees if they had actually retired, since the DROP account payments are left in the plans’ assets until employees’ DROP periods end and the employees terminate employment. However, DROPs typically increase pension costs because:

- Pension benefits are generally more valuable if an employee retires at the earliest date that he can retire with an unreduced benefit, which is typically the employee’s normal retirement date. Even though an employee’s benefit continues to increase with increases in pay and service after his normal retirement date, the increase in the benefit is usually not as valuable as the additional years of payments that would be made if the employee retired as soon as possible. This is especially true when payroll increases are at their lowest, which is typically true for employees who work past their normal retirement dates.
- Many employees end up joining the DROP earlier than they would have actually retired, which results in these employees maximizing the value of their pension benefits without having to consider the loss in their paychecks.

Sometimes, the cost of DROP is often incorrectly identified as the amount of the DROP payments, which grossly overstates the cost of DROP, because employees may have received these benefits anyhow or they forego any increases in their benefits that they would have earned if they continued working without entering the DROP.

However, a DROP can be cost neutral if it does cause members to work longer than they otherwise would have. There are several factors which can make the DROP cost neutral, many of which are difficult to measure. One factor is that the pension plan does not pick up additional pension costs for a new hire to replace an employee who would retire without the DROP. Another factor is that employees in DROP forego any increases in their pensions due to pay increases and additional service while they are in DROP. There are also other non-pension factors that could reduce the cost of a DROP and are covered below.

Knowing whether a DROP will add cost or be cost neutral is almost impossible to measure either before or after a DROP is implemented or after because it requires knowledge on when employees would have actually retired had a DROP not existed. You could compare retirement patterns before a DROP is implemented to retirement patterns (which includes election of the DROP) after a DROP is implemented to determine if benefits are being paid earlier under the DROP than before the DROP was implemented. However, this method is not foolproof, as other factors may contribute to the change in retirement ages. For example, a recession or downturn in the financial markets might have a larger impact on retirement patterns than a DROP. In addition, to fully measure the cost of a DROP, non-pension costs should be considered as well.

What are Non-Pension Considerations?

While adding a DROP typically increases the cost of the pension plan, the employer needs to consider non-pension costs as well to effectively analyze the value and cost of a DROP. Adding a DROP often results in employees working longer. Typically, employees delaying retirement affects more than just pension costs, such as:

- Reducing training cost for new employees
- Retaining experienced employees and their hard-earned judgment and expertise
- Reducing promotional opportunities as more senior employees remain in their positions
- Adding to disability costs, as older employees are more likely to become disabled – whether job related or not
- The net impact on health care costs of adding to employee health insurance cost from an older employee group while reducing retiree health care cost because of the deferral of retirement, and
- Higher salaries adding to payroll cost by keeping higher paid employees longer.

What are Other Challenges with DROPs?

The largest problem with DROPs has been the bad publicity due to large lump sums paid, particularly during economic downturns. Many governments suffered the adverse publicity due to large DROP payments made during the recent great recession. Public employees receiving lump sums in the range of \$200,000 to \$400,000 while taxes are being raised and services cut because of a bad economy created a backlash against “gold plated” government retirement benefits. Even though these benefits may have been otherwise paid to the employee, a lump sum of \$300,000 sounds like a lot more money than a pension of \$5,500 per month.

Investment risks are also a significant issue with DROPs. Many DROPs often include interest crediting rates equal to the valuation rate (typically between 7% and 8%) which is well above money market or other short-term rates. Crediting these higher rates, puts the investment risk burden on the plan if these rates are not realized during the DROP periods. However, if the DROP crediting rates are more in line with money market rates or other short-term rates, or the higher subsidized crediting rates are only applied for a short period of time, the investment risk to the plan may not be material. Another investment consideration is the need for liquid assets to pay DROP lump sums. Some argue that this is not an issue since DROP lump sums are simply a deferral of monthly pension payments that would have otherwise been paid. However, in some DROP designs, employees and retirees may elect to receive their DROP account at any time creating either the necessity to maintain larger allocations of cash to pay these large lump sum benefits or force the plan to sell securities or other illiquid investments at inopportune times. These payments are less predictable than monthly retirement benefits and may cause some losses in possible investment returns that the plan was expecting to earn to pay for some of the cost of the DROP.

An extreme case occurred with the Dallas Police and Fire Pension System which had a DROP with no apparent limit in the number of years a person can participate in the DROP and allowing employees and retirees to elect payment of their DROP account at any time. This resulted in the accumulation of some very large DROP account balances. The normal benefit payments which included regular monthly pension payment and DROP lump sums, were consistently about \$250 million per year. However, the plan suffered some large investment

losses and the funded ratio dropped to under 50% in FY 15. In FY16, DROP payments spiked to \$606 million, in addition to \$219 million in regular annuity payments. Assets fell from \$2.7 to \$2.2 billion, in large part due to the “run-on-the-bank.” Because the Dallas plan had a significant portion of its assets in non-cash assets, this forced the plan to sell certain securities and liquidate other assets without the benefits of additional time to execute these transactions efficiently. In essence, the plan likely experienced losses that it otherwise would not have experienced if this “run-on-the-bank” did not occur. In most plans the entire DROP lump sum balance is under 5% of plan assets and does not result in the difficulties faced by the Dallas Police and Fire Pension System, but the amount of cash needed to cover DROP payments and the impact on the overall investment return of holding additional cash, needs to be considered.

Another important consideration is the change in pension accounting due to implementing a DROP. Prior to implementing a DROP the cost of each employee’s benefit is accounted for over their working lifetime. Government accounting standards require that entry to DROP be treated as the end of the employee’s working lifetime. Thus, adopting DROP will accelerate the accrued liability shown on the government’s balance sheet, reducing the plan’s funded percent reported in the Comprehensive Annual Financial Report.

Why Include a DROP Sunset Provision?

When adding a DROP, the employer should consider including a sunset provision (perhaps a 3 or 6-year period, or tied to the collective bargaining agreement cycle), to allow the employer to study the effect of the DROP on costs and benefits before committing to making it permanent. This is important for two reasons. First, it allows the time to determine whether the DROP does cause employees to work longer, offsetting a portion of the additional cost of a DROP. Second, it limits the potential problems experienced by Human Resources, and allows the staff to better understand the value and problems with DROP (including those costs, such as increased medical and disability costs and decreased training costs, not related to pension costs) before committing to permanent implementation.

If you would like more information about DROPs please contact Tom Lowman, FSA, FCA, EA, MAAA at tlowman@boltonusa.com or 443-573-3909, Jim Ritchie, ASA, FCA, EA, MAAA at jritchie@boltonusa.com or 443-573-3924 or Ann Sturner at asturner@boltonusa.com or 443-573-3922.



ORIGINAL

MUNICIPAL PENSIONS OVERSIGHT BOARD

Minutes of Meeting

September 19, 2019

The Municipal Pensions Oversight Board (MPOB) met on September 19, 2019 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia. The Chair, Mr. Neddo, called the meeting to order, noting that a quorum was present.

ATTENDEES

Board Members:

- Lisa Dooley, absent
- Jeffrey Fleck, present (*left the meeting at 2:50 p.m.*)
- John Kee, present
- Emily Lambright, absent
- David Lanham, present
- Jason Matthews, absent
- Stephen Neddo, present
- Michael Payne, present
- Craig Slaughter, present

General Counsel:

- Kelli Talbott, Counsel – WV Attorney General's Office, present

Staff:

- LeAnne Neccuzi, Administrative Assistant
- Michelle Painter, CFO
- Les Smith, Accountant - Absent
- Blair Taylor, Executive Director

Guests:

- Rob Adams, Brown Edwards
- Anthony Carpenter, Brown Edwards
- Staunton Gorrell, Brown Edwards
- Tom Lowman, President, Bolton
- Forrest Marshall - Retiree - City of Huntington Firemen's Pension Fund
- Jordan McClane, Bolton
- Jim Ritchie, Bolton
- Angela Shockley – Assistant Finance Director- City of Huntington

Minute Taker:

- LeAnne Neccuzi

Approval of Minutes

Minutes for the MPOB meeting on June 27, 2019, were presented for approval. *Moved by Mr. Fleck; Seconded by Mr. Payne; Passed unanimously:*

RESOLVED, that the minutes of the June 27, 2019 Municipal Pensions Oversight Board meeting be approved as presented.

Mr. Neddo asked to reorder the agenda by going to item III. **Old Business, d. FY 2019 Audit**, first so that representatives from Brown Edwards can leave the meeting at the conclusion of their report.

FY 2019 Audit

Audit Committee members, Mr. Kee, Chairman, Mr. Fleck, Mr. Slaughter and Mr. Payne met with representatives from Brown Edwards and voted to accept their audit as written. Mr. Kee introduced Mr. Rob Adams, Mr. Anthony Carpenter, Director, and Mr. Staunton Gorrell from Brown, Edwards, L.L.P. Certified Public Accountants (CPA's). Mr. Adams reported that they had completed the audit and presented two draft documents; ***Auditor Communications to Management and Those Charged with Governance***ⁱ that are, under professional standards, an opportunity to address the Board. The second document, the ***Financial Report with Other Financial Information for the Fiscal Year Ending June 30, 2019***. Their audit report states that the Municipal Pensions Oversight Board received an unmodified opinion on the financial statements which is the highest level of assurance that a CPA firm can provide on financial statements. Also included in the financial report is their Government Auditing Standards Report in which they found no material weaknesses or significant deficiencies within the organization that they identified during the conduct of their audit. Brown, Edwards has completed all field work and is in position to receive management's representation to release the draft as final. Mr. Adams reported that the MPOB has met the FARS deadline of September 15th, and is on schedule to meet the upcoming October 15th, final deadline. *Moved by Mr. Kee; Seconded by Mr. Lanham; Passed unanimously:*

RESOLVED, to accept the Municipal Pensions Oversight Board's the *Financial Report with Other Financial Information for Fiscal Year ending June 30, 2019*ⁱⁱ **as presented by Brown, Edwards, L.L.P., CPA's.**

Representatives from Brown, Edwards excused themselves from the meeting.

Morgantown Policemen's and Firemen's Pension Update

Recalculation list received for both police and fire

A motion passed at the June 27, 2019 Municipal Pensions Oversight Board (MPOB) meeting granting the City of Morgantown Policemen's Pension and Relief Fund and the City of Morgantown Firemen's Pension and Relief Fund's request for a two-month extension to provide a list of their retirees who have been overpaid. Mr. Taylor reported letters (see attached)^{iii,iv} were sent from the MPOB to the City of Morgantown dated July 2, 2019 to Mr. Paul Brake, City Manager for the City of Morgantown Policemen's Pension and Relief Fund and the City of Morgantown Firemen's Pensions and Relief Fund approving their requested extension. The MPOB received both the City of Morgantown Police and Fire retiree overpayment reports prior to the August 15, 2019 deadline. The information provided to the MPOB included a copy of the **Independent Accountant's Report on Applying Agreed-Upon Procedures^v** for the City of Morgantown from Tetrick and Bartlett, PLLC, Certified Public Accountants dated February 14, 2019. Included with their letter is the actual number of City of Morgantown police and fire retirees and or their survivors; what the state calculation should have been with the calculator and what has been approved by the City of Morgantown Board of Trustees and the variances on a monthly basis. The monthly variances come to \$6,404.50 for the Morgantown Policemen's Pension Fund and \$3,523.18 for the Morgantown Firemen's Pension Fund. Citing Senate Bill 316 which passed in the 2018 legislative session allowing municipalities to continue to approve and pay overpayments; the Morgantown City Council voted to continue paying the overpayments to the pensioners during its August 6, 2019 regularly scheduled meeting.

The MPOB forwarded Morgantown's information to Bolton who then created a report showing what the overpayment needs to be for the period August 1, 2017 through June 30, 2020. These overpayment amounts (\$224,408 for the Policemen Pension and \$123,538 for the Firemen's Pension) will be added to the July 1, 2018 actuarial valuation reports presented to each pension fund this fall. In future years, subsequent actuarial valuation reports will contain the amounts needed to continue the additional overpayments for the retirant's and any beneficiary's lifetime.

Mr. Neddo asked for clarification regarding whether the pension boards would continue to pay the overage or a higher amount than they are supposed to be paying and then either quarterly or at the end of the year, the municipality would issue a reimbursement. Mr. Taylor stated that the Morgantown City Council passed a motion and agreed to continue to overpay the police and fire retirees. The law requires the city that is overpaying, to continue to pay the regularly required amount into the pension plan plus to reimburse the plan for the overpayments. From August 1, 2017 to June 30, 2020 the reimbursement needs to be a total of \$347,946 for both plans; \$123,538 to the fire pension and \$224,408 to the police pension. Since the law now requires that overpayment to be paid by the city to the plan, the 107% plus the overpayment would be lumped together, then that becomes the required amount to receive the state aid. The pension funds will continue to pay the amounts that were originally calculated for the pensioner. The municipality will continue to pay the actuarially required contributions to the plan and, in addition, will reimburse the pension plan the amounts of the overpayments to pensioners. The overpayments are continuing to the pensioner or the pensioner's survivor.

Huntington Policemen's Pension and Firemen's Pension Update

The City of Huntington Policemen's Pensions and Relief Fund and the Huntington Firemen's Pension and Relief Fund were also granted an extension (see attached)^{vi, vii}, giving them until December 15, 2019 to provide their list of retirees who have been overpaid. Mr. Taylor spoke with the secretary for the Huntington Policemen's Pension Fund and they are on track to have their calculations submitted by December 15th.

Currently, Mr. Taylor has not heard from anyone from the Huntington Firemen's Pension and Relief Fund to indicate how their recalculations are going. Mr. Taylor will follow up with the City of Huntington Finance Director.

Disability Retirant working for new employer as a police officer/firefighter

Mr. Taylor has continued reviewing the disability retirements that the MPOB has had since 2011 to now. On September 18, 2019, letters were sent to State Fire Marshal Kenneth Tyree^{viii} and to Retired Captain Charles Sadler, Coordinator for the Law Enforcement Professional Standards (LEPS)^{ix}. Mr. Taylor pointed out that there have been 27 police officers who have

retired under a permanent disability between 2011 to 2019. There have been 26 firefighters who have received a permanent disability. A couple of the disabilities during that time were classified as “unknown” as to whether it was duty related or non-duty related because the pension board did not provide that information. Mr. Taylor will go back and get correct information for them.



ORIGINAL

Bolton

Change Order for creation of calculator for Death Benefits for Survivors including the re-indexation of supplemental benefits.

At the June 27, 2019 MPOB meeting, the Board asked Mr. Taylor to put into place a contract change order to the Bolton contract, Agency Master Agreement (AMA) MPO190000001^x, authorizing Bolton to create a calculator for survivor death benefits. The MPOB was notified this morning, September 19, 2019 the change order has been approved by the Attorney General’s Office and is in effect. The change order involves multiple phases of work that Bolton will be completing. In one phase, they will be creating an Excel survivor death benefit calculator that correctly applies the state code as its designated in §8- 22-26 for retiree deaths. Bolton will also identify the number of beneficiaries whose benefits were determined incorrectly and create a file of the current beneficiaries receiving the benefits. They will identify the survivors where the survivors benefits for whatever reason cannot be recalculated. The goal is to recalculate those survivor benefits because the benefits likely have been shorted since the death of the retiree. Bolton believes there could be a couple hundred or so survivors which must be recalculated. The MPOB has the responsibility to make sure pensions are being correctly calculated, whether it be for an over or under calculation.

DROP Reviews

The representatives from Bolton, Mr. Jim Richie, Senior Consulting Actuary (team leader), Mr. Tom Lowman, President Bolton Retirement, and Mr. Jordan McClane, Consulting Actuary introduced themselves to the Board. Mr. Richie referenced the September 5, 2019 letter from Bolton to the MPOB^{xi} providing the first annual DROP analysis under W.Va. Code §8 - 22 -25a(e) for the three DROPS that are currently in place; Saint Albans Firemen’s Pension and Relief Fund; the Saint Albans Policemen’s Pension and Relief Fund and the Wheeling Firemen’s Pension and Relief Fund. Mr. Richie explained that the challenge with DROPS is sometimes they look like a cost,

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sometimes they look like a savings. Mr. Richie referenced the table in Bolton's letter that shows the Cost/(Savings) column. He explained that another way to look at the Cost/(Savings) is to think in terms of an increase or a reduction in the expected liability.

In Bolton's report, Wheeling Firemen's Pension and Relief Fund had a reduction in the liability of almost \$824,000. A large part of where that savings or reduction came from is that Wheeling Fire uses the Optional Funding Method and must pay Normal Cost (approximately 35%) on each firefighter participating in DROP. These additional dollars being paid by the municipality to the Firemen's Pension causes a reduction in the expected liability.

Saint Albans Fire had an additional increase in the expected liability of \$102,264. Saint Albans Police had an additional increase in the expected liability of \$18,062. The City of Saint Albans uses the Alternative Funding methodology to fund their pension plans. Therefore, neither plan received additional funds (Normal Cost) from the City towards the pension assets. The city simply continued to pay 107% of the prior years' contribution as its current year contribution.

In accordance with §8 - 22 -25a(e), DROPS should be reviewed by the actuary annually, culminating in a final report being submitted to the legislature. Considering that this review had been overlooked in the past, it specifically was written into the Agency Request for Proposal (ARFP) to ensure that it would not be overlooked in the scope of work under the new actuarial services contract.

Mr. Taylor will be sending a letter to the co-chairs of the Joint Committee on Pensions to relay the results of Bolton's DROP Report review as of July 1, 2018.

NEW BUSINESS

Beckley Fire DROP Application Review

Bolton reviewed the financial impact of the DROP proposed by the City of Beckley Firemen's Pension and Relief Fund. Based on their analysis, the Fund is projected to experience a gain of \$2,246,640. *Moved by Mr. Payne; Seconded by Mr. Slaughter; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board adopt the City of Beckley Firemen's Pension and Relief Fund Deferred Retirement Option Plan (DROP)^{xii}.

P-card Expenditures (June, July, and August 2019)

Mrs. Painter presented the P-Card expenditures for June, July, and August 2019. *Moved by Mr. Fleck; Seconded by Mr. Lanham; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board approve P-Card expenditures for June, July, and August 2019^{xiii}.

Legislative Agenda

§8-22-29. Distribution of remaining assets in a closed pension plan.

The Town of Belle, the City of Charles Town and the City of Welch have made inquiries about what will happen when there are no more retirees or beneficiaries in their plans. Mr. Taylor distributed a copy of potential legislation that he crafted addressing what should happen to remaining money when the last remaining retiree or survivor of a pension plan is deceased. The Code currently is silent as to what will happen after all the retirees and survivors have passed away and there is still money left in the plan. The proposed legislation would provide guidelines for plans that have no retirees or survivors left, allowing leftover assets to go to the city with some caveats. If it is a police pension plan, it could only be used by the city to fund their current police officers in whatever pension plan they are in; or it could be used to purchase equipment for that police department or a fire department if it is for a Firemen's Pension Plan. Additionally, if there had been an unfunded liability in the last five years and the state had made payments to that plan, that any state payments that had been made to that plan would come back to the MPOB to be reallocated in the subsequent reallocation cycle to all other pension plans that had an unfunded liability. Hence, the monies that the state allocates are only allocated to those plans who have an unfunded liability. So, in that scenario, Welch has been fully funded for several years and if that happened to Welch none of that money in the last five years came from the state so they would keep any leftover money. The bill would require that any city who is underfunded and has received state aid within 5 years of the fund ceasing, would be required to give that money back to the MPOB to be allocated to any other cities with a deficiency in the next allocation cycle. Mr. Payne and Mr. Neddo both stated that they would like to strike the language about the remaining money going back to the plan for equipment purchases. Mr. Taylor stated that he



will make the noted change and present a draft to the co-chairs to see if there is any interest in developing a bill.

Executive Director's Report

Mr. Taylor presented his report for the period of June 15, 2019 through September 6, 2019.

Next Board Meeting

The next regular meeting of the MPOB will be held on December 19, 2019 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia 25311.

Public Comments

Mr. Neddo invited any guests who would like to make comments do so at this time. Mr. Marshall expressed concerns that the MPOB is not interpreting Senate Bill 316 correctly. He would like the MPOB to reach out to the sponsors of the bill to make sure they are clear on the intentions of the bill. Mr. Neddo asked Mr. Taylor to meet with Mr. Marshall to provide clarity about the language in Senate Bill 316.

ADJOURNMENT

Mr. Fleck called for a motion to adjourn: *MOTION: Moved by Mr. Fleck; Seconded by Mr. Payne; Passed unanimously:*

RESOLVED, that the September 19, 2019 meeting of the MPOB is adjourned.

Ms. Neccuzi cautioned meeting attendees to travel safely back to their headquarters.



Stephen Neddo, Chairman

Minutes approved 12/19/19
(date)

ⁱ WVMPOB Auditor Communications to Management and Those Charged with Governance, Brown, Edwards & Company, L.L.P., June 30, 2019
ⁱⁱ Financial Report with Other Financial Information for Fiscal Year ending June 30, 2019, Brown Edwards & Company, L.L.P., June 30, 2019
ⁱⁱⁱ Mr. Blair M. Taylor, Exec. Dir., MPOB to Mr. Paul Brake, City Mgr., City of Morgantown Policemen's Pension and Relief Fund, July 2, 2019, MPOB File
^{iv} Mr. Blair M. Taylor, Exec. Dir., MPOB to Mr. Paul Brake, City Mgr., City of Morgantown Firemen's Pension

ORIGINAL

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- and Relief Fund, July 2, 2019, MPOB File
- v *Independent Accountant's Report on Applying Agreed-Upon Procedures*, Tetrick and Bartlett, PLLC, Certified Public Accountants to the City of Morgantown, February 14, 2019
 - vi Mr. Blair M. Taylor, Exec. Dir., MPOB to Honorable Mayor Stephen Williams, City of Huntington Policemen's Pension & Relief Fund, July 2, 2019, MPOB File
 - vii Mr. Blair M. Taylor, Exec. Dir., MPOB to Honorable Mayor Stephen Williams, City of Huntington Firemen's Pension & Relief Fund, July 2, 2019, MPOB File
 - viii Mr. Blair M. Taylor, Exec. Dir., MPOB to State Fire Marshal Kenneth Tyree, WV Fire Commission, September 19, 2019, MPOB File
 - ix Retired Captain Charles Sadler, Coordinator, Law Enforcement Professional Standards (LEPS), September 19, 2019, MPOB File
 - x Bolton AMA MPO1900000001, Change Order 1, September 9, 2019, MPOB File
 - xi Mr. James Ritchie, ASA, EA, FCA, MAAA, Bolton, to Mr. Blair M. Taylor, Exec. Dir., MPOB, September 5, 2019, MPOB File
 - xii Mr. James Ritchie, ASA, EA, FCA, MAAA, Bolton, to Mr. Blair M. Taylor, Exec. Dir., MPOB, September 12, 2019, MPOB File
 - xiii P-card Expenditures June, July and August 2019



ORIGINAL

**WEST VIRGINIA MUNICIPAL
PENSIONS OVERSIGHT BOARD**

**AUDITOR COMMUNICATIONS TO MANAGEMENT
AND THOSE CHARGED WITH GOVERNANCE**

June 30, 2019

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REQUIRED COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

To the West Virginia Municipal Pensions Oversight Board
Charleston, West Virginia

We have audited the financial statements of the West Virginia Municipal Pensions Oversight Board (the Board) for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 24, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the Board during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates were those used in the preparation of the pension and other postemployment benefits (OPEB) liabilities, related deferred inflows of resources and deferred outflows of resources, and the related pension and OPEB expense which are based on an allocation of actuarially determined amounts involving the Board and its participation in the West Virginia Public Employee's Retirement System and West Virginia Retiree Health Benefit Trust Fund. We evaluated the key factors and assumptions, including the Schedules of Employer Allocations of Pension and OPEB Amounts by Employer, audited by other auditors, in determining that the related amounts are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements is the disclosure of commitments in Note 9 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. We appreciate the courtesy and cooperation extended to us during our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that the effect of the following uncorrected misstatement is immaterial to the financial statements taken as a whole:

Management records investment income one month in arrears resulting in an understatement of cash and cash equivalents of \$56,239, interest and other income of \$9,031, and beginning net position of \$47,208 at June 30, 2019.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 19, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Board's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Board's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the schedules of proportionate share of the net pension liability, the schedules of contributions to the PERS, the schedules of proportionate share of the net OPEB liability, and the schedules of contributions to the RHBT, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Statutory Commitments, which accompany the financial statements but are not RSI. With respect to this supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the West Virginia Municipal Pensions Oversight Board and management of the Board and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
September 19, 2019

Stephen Neddo
Chairman

Blair M. Taylor
Executive Director



Municipal Pensions Oversight Board

Board Members
John Kee,
Vice Chairman
Lisa Dooley,
Secretary/Treasurer
Jeffrey E. Fleck
Emily R. Lambricht
David W. Lanham
Jason Matthews
Michael Payne
Craig Slaughter

September 19, 2019

Brown, Edwards & Company, L.L.P.
300 Chase Tower
707 Virginia Street, East
Charleston, West Virginia 25301

This representation letter is provided in connection with your audit of the financial statements of the West Virginia Municipal Pensions Oversight Board (the Board), which comprise the financial position of the Board as of June 30, 2019, and the changes in financial position and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 24, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the Board. There are no component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. Adjustments or disclosures have been made for all events including instances of noncompliance subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
8. The effects of the following uncorrected misstatement are immaterial to the financial statements as a whole. Investment income is recorded one month in arrears resulting in an understatement of cash and cash equivalents of \$56,239, interest and other income of \$9,031, and beginning net position of \$47,208 at June 30, 2019.
9. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted with a lawyer concerning litigation, claims, or assessments.
10. Guarantees, whether written or oral, under which the Board is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Board from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14. We have no knowledge of any fraud or suspected fraud that affects the Board and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the Board's financial statements communicated by employees, former employees, regulators, or others.
16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
17. We are not aware of pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted with a lawyer concerning litigation, claims, or assessments.
18. We have disclosed to you the identity of the Board's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
21. The Board has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
22. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
23. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
24. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

25. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
26. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
27. As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within our senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
28. The Board has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
29. The Board has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
30. The financial statements properly classify all funds and activities, in accordance with GASB Statement No 34, as amended and GASB No. 84.
31. Components of net position (net investment in capital assets; restricted; and unrestricted) and are properly classified and, if applicable, approved.
32. Investments are properly valued.
33. Provisions for uncollectible receivables have been properly identified and recorded.
34. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
35. Revenues are appropriately classified in the statement of revenues, expenses, and changes in fund net position.
36. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
37. Capital assets are properly capitalized, reported, and depreciated.

38. We have appropriately disclosed the Board's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
39. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
40. With respect to the Schedule of Statutory Commitments (other financial information).
- a. We acknowledge our responsibility for presenting other financial information in accordance with accounting principles generally accepted in the United States of America, and we believe the other financial information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the other financial information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b. If the other financial information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.


Blair Taylor
Executive Director

9/19/2019
Date


Michelle Painter
Chief Financial Officer

9/19/19
Date

**WEST VIRGINIA MUNICIPAL PENSIONS
OVERSIGHT BOARD**

**FINANCIAL REPORT WITH
OTHER FINANCIAL INFORMATION**

June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the West Virginia Municipal Pensions Oversight Board
Charleston, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the West Virginia Municipal Pensions Oversight Board (the Board), a component unit of the State of West Virginia, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Your Success is Our Focus

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Municipal Pensions Oversight Board, as of June 30, 2019, and the changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the Board as of June 30, 2018, were audited by other auditors whose report dated September 20, 2018, expressed an unmodified opinion on those statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7, and the schedules of the proportionate share of the net pension liability, the schedules of contributions to the PERS, the schedules of the proportionate share of the net OPEB liability, the schedules of contributions to the RHBT, and the notes to required supplementary information on pages 33 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Board's basic financial statements. The schedule of statutory commitments on page 40 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying schedule of statutory commitments on page 40 is the responsibility of management and was derived from and relates 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 schedule of statutory commitments on page 40 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2019 on our consideration of the Board'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 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 Board's internal control over financial reporting and compliance.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
September 19, 2019

WEST VIRGINIA MUNICIPAL PENSION OVERSIGHT BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018
(Unaudited)

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Our discussion and analysis of the Municipal Pensions Oversight Board's (the Board) financial performance provides an overview of the Board's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Board's financial statements, which follow.

Financial Highlights

- The Insurance Premium Tax increased by \$582,551 or about 3% during fiscal year 2019.
- Distributions to municipal pension plans increased \$261,344 or 1.57% during the fiscal year 2019.
- Interest income increased by \$281,992 or about 71% during fiscal year 2019.
- The Board's net position increased during fiscal year 2019 by \$1,284,529 or about 4%.

Using This Report

This report consists of a series of financial statements. The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Fund Net Position display and report the Board's net position and changes in net position. The Board's net position, which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, is normally how one would measure the Board's financial health or financial position.

The Board as a Whole

The Municipal Pensions Oversight Board is accounted for as a proprietary fund engaged in business-type activities. The Board is considered a component unit of the State and its financial statements are presented in the comprehensive annual financial report of the State as a discretely presented component unit.

During the third month of each quarter the Board receives, from the West Virginia Insurance Commission, a portion of the casualty & fire insurance premiums to distribute, net of operating expenses, to the municipal police and fire pension plans. In order to receive the premium distribution, there must be an actuarial study of the pension plan, the employer must make the required contributions and an annual report must be provided to the Board.

Duties of the Board include assisting municipal pension funds' boards of trustees in performing their duties, assuring the funds' compliance with applicable laws, providing for actuarial studies, distributing tax revenues to the funds, initiating or joining legal actions on behalf of active or retired pension fund members or municipal pension funds' boards of trustees to protect the interests of the members in the funds, and taking other actions as may be reasonably necessary to provide for the security and fiscal integrity of the pension funds.

Our analysis below shows the Board's net position as of June 30, 2019, 2018, and 2017 (Table 1) and changes in the Board's net position for the years then ended (Table 2), with emphasis on the most recent year.

**WEST VIRGINIA MUNICIPAL PENSION OVERSIGHT BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018
(Unaudited)**

**Table 1
Net Position**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 30,948,545	\$ 29,668,433	\$ 29,072,618
Capital assets, net	9,412	3,763	5,651
	<u>30,957,957</u>	<u>29,672,196</u>	<u>29,078,269</u>
Deferred outflows of resources related to pensions	25,868	30,381	80,912
Deferred outflows of resources related to OPEB	3,592	2,124	-
Total deferred outflows of resources	<u>29,460</u>	<u>32,505</u>	<u>80,912</u>
Total assets and deferred outflows of resources	<u>\$ 30,987,417</u>	<u>\$ 29,704,701</u>	<u>\$ 29,159,181</u>
<u>LIABILITIES</u>			
Current liabilities	\$ 49,632	\$ 29,351	\$ 62,456
Non-current liabilities:			
Net pension liability	39,726	65,444	137,788
Net OPEB liability	22,300	23,776	12,384
Total liabilities	<u>111,658</u>	<u>118,571</u>	<u>212,628</u>
Deferred inflows of resources related to pensions	24,041	20,522	8,295
Deferred inflows of resources related to OPEB	5,494	3,913	-
Total deferred inflows of resources	<u>29,535</u>	<u>24,435</u>	<u>8,295</u>
Total liabilities and deferred inflows of resources	<u>\$ 141,193</u>	<u>\$ 143,006</u>	<u>\$ 220,923</u>
<u>NET POSITION</u>			
Net investment in capital assets	\$ 9,412	\$ 3,763	\$ 5,651
Restricted by enabling legislation	30,836,812	29,557,932	28,932,607
Total net position	<u>\$ 30,846,224</u>	<u>\$ 29,561,695</u>	<u>\$ 28,938,258</u>

**WEST VIRGINIA MUNICIPAL PENSION OVERSIGHT BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018
(Unaudited)**

**Table 2
Changes in Fund Net Position**

	2019	2018	2017
Operating revenues:			
Insurance premium tax	\$ 20,022,883	\$ 19,440,332	\$ 18,331,186
Operating expenses:			
Distributions to municipal pension plans	18,768,884	18,507,540	17,352,187
Administrative expense	650,354	696,971	735,136
	<u>19,419,238</u>	<u>19,204,511</u>	<u>18,087,323</u>
Operating income	603,645	235,821	243,863
Non-operating revenues:			
Interest and other income	679,475	397,483	219,049
On behalf OPEB payments	<u>1,409</u>	<u>1,499</u>	<u>-</u>
Change in net position	1,284,529	634,803	462,912
Net position, beginning of year, as previously stated	29,561,695	28,938,258	28,475,346
Net effect of change in accounting policy	-	<u>(11,366)</u>	-
Net position, beginning of year, restated	<u>29,561,695</u>	<u>28,926,892</u>	<u>28,475,346</u>
Net position, end of period	<u>\$ 30,846,224</u>	<u>\$ 29,561,695</u>	<u>\$ 28,938,258</u>

Changes in Net Position

As is noted in Table 2 the Board had a change in net position in the amount of \$1,284,529. Several factors contribute to both a negative and positive effect on net position. First, the Board experienced an increase in the insurance premium tax revenue in the amount of \$582,551 for fiscal year 2019. While the Board has no control over the premium tax revenue as it is subject to economic and market conditions, an increase in revenue to the Board directly benefits the local police and fire pension plans. Secondly, distributions to pension plans increased for fiscal year 2019 in the amount of \$261,344. One of the primary objectives of the MPOB is to distribute the premium tax into the accounts of the pension plans as soon as the plans meet the criteria for state aid. While it is the responsibility of the pension plans to draw down these funds, the increased distributions is reflective of our continued educational efforts to the pension plan trustees and finance directors especially with respect to drawing down the state aid as soon as the municipality has made its required contributions. 96% of the September 2018 allocation was distributed by June 30, 2019 which is an increase of 3% to the same time period of the previous year. Third, as a result of short-term rate increases in the WV Money Market Pool the MPOB return on investments managed by the Board of Treasury Investments have risen from 2.06% as of June 2018 to 2.47 % as of June 2019. This rate hike caused our interest income to increase \$281,992.

WEST VIRGINIA MUNICIPAL PENSION OVERSIGHT BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2019 AND 2018
(Unaudited)

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Currently Known Facts and Conditions

The Board's financial position remains stable and does not foresee or plan to engage in any activities that will have a negative impact on its financial stability.

Requests for Information

This financial report is designed to provide a general overview of the Board's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Blair Taylor, Executive Director, Municipal Pensions Oversight Board, 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia 25311.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
STATEMENTS OF NET POSITION
June 30, 2019 and 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash and Cash equivalents (Note 3)	\$ 30,948,545	\$ 29,668,433
Capital assets, net (Note 4)	<u>9,412</u>	<u>3,763</u>
Total assets	<u>30,957,957</u>	<u>29,672,196</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflows of resources related to pensions (Note 5)	25,868	30,381
Deferred outflows of resources related to OPEB (Note 6)	<u>3,592</u>	<u>2,124</u>
Total deferred outflows of resources	<u>29,460</u>	<u>32,505</u>
 Total assets and deferred outflows of resources	 <u>\$ 30,987,417</u>	 <u>\$ 29,704,701</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 10,918	\$ 3,251
Accrued payroll liabilities	<u>38,714</u>	<u>26,100</u>
Total current liabilities	<u>49,632</u>	<u>29,351</u>
Noncurrent Liabilities:		
Net pension liability (Note 5)	39,726	65,444
Net OPEB liability (Note 6)	<u>22,300</u>	<u>23,776</u>
Total noncurrent liabilities	62,026	89,220
 Total liabilities	 <u>111,658</u>	 <u>118,571</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows of resources related to pensions (Note 5)	24,041	20,522
Deferred inflows of resources related to OPEB (Note 6)	<u>5,494</u>	<u>3,913</u>
Total deferred inflows of resources	<u>29,535</u>	<u>24,435</u>
 Total liabilities and deferred inflows of resources	 <u>\$ 141,193</u>	 <u>\$ 143,006</u>
 <u>NET POSITION</u>		
Net investment in capital assets	\$ 9,412	\$ 3,763
Restricted by enabling legislation	<u>30,836,812</u>	<u>29,557,932</u>
 Total net position	 <u>\$ 30,846,224</u>	 <u>\$ 29,561,695</u>

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenues:		
Insurance premium tax	\$ 20,022,883	\$ 19,440,332
Operating expenses:		
Distributions to municipal pension plans	18,768,884	18,507,540
Administrative:		
Salaries and wages	224,823	212,736
Employee benefits	47,977	47,944
Professional fees	307,429	370,461
Depreciation	2,623	1,888
Miscellaneous	67,502	63,942
	<u>19,419,238</u>	<u>19,204,511</u>
Operating income	<u>603,645</u>	<u>235,821</u>
Non-operating revenues:		
Interest and other income	679,475	397,483
On behalf OPEB payments	1,409	1,499
Non-operating income	<u>680,884</u>	<u>398,982</u>
Change in net position	<u>1,284,529</u>	<u>634,803</u>
Net position, beginning of year	<u>29,561,695</u>	<u>28,926,892</u>
Net position, end of year	<u>\$ 30,846,224</u>	<u>\$ 29,561,695</u>

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Cash received from insurance premium taxes	\$ 20,022,883	\$ 19,440,332
Cash paid to municipal pension plans	(18,768,884)	(18,507,540)
Cash paid to employees	(277,826)	(265,286)
Cash paid to suppliers	(367,264)	(469,174)
Net cash provided by operating activities	<u>608,909</u>	<u>198,332</u>
Cash flows from capital and related financing activities:		
Purchase of property and equipment	<u>(8,272)</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings	<u>679,475</u>	<u>397,483</u>
Net increase in cash and cash equivalents	1,280,112	595,815
Cash and cash equivalents, beginning of year	<u>29,668,433</u>	<u>29,072,618</u>
Cash and cash equivalents, end of year	<u>\$ 30,948,545</u>	<u>\$ 29,668,433</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 603,645	\$ 235,821
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,623	1,888
Pension expense	4,837	13,854
OPEB expense	2,240	5,438
Changes in operating accounts:		
Increase (decrease) in accounts payable	7,667	(34,771)
Increase (decrease) in accrued payroll liabilities	12,614	1,666
(Increase) in deferred outflows of resources-Pension	(22,523)	(23,440)
(Increase) in deferred outflows of resources -OPEB	<u>(2,194)</u>	<u>(2,124)</u>
Net cash provided by operating activities	<u>\$ 608,909</u>	<u>\$ 198,332</u>

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 1 - REPORTING ENTITY

The West Virginia Legislature passed Senate Bill 4007 on November 19, 2009, creating the West Virginia Municipal Pensions Oversight Board (the Board). The Board was created for the purpose of monitoring and improving the performance of municipal policemen's and firemen's pension and relief funds to assure prudent administration, investment, and management of their funds. Duties of the oversight board include assisting municipal boards of trustees in performing their duties, assuring the funds' compliance with applicable laws, providing for actuarial studies, distributing tax revenues to the funds, initiating or joining legal actions on behalf of active or retired pension fund members or municipal boards of trustees to protect the interests of the members in the funds, and taking other actions as may be reasonably necessary to provide for the security and fiscal integrity of the pension funds. The oversight board also monitors the performance required of the various funds to qualify to receive distributions of insurance premium tax revenues pursuant to the West Virginia Code. The Board is considered a component unit of the State and its financial statements are presented in the comprehensive annual financial report of the State as a discretely presented component unit.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Board is accounted for as a proprietary fund engaged in business-type activities. The financial statements are prepared on the economic resources measurement focus and the accrual basis of accounting which requires recognition of revenue when earned and expenses when incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make certain estimates and develop assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results could differ from management's estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of demand deposits with the West Virginia State Treasurer's Office (STO) and short-term interest-earning investments in the West Virginia Money Market Pool, a State internal investment pool maintained by the West Virginia Board of Treasury Investments (BTI). The West Virginia Money Market Pool is carried at amortized cost.

Capital Assets

The Board has adopted a policy of capitalizing assets for individual items exceeding \$1,000 in cost and a useful life greater than one year. These assets include leasehold improvements and furnishings and equipment. Depreciation is computed using the straight-line method over the estimated economic useful lives of the assets for 5 years.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Employee Benefits

In accordance with State policy, the Board permits employees to accumulate earned but unused vacation and sick pay benefits. A liability for vacation pay is accrued when earned. To the extent that accumulated sick leave is expected to be converted to benefits on retirement, the benefits are funded by the Board's participation in the West Virginia Retiree Health Benefit Trust.

Deferred Outflows of Resources / Deferred Inflows of Resources

The statement of net position reports a separate financial statement element called *deferred outflows of resources*. This financial statement element represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense) until that time. The Board reports deferred outflows of resources related to pensions and other post-employment benefits on the statements of net position.

The statement of net position reports a separate financial statement element called *deferred inflows of resources*. This financial statement element represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The Board reports deferred inflows of resources related to pensions and other post-employment benefits on the statements of net position.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the West Virginia Retiree Health Benefit Trust OPEB Plan (RHBT) and additions to/deductions from RHBT's fiduciary net position have been determined on the same basis as they are reported by RHBT. For this purpose RHBT recognized benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for certain pooled investments, money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position is presented as restricted by enabling legislation, or as the net investment in capital assets, which represents the net book value of all capital assets of the Board. Net position restricted by enabling legislation is required to first be used for the administrative expenses of the Board, with all remaining net position available for disbursement to the municipal policemen's and firemen's pension and relief funds. All expenses are incurred for restricted purposes.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds such as the Board are revenues and expenses that result from providing services and producing goods and/or services. Operating revenues include premium tax revenues, recognized when earned. Operating expenses of the Board include administrative expenses and pension distributions, recognized when incurred. All revenues not meeting this definition are reported as nonoperating revenues.

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2019 and 2018, the carrying amounts of deposits with the STO and the BTI are as follows:

	2019	2018
Cash on hand at STO	\$ 43,149	\$ 24,273
Investments with BTI reported as cash equivalents	30,905,396	29,644,160
	\$ 30,948,545	\$ 29,668,433

The State Treasurer has statutory responsibility for daily cash management activities of the State's agencies, departments, boards and commissions, and transfers funds to the BTI for investment in accordance with West Virginia Code, policies set by the BTI and by provisions of bond indentures and trust agreements when applicable.

The Board's cash balances are invested by the BTI in the BTI's West Virginia Money Market Pool. Investment income is pro-rated to the Board at rates specified by the BTI based on the balance of the deposits maintained by the Board in relation to the total deposits of all participants in the pool. Such funds are available to the Board with overnight notice.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

The BTI's investment policy is to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity. The BTI recognizes that risk, volatility, and the possibility of loss in purchasing power are present to some degree in all types of investments. Investment policies have been established for the West Virginia Money Market Pool.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The West Virginia Money Market has been rated AAAM by Standard & Poor's. A fund rated "AAAM" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAM" is the highest principal stability fund rating assigned by Standard & Poor's. The BTI itself has not been rated for credit risk by any organization.

The BTI limits the exposure to credit risk in the West Virginia Money Market Pool by requiring all long-term debt to be rated A+ or higher by Standard & Poor's (or its equivalent), and short-term corporate debt be rated A-1 or higher by Standard & Poor's (or its equivalent). The pool must have at least 15% of its assets in U.S. Treasury obligations or obligations guaranteed as to repayment of interest and principal by the United States of America. The following table provides information on the credit ratings of the WV Money Market Pool's investments (in thousands):

Security Type	Credit Rating		Carrying Value (in Thousands)	Percent of Pool Assets
	Moody's	S&P		
U.S. Treasury notes *	Aaa	AA+	\$ 24,927	0.63%
U.S. Treasury bills *	P-1	A-1+	329,390	8.33
Commercial Paper	P-1	A-1+	733,411	18.54
	P-1	A-1	1,494,297	37.77
	P-2	A-1	8,490	0.21
Negotiable certificates of deposit	P-1	A-1+	179,251	4.53
	P-1	A-1	534,891	13.52
Money market funds	Aaa	AAAM	178,619	4.51
Repurchase agreements (underlying securities):				
U.S. Treasury bonds and notes*	Aaa	AA+	426,000	10.77
U.S. agency bonds and notes	Aaa	AA+	47,200	1.19
			\$ 3,956,476	100.00%

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

* U.S. Treasury issues are explicitly guaranteed by the United States government and are not subject to credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The West Virginia Money Market Pool is subject to interest rate risk.

The overall weighted average maturity of the investments of the West Virginia Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the weighted average maturities for the various asset types in the West Virginia Money Market Pool:

Security Type	Carrying Value (In Thousands)	WAM (Days)
U.S. Treasury notes	\$ 24,927	125
U.S. Treasury bills	329,390	34
Commercial paper	2,236,198	57
Negotiable certificates of deposit	714,142	33
Repurchase agreements	473,200	3
Money market funds	178,619	3
	\$ 3,956,476	42

Other Risks of Investing

Other risks of investing can include concentration of credit risk, custodial credit risk, and foreign currency risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of a pool or account's investment in a single corporate issuer. The BTI investment policy prohibits the West Virginia Money Market Pool from investing more than 5% of their assets in any one corporate name or one corporate issue.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. The BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The West Virginia Money Market Pool does not hold investments in foreign currency or investments valued in foreign currency.

NOTE 4 - CAPITAL ASSETS

A summary of capital asset activity is as follows:

	Historical Cost at June 30, 2017	Additions	Disposals	Historical Cost at June 30, 2018	Additions	Disposals	Historical Cost at June 30, 2019
Leasehold improvements	\$ 6,882	\$ -	\$ -	\$ 6,882	\$ -	\$ -	\$ 6,882
Furnishings and equipment	13,544	-	-	13,544	8,272	-	21,816
	<u>\$ 20,426</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,426</u>	<u>\$ 8,272</u>	<u>\$ -</u>	<u>\$ 28,698</u>
	Accumulated Depreciation June 30, 2017	Additions	Disposals	Accumulated Depreciation June 30, 2018	Additions	Disposals	Accumulated Depreciation June 30, 2019
Leasehold improvements	\$ 2,940	\$ 986	\$ -	\$ 3,926	\$ 986	\$ -	\$ 4,912
Furnishings and equipment	11,835	902	-	12,737	1,637	-	14,374
	<u>\$ 14,775</u>	<u>\$ 1,888</u>	<u>\$ -</u>	<u>\$ 16,663</u>	<u>\$ 2,623</u>	<u>\$ -</u>	<u>\$ 19,286</u>
Total	<u>\$ 5,651</u>	<u>\$ (1,888)</u>	<u>\$ -</u>	<u>\$ 3,763</u>	<u>\$ 5,649</u>	<u>\$ -</u>	<u>\$ 9,412</u>

NOTE 5 - RETIREMENT PLAN

Plan Description

The Board contributes to the Public Employees Retirement System (PERS), a cost-sharing, multiple-employer, defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (CPRB). PERS provides retirement benefits to plan members and beneficiaries. CPRB issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained at www.wvretirement.com.

Benefits Provided

Benefits are provided through PERS using a two-tiered system. Effective July 1, 2015, PERS implemented the second tier, Tier II. Employees hired, for the first time, on or after July 1, 2015 are considered Tier II members. Tier I and Tier II members are subject to different regulations.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 5 - RETIREMENT PLAN (Continued)

Tier I: Employees who retire at or after age 60 with five or more years of credited service, or at least age 55 with age and service equal to 80 years or greater, are entitled to a retirement benefit established by State statute, payable monthly for life, in the form of a straight-life annuity equal to two percent of the employee's final average salary multiplied by years of service. Final average salary is the average of the highest annual compensation received by an employee during any period of three consecutive years of credited service included within fifteen years of credited service immediately preceding the termination date of employment with a participating public employer or, if the employee has less than three years of credited service, the average of the annual rate of compensation received by the employee during the total years of credited service. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62.

Tier II: Employees who retire at or after age 62 with ten or more years of credited service are entitled to a retirement benefit established by State statute, payable monthly for life, in the form of a straight-life annuity equal to two percent of the employee's final average salary multiplied by years of service. Final average salary is the average of the highest annual compensation received by an employee during any period of five consecutive years of credited service included within fifteen years of credited service immediately preceding the termination date of employment with a participating public employer. Terminated members with at least ten years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 64.

Contributions

Contributions as a percentage of payroll for members are established by statutes, subject to legislative limitations and are not actuarially determined. Current funding policy requires employer contributions of 10%, 11%, and 12% for the years ended June 30, 2019, 2018, and 2017, respectively. The employee contribution rate is 4.5% and 6% for Tier I and Tier II employees, respectively. The Board's contribution to the Plan, excluding the employee's contribution paid by the Board, approximated \$22,523, \$23,440, and \$25,142 for the fiscal years ended June 30, 2019, 2018, and 2017, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019 and 2018, the Board reported a liability of \$39,726 and \$65,444, respectively for its proportionate share of the net pension liability. The 2019 net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to the measurement date of June 30, 2018. The 2018 net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 5 - RETIREMENT PLAN (Continued)

as of June 30, 2016, rolled forward to the measurement date of June 30, 2017. The Board's proportion of the net pension liability was based on the Board's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2018, the Board's proportionate share was 0.015383%, which was an increase of .00022157% from its proportionate share measured as of June 30, 2017.

For the years ended June 30, 2019 and 2018, the Board recognized pension expense of \$4,837 and \$13,854, respectively. At June 30, 2019 and 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 23,377
Differences between expected and actual experience	1,971	98
Changes in proportion and differences between Board's contributions and proportionate share of contributions	1,374	566
Board's contributions subsequent to the measurement date	22,523	-
Total	\$ 25,868	\$ 24,041

	June 30, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 15,910
Differences between expected and actual experience	5,824	145
Changes in proportion and differences between Board's contributions and proportionate share of contributions	1,117	1,073
Board's contributions subsequent to the measurement date	23,440	-
Total	\$ 30,381	\$ 20,522

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 5 - RETIREMENT PLAN (Continued)

The Board reported \$22,523 as deferred outflows of resources related to pensions resulting from the Board's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2020	\$ 3,140
2021	(2,981)
2022	(16,899)
2023	(3,956)

Actuarial Assumptions and Methods

The total pension liability in the June 30, 2018 and 2017, actuarial valuations was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.0%
Salary increases	3.0% – 6.0%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense

Mortality rates were based on 100% of RP-2000 Non-Annuitant, Scale AA fully generational for active employees, 110% of RP-2000 Healthy Annuitant, Scale AA fully generational for retired healthy males, 101% of RP-2000 Healthy Annuitant, Scale AA fully generational for retired healthy females, 96% of RP-2000 Disabled Annuitant, Scale AA fully generational for disabled males, and 107% of RP-2000 Disabled Annuitant, Scale AA fully generational for disabled females.

The actuarial assumptions used in the June 30, 2018 and 2017, valuations were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

Long-term Expected Rates of Return

The long-term rates of return on pension plan investments were determined using a building-block method in which estimates of expected future real rates of return (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 expected inflation. Best estimates of long-term geometric rates of return are summarized in the following table:

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 5 - RETIREMENT PLAN (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighted Average Expected Real Rate of Return</u>
Fixed Income	15%	3.3%	0.50%
US Equity	27.5%	4.5%	1.24%
International Equity	27.5%	8.6%	2.37%
Real Estate	10.0%	6.0%	0.60%
Private Equity	10.0%	6.4%	0.64%
Hedge Funds	10.0%	4.0%	0.40%
Total	<u>100.0%</u>		<u>5.75%</u>
Inflation (CPI)			<u>2.10%</u>
			<u>7.85%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projections of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the pension 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 rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability. Although discount rates are subject to change between measurement dates, there were no changes in the discount rate in the current period.

Sensitivity of the Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Board's proportionate share of the net pension liability calculated using the current discount rate of 7.5% as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>1% Decrease 6.5%</u>	<u>Discount Rate 7.5%</u>	<u>1% Increase 8.5%</u>
Total net pension liability (asset)	<u>\$ 159,984</u>	<u>\$ 39,726</u>	<u>\$ (62,011)</u>

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The West Virginia Other Postemployment Benefit Plan (the OPEB Plan) is a cost-sharing, multiple-employer, defined benefit other post-employment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code Section 5-16D-2 (the Code). The financial activities of the OPEB Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The OPEB Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. OPEB Plan benefits are established and revised by PEIA and the RHBT management with approval of their Finance Board. The PEIA issues a publically available financial report of the RHBT that can be obtained at www.peia.wv.gov or by writing to the West Virginia Public Employees Insurance Agency, 601 571h Street, SE Suite 2, Charleston, WV 25304.

Benefits Provided

Board employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the PERS or meet certain other eligibility requirements of other West Virginia Consolidated Public Retirement Board (CPRB) sponsored retirement plans. RHBT provides medical and prescription drug insurance and life insurance benefits to those qualified participants. Life insurance is provided through a vendor and is fully funded by member contributions. The medical and prescription drug insurance is provided through two options; Self-Insured Preferred Provider Benefit Plan - primarily for non-Medicare-eligible retirees and spouses or External Managed Care Organizations - primarily for Medicare-eligible retirees and spouses.

The RHBT Medicare-eligible retired employees and their Medicare-eligible dependents receive medical and drug coverage from a Medicare Advantage Plan administered by a vendor. Under this arrangement, the vendor assumes the financial risk of providing comprehensive medical and drug coverage with limited copayments. Non-Medicare retirees continue enrollment in PEIA's Preferred Provider Benefit or the Managed Care Option. The RHBT collects employer contributions for Managed Care Organization (MCO) participants and remits capitation payments to the MCO. Survivors of retirees have the option of purchasing the medical and prescription drug coverage.

Eligible participants hired after June 30, 2010, will be required to fully fund premium contributions upon retirement. The Plan is a closed plan to new entrants.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contributions

West Virginia Code section 5-16D-6 assigns to the PEIA Finance Board the authority to establish and amend contribution requirements of the plan members and the participating employers. Participating employers are required by statute to contribute at a rate assessed each year by the RHBT. The annual contractually required rate is the same for all participating employers. Employer contributions represent what the employer was billed during the respective year for their portion of the pay as you go premiums, commonly referred to as paygo, retiree leave conversion billings, and other matters, including billing adjustments. The annual contractually required per active policyholder per month rates for State non-general funded agencies and other participating employers effective June 30, 2019, 2018, and 2017, respectively, were:

	2019	2018	2017	2017
			1/1/17 – 6/30/17	7/1/16-12/31/16
Paygo Premium	\$ 183	\$ 177	\$ 135	\$ 196

Contributions to the OPEB plan from the Board were \$2,194, \$2,124, and \$1,981 for the years ended June 30, 2019, 2018, and 2017, respectively.

Members retired before July 1, 1997, pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired between July 1, 1997 and June 30, 2010, pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below;

- Members hired before July 1, 1988, may convert accrued sick or leave days into 100% of the required retiree healthcare contribution.
- Members hired from July 1, 1988, to June 30, 2001, may convert accrued sick or leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contributions by Nonemployer Contributing Entities in Special Funding Situation

The State of West Virginia is a nonemployer contributing entity that provides funding through SB 419, effective July 1, 2012, amended by West Virginia Code §11-21-96. The State provides a supplemental pre-funding source dedicating \$30 million annually to the RHBT Fund from annual collections of the Personal Income Tax Fund and dedicated for payment of the unfunded liability of the RHBT. The \$30 million transferred pursuant to this Code shall be transferred until the Governor certifies to the Legislature that an independent actuarial study has determined that the unfunded liability of RHBT has been provided for in its entirety or July 1, 2037, whichever date is later. This funding is to the advantage of all RHBT contributing employers.

The State is a nonemployer contributing entity that provides funding through West Virginia State Code §11B-2-32. The Financial Stability Fund is a plan to transfer an annual amount of \$5 million to the RHBT from special revenue funds to be used to lower retiree premiums, to help reduce benefit cuts, to help reduce premium increases or any combination thereof. The \$5 million transferred pursuant to this Code shall be transferred annually into the RHBT through June 30, 2020. This funding is to the advantage of all RHBT contributing employers.

The State is a nonemployer contributing entity that provides funding through SB 469 which was passed February 10, 2012, granting OPEB liability relief to the 55 County Boards of Education effective July 1, 2012. The public school support plan (PSSP) is a basic foundation allowance program that provides funding to the local school boards for "any amount of the employer's annual required contribution allocated and billed to the county boards for employees who are employed as professional employees, employees who are employed as service personnel and employees who are employed as professional student support personnel", within the limits authorized by the State Code. This special funding under the school aid formula subsidizes employer contributions of the county boards of education.

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

At June 30, 2019 and 2018, the Board reported a liability for its proportionate share of the RHBT net OPEB liability that reflected a reduction for State OPEB support provided to the Board. The amount recognized by the Board as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Board was as follows:

	<u>2019</u>	<u>2018</u>
The Board's proportionate share of the net OPEB liability	\$ 22,300	\$ 23,776
State's special funding proportionate share of the net OPEB liability associated with the Board	<u>4,609</u>	<u>4,884</u>
Total portion of net OPEB liability associated with the Board	<u>\$ 26,909</u>	<u>\$ 28,660</u>

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The net OPEB liability reported at June 30, 2019 was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The Board's proportion of the net OPEB liability was based on its proportionate share of employer and non-employer contributions to the OPEB Plan for the fiscal year ended on the measurement date. At June 30, 2018, the Board's proportion was .001039396 percent, which is an increase of .000072494 percent from its proportion measured as of June 30, 2017.

For the years ended June 30, 2019 and 2018, respectively, the Board recognized OPEB expense of \$2,240 and \$2,774 and for support provided by the State under special funding situations revenue of \$1,409 and \$1,499. At June 30, 2019 and 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 330
Net difference between projected and actual earnings on OPEB plan investments	-	413
Changes in assumptions	-	2,227
Changes in proportion and differences between the Board's contributions and proportionate share of contributions	1,398	2,524
The Board's contributions subsequent to the measurement date of June 30, 2018	2,194	-
Total	\$ 3,592	\$ 5,494

	June 30, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 80
Net difference between projected and actual earnings on OPEB plan investments	-	379
Changes in proportion and differences between the Board's contributions and proportionate share of contributions	-	3,454
The Board's contributions subsequent to the measurement date of June 30, 2017	2,124	-
Total	\$ 2,124	\$ 3,913

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Deferred outflows of resources related to OPEB of \$2,194 resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. 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 ending June 30:	
2020	\$ (1,382)
2021	(1,382)
2022	(1,109)
2023	(223)

Actuarial Assumptions

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

Inflation	2.75%
Salary increases	Dependent upon pension system ranging from 3.00% to 6.50%, including inflation
Investment rate of return	7.15%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 10.00% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll over a 20 year closed period
Remaining amortization period	20 years closed as of June 30, 2017

**WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions (Continued)

Post-retirement mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and Teachers' Retirement System (TRS) and RP-2014 Healthy Annuitant Mortality Table projected with scale MP-2016 on a fully generational basis for West Virginia Death, Disability, and Retirement Fund (Troopers A) and West Virginia State Police Retirement System (Troopers B). Pre-retirement mortality rates were based on RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS and RP-2014 Employee Mortality Table projected with Scale MP-2016 on a fully generational basis for Troopers A and B.

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

Inflation	2.75%
Salary increases	Dependent upon pension system ranging from 3.00% to 6.50%, including inflation
Investment rate of return	7.15%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.50% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.
Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll over a 21 year closed period
Remaining amortization period	21 years closed as of June 30, 2016

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and Teachers' Retirement System (TRS). RP-2000 Healthy Annuitant Mortality Table projected to 2025 with scale BB for West Virginia Death, Disability, and Retirement Fund (Troopers A) and West Virginia State Police Retirement System (Troopers B). Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2000 Non-Annuitant Mortality Table projected to 2020 with Scale BB for Troopers A and B.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The actuarial assumptions used in the June 30, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2011 - June 30, 2015.

Certain assumptions have been changed since the prior measurement date. The assumption changes that most significantly impacted the Net OPEB Liability are as follows: the inclusion of waived annuitants increased the liability by approximately \$17 million; a 15% reduction in the retirement rate assumption decreased the liability by approximately \$68 million; a change in certain healthcare-related assumptions decreased the liability by approximately \$232 million; and an update to the mortality tables increased the liability by approximately \$25 million. Certain other assumption changes were noted but did not materially impact the Net OPEB Liability.

The long-term expected rate of return of 7.15% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.50% for long-term assets invested with the West Virginia Investment Management Board (WVIMB) and an expected short-term rate of return of 3.0% for assets invested with the WVBTI. Long-term pre-funding assets are invested with the WVIMB. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTI.

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

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

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount rate

The discount rate used to measure the total OPEB liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that RHBT contributions would be made at rates equal to the actuarially determined contribution rates, 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, 2037, 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.

Other key assumptions

The projection assumes that the capped subsidy aggregate contribution limit of \$160 million for 2018 would increase by \$10 million per year on and after 2019. Additionally, the per member subsidy is projected to increase by at least 3.0% per year but no more than the healthcare trend inflation assumption such that the product of the projected subsidy and projected members is less than the projected aggregated capped costs; and the member's share of plan costs is expected to remain stable as a percentage of total costs following the year that the program is fully funded. After 2037, the program is projected to be fully funded and the sponsor is assumed to contribute the residual portion of normal cost and operational expenses needed to maintain a funded ratio of 100% in future years. In addition, after 2035, the member's share of total plan costs is assumed to remain stable at approximately 61% of total plan costs. These assumptions produced per member annual capped subsidy increases of 3.0% per year from 2018 to 2023 and 4.5% per year after 2023.

Members hired on or after July 1, 2010, are required to pay 100% of expected cost of coverage, resulting in no implicit or explicit employer cost. Consequently, these members are excluded from the actuarial valuation.

Subsequent Event

Subsequent to the June 30, 2018, measurement date, on August 21, 2018 RHBT executed a contract renewal with Humana's Medicare Advantage Plan (Humana MAPD) for Plan years 2019 and 2020. This renewal included reduced per member per month capitation costs which decreased from \$224 to \$175 per member per month, due to favorable experience and the removal of the health insurance fee.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The estimated impact of these reduced rates is not recognized in the estimated net OPEB liability measured at June 30, 2018, since the contract was executed subsequent to the measurement date. Per GASB Statement 75, if a change occurs in a factor relevant to measurement of the net OPEB liability between the measurement date of the net OPEB liability and the employer's current fiscal year-end, the employer should report the effect on the net OPEB liability of that change as of the next measurement date. The estimated impact of the reduced capitation rates on the net OPEB liability is a decrease of approximately 9.0%, or \$280 million, which will be considered in the next actuarial valuation estimating the net OPEB liability measured as of June 30, 2019. The future actuarial measurement may differ significantly from this estimate due to various other factors such as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

Sensitivity of the Board's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Board's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the Board's 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 rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
The Board's proportionate share of the net OPEB liability	\$ 26,209	\$ 22,300	\$ 19,041

Sensitivity of the Board's Proportionate Share of Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Board's proportionate share of the net OPEB liability, as well as what the Board's 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 rates:

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
The Board's proportionate share of the net OPEB liability	\$ 18,452	\$ 22,300	\$ 26,988

NOTE 7 - RISK MANAGEMENT

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

The Board has obtained coverage for job-related injuries of employees (workers compensation) and health coverage for its employees through a commercial insurer and West Virginia Public Employees Insurance Agency (WVPEIA). In exchange for the payment of premiums, the Board has transferred its risks related to health coverage for employees and job-related injuries of employees.

The Board participates in the West Virginia State Board of Risk and Insurance Management (WVBRIM), a public entity risk pool, to obtain coverage for general liability, personal injury liability, professional liability, stop gap liability, wrongful act liability, and comprehensive auto liability. There have been no reductions in insurance coverage from the prior year and no settlements in the past three fiscal years.

NOTE 8 - TRANSACTIONS WITH THE STATE OF WEST VIRGINIA

Pursuant to West Virginia Code, the West Virginia Insurance Commission (the Commission) collects a 1% premium tax on fire and casualty insurance policies. The Commission distributes 65% of the premium tax receipts to the Board. The distributions from the Commission are reported as insurance premium tax revenues on the Board's Statements of Revenues, Expenses, and Changes in Fund Net Position. Other transactions with State of West Virginia agencies include expenses paid for general and administrative activities of the Board in the normal course of operations.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 9 - COMMITMENTS

The Board is required by its enabling legislation to allocate certain tax and other revenues, net of administrative expenses, to the municipal policemen's and firemen's pension and relief funds (the Funds) by September 1st of each year. The amount to be allocated to the Funds is calculated based upon the Board's prior calendar year insurance premium tax revenues, interest, and other income, less its administrative expenses for the same period. The amounts allocated to each Fund are paid after the allocation date as eligibility requirements to receive the payments are met by each of the Funds. Amounts allocated expire in 18 months if eligibility requirements are not met and the allocated amounts are not paid. Any expired allocation is re-allocated to all other eligible Funds at the next allocation date. The amount committed for payment to the Funds that remain on hand from the September 1, 2018 allocation, but have not been disbursed as of June 30, 2019 is \$621,647.

The amount available to the Board for allocation to the pension plans in September 2019 is \$19,500,066.

NOTE 10 - NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2018. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The Board has not yet determined the effect that the adoption of GASB Statement No. 84 may have on its financial statements.

The GASB has also issued Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The requirements of this Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The Board has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

The GASB has also issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for fiscal years beginning after December 15, 2019. The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The Board has not yet determined the effect that the adoption of GASB Statement No. 89 may have on its financial statements.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 10 - NEW ACCOUNTING PRONOUNCEMENTS (Continued)

The GASB has also issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61* in August 2018. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The requirements of this Statement are effective for periods beginning after December 15, 2018. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The Board has not yet determined the effect that the adoption of GASB Statement No. 90 may have on its financial statements.

The GASB has also issued Statement No. 91, *Conduit Debt Obligations* in May 2019. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The Board has not yet determined the effect that the adoption of GASB Statement No. 91 may have on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM PLAN**

	Years Ended June 30,			
	2019	2018	2017	2016
Board's proportion (percentage) of the net pension liability (asset)	0.015383%	0.015161%	0.014991%	0.015321%
Board's proportionate share of the net pension liability (asset)	\$ 39,726	\$ 65,444	\$ 137,788	\$ 85,568
Board's covered payroll	\$ 212,736	\$ 208,930	\$ 209,706	\$ 207,776
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	18.674%	31.323%	65.705%	41.183%
Plan fiduciary net position as a percentage of the total pension liability	96.33%	93.67%	86.11%	91.29%
				0.015190%
				\$ 56,062
				\$ 203,412
				27.561%
				93.98%

Note: All amounts presented are as of the measurement date, which is one year prior to the fiscal year end date.

**WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CONTRIBUTIONS TO THE PERS**

	Years Ended June 30,						
	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 22,523	\$ 23,440	\$ 25,142	\$ 28,310	\$ 29,089	\$ 29,495	\$ 28,127
Contributions in relation to the statutorily required contribution	(22,523)	(23,440)	(25,142)	(28,310)	(29,089)	(29,495)	(28,127)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The Board's covered payroll	\$ 224,823	\$ 212,736	\$ 208,930	\$ 209,706	\$ 207,776	\$ 203,412	\$ 200,906
Contributions as a percentage of covered payroll	10.0%	11.0%	12.0%	13.5%	14.0%	14.5%	14.0%

See Independent Auditor's Report and accompanying Notes to Required Supplementary Information.

**WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
YEARS ENDED JUNE 30**

	<u>2019</u>	<u>2018</u>
Board's proportion of the net OPEB liability (asset) (percentage)	0.001039396%	0.000966902%
Board's proportionate share of the net OPEB liability (asset)	\$ 22,300	\$ 23,776
State's proportionate share of the net OPEB liability (asset)	<u>4,609</u>	<u>4,884</u>
Total proportionate share of the net OPEB liability (asset)	<u>\$ 26,909</u>	<u>\$ 28,660</u>
Board's covered employee payroll	\$ 212,736	\$ 208,930
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	10.48%	11.38%
Plan fiduciary net position as a percentage of the total OPEB liability	30.98%	25.10%

Note: All amounts presented are as of the measurement date, which is one year prior to the fiscal year end date.

**WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CONTRIBUTIONS TO THE RHBT
YEARS ENDED JUNE 30**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 3,592	\$ 2,124	\$ 1,986
Contributions in relation to the statutorily required contribution	<u>3,592</u>	<u>(2,124)</u>	<u>(1,986)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered employee payroll	\$ 224,823	\$ 212,736	\$ 208,930
Contributions as a percentage of covered employee payroll	1.60%	1.00%	0.95%

See Independent Auditor's Report and accompanying Notes to Required Supplementary Information.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

NOTE 1. - TREND INFORMATION PRESENTED

The accompanying schedules of the Board's proportionate share of the net OPEB and pension liabilities and contributions to RHBT and PERS are required supplementary information to be presented for 10 years. However, until a full 10 year trend is compiled, information is presented in the schedules for those years for which information is available.

NOTE 2. - OPEB CHANGES IN ASSUMPTIONS

Below are changes in assumptions between the 2017 and 2016 valuations:

The assumption changes that most significantly impacted the Net OPEB Liability are as follows: the inclusion of waived annuitants increased the liability by approximately \$17 million; a 15% reduction in the retirement rate assumption decreased the liability by approximately \$68 million; a change in certain healthcare-related assumptions decreased the liability by approximately \$232 million; and an update to the mortality tables increased the liability by approximately \$25 million. Certain other assumption changes were noted but did not materially impact the Net OPEB Liability.

Below are changes in the assumptions between the 2016 and 2015 valuations:

Certain economic and behavioral assumptions are unique to healthcare benefits. These assumptions include the healthcare trend, per capita claims costs, the likelihood that a member selects healthcare coverage and the likelihood that a retiree selects one-person, two person or family coverage. These assumptions were updated based on a recent experience study performed by the RHBT actuaries using five-year experience data through June 30, 2015. The updated per capita claims costs were also based on recent claims, enrollment and premium information as of the valuation date.

For the June 30, 2016 valuation, the retiree healthcare participation assumption for each retirement plan is slightly higher than the previous assumption used in the June 30, 2015 OPEB valuation. More members who were covered as actives will be assumed to participate as retirees.

The 2016 and 2015 valuations include consideration of the \$30 million annual appropriations under Senate Bill 419, through July 1, 2037, or if earlier, the year the benefit obligation is fully funded. Additionally, the presentation of covered payroll was changed for the June 30, 2015, actuarial valuation. Participating employees hired before July 1, 2010, pay retiree premiums that are subsidized based on years of service at retirement. Participating employees hired on or after July 1, 2010, are required to fully fund premium contributions upon retirement. Consequently, beginning June 30, 2015, actuarial valuation covered payroll represents only the payroll for those OPEB eligible participating employees that were hired before July 1, 2010, allowing a better representation of the UAAL as a percentage of covered payroll, whereas, for the prior years, covered payroll is in total for all participating employees.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

NOTE 3. - PENSION PLAN AMENDMENTS

The PERS was amended to make changes which apply to new employees hired on or after July 1, 2015 as follows:

- For employees hired prior to July 1, 2015, qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. A member may retire with the pension reduced actuarially if the member is at least 55 and has at least 10 years of contributory service, or at any age with 30 years of contributory service. For employees hired after July 1, 2015, qualification for normal retirement is 62 with 10 years of service. A member hired after July 1, 2015 may retire with the pension reduced actuarially if the member is between the ages 60 and 62 with at least ten years of contributory service, between ages 57 and 62 with at least twenty years of contributory service or between the ages 55 and 62 with at least thirty years of contributory service.
- The straight life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. For employees hired prior to July 1, 2015, average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. For all employees hired on or after July 1, 2015 average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings.
- For employees hired prior to July 1, 2015, terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired on or after July 1, 2015, this age increases to 64 with at least ten years of contributory service, or age 63 with at least twenty years of contributory service.
- For all employees hired prior to July 1, 2015, employees are required to contribute 4.5% of annual earnings. All employees hired on or after July 1, 2015, are required to contribute 6% of annual earnings.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

NOTE 4. - PENSION PLAN ASSUMPTIONS

An experience study, which was based on the years 2009 through 2014, was completed prior to the 2015 actuarial valuation. As a result, several assumptions were changed for the actuarial valuations as follows:

	<u>2015 - 2018</u>	<u>2014</u>
Projected salary increases:		
State	3.0-4.6%	4.25-6.0%
Non-state	3.35-6.0%	4.25-6.0%
Inflation rate	3.0% (2016-2018), 1.9% (2015)	2.2%
Mortality rates	Active RP	
	2000 Non-Annuitant Tables, Scale AA	
	fully generational	
	Retired healthy males-110% of RP-	Healthy males-1983 GAM
	2000 Non-Annuitant, Scale AA	
	fully generational	Healthy females-1971 GAM
	Retired healthy females-101% of RP-	Disabled males-1971 GAM
	2000 Non-Annuitant, Scale AA	
	fully generational	Disabled females - Revenue
	Disabled males-96% of RP-2000	ruling 96-7
	Disabled Annuitant, Scale AA	
	fully generational	
	Disabled females-07% of RP-2000	
	Disabled Annuitant, Scale AA	
	fully generational	
Withdrawal rates		
State	1.75-35.1%	1 - 26%
Non-state	2-35.8%	2 - 31.2%
Disability rates	0 - .675%	0 - .8%

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
SCHEDULE OF STATUTORY COMMITMENTS
June 30, 2018

Supplemental Allocation Detail
September 2018
Expires 2/28/2020

	<u>Allocation</u>	<u>Expended</u>	<u>Balance</u>
<u>Police Departments</u>			
Beckley	\$ 528,508	\$ 528,508	\$ -
Belle	42,429	42,429	-
Bluefield	272,344	272,344	-
Charleston	1,749,234	1,749,234	-
Charles Town	10,109	10,109	-
Chester	35,437	28,395	7,042
Clarksburg	446,236	446,236	-
Dunbar	138,647	138,647	-
Elkins	108,209	108,209	-
Fairmont	379,282	379,282	-
Grafton	69,352	69,352	-
Huntington	1,053,495	1,053,495	-
Logan	57,696	-	57,696
Martinsburg	435,474	435,474	-
Morgantown	705,979	705,979	-
Moundsville	152,716	152,716	-
Nitro	160,801	160,801	-
Oak Hill	128,058	-	128,058
Parkersburg	730,381	730,381	-
Princeton	202,316	202,316	-
Point Pleasant	80,798	-	80,798
Saint Albans	239,708	239,708	-
South Charleston	399,822	399,822	-
Star City	54,437	-	54,437
Vienna	183,564	183,564	-
Weirton	390,069	390,069	-
Welch	46,970	-	46,970
Weston	61,409	61,409	-
Westover	88,637	88,637	-
Wheeling	791,415	791,415	-
Williamson	58,021	-	58,021
<u>Fire Departments</u>			
Beckley	463,895	463,895	-
Bluefield	222,060	222,060	-
Charleston	1,781,609	1,781,609	-
Clarksburg	446,391	446,391	-
Dunbar	158,206	158,206	-
Elkins	55,063	-	55,063
Fairmont	443,238	443,238	-
Grafton	41,156	41,156	-
Huntington	1,109,807	1,109,807	-
Logan	65,234	-	65,234
Martinsburg	358,686	358,686	-
Morgantown	548,107	548,107	-
Moundsville	68,290	68,290	-
Nitro	136,709	136,709	-
Parkersburg	663,805	663,805	-
Princeton	136,710	136,710	-
Saint Albans	227,823	227,823	-
South Charleston	439,511	439,511	-
Weirton	227,874	227,874	-
Weston	53,182	53,182	-
Wheeling	999,956	999,956	-
Williamson	68,328	-	68,328
	\$ 18,517,193	\$ 17,895,546	\$ 621,647

See Independent Auditor's Report

SUPPLEMENTARY INFORMATION



**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**

To the West Virginia Municipal Pensions Oversight Board
Charleston, West Virginia

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 West Virginia Municipal Pensions Oversight Board (the Board), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated September 19, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 Board'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 Board'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*.

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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
September 19, 2019

Stephen Neddo
Chairman

Blair M. Taylor
Executive Director



Municipal Pensions Oversight Board

Board Members
John Kee,
Vice Chairman
Lisa Dooley,
Secretary/Treasurer
Jeffrey E. Fleck
Emily R. Lambright
David W. Lanham
Jason Matthews
Michael Payne
Craig Slaughter

July 2, 2019

Mr. Paul Brake, City Manager
Pension Chairman
Policemen's Pension and Relief Fund
City of Morgantown
389 Spruce Street
Morgantown, WV 26505

Lt. Matthew D. Solomon
Pension Secretary
Policemen's Pension and Relief Fund
City of Morgantown
300 Spruce Street
Morgantown, WV 26505

COPY

Dear City Manager Brake and Lt. Solomon:

On June 27, 2019, at its quarterly meeting, the Municipal Pensions Oversight Board (MPOB) discussed your letter regarding the Morgantown Policemen's Pension and Relief Fund Board of Trustees request for a two-month extension. As a result of your request for a two-month extension to properly notify and inform incoming City Council members of the issue and possible solutions, the MPOB Board passed unanimously the following motion. Mr. Kee moved and Mr. Matthews seconded,

I move the Municipal Pensions Oversight Board grant the two-month extension (thru August 15, 2019) requested by the City of Morgantown for both its Policemen's and its Firemen's Pension and Relief Funds.

On or before August 15, 2019 please provide the data requested in the original letter of April 23, 2019.

Sincerely,

Handwritten signature of Blair Taylor.

Blair Taylor
Executive Director

C: Stephen Neddo, MPOB Chairman
Kelli Talbott, Senior Deputy Attorney General
file

Stephen Neddo
Chairman

Blair M. Taylor
Executive Director



Municipal Pensions Oversight Board

Board Members
John Kee,
Vice Chairman
Lisa Dooley,
Secretary/Treasurer
Jeffrey E. Fleck
Emily R. Lambright
David W. Lánham
Jason Matthews
Michael Payne
Craig Slaughter

July 2, 2019

Mr. Paul Brake, City Manager
Pension Chairman
Firemen's Pension and Relief Fund
City of Morgantown
389 Spruce Street
Morgantown, WV 26505

Captain Gary W. Freshour
Pension Secretary
Firemen's Pension and Relief Fund
City of Morgantown
228 S. High Street
Morgantown, WV 26505

Dear City Manager Brake and Captain Freshour:

On June 27, 2019, at its quarterly meeting, the Municipal Pensions Oversight Board (MPOB) discussed your letter regarding the Morgantown Firemen's Pension and Relief Fund Board of Trustees request for a two-month extension. As a result of your request for a two-month extension to properly notify and inform incoming City Council members of the issue and possible solutions, the MPOB Board passed unanimously the following motion. Mr. Kee moved and Mr. Matthews seconded,

I move the Municipal Pensions Oversight Board grant the two-month extension (thru August 15, 2019) requested by the City of Morgantown for both its Policemen's and its Firemen's Pension and Relief Funds.

On or before August 15, 2019 please provide the data requested in the original letter of April 23, 2019.

Sincerely,

A handwritten signature in black ink, appearing to read "Blair Taylor".

Blair Taylor
Executive Director

C: Stephen Neddo, MPOB Chairman
Kelli Talbott, Senior Deputy Attorney General
file

COPY



Tetrick & Bartlett, PLLC

**Certified Public Accountants
Consultants**

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

City of Morgantown
389 Spruce Street
Morgantown, WV 26505

We have performed the procedures enumerated below, which were agreed to by the City of Morgantown on the calculation of pension benefits of the City of Morgantown Firemen's Pension & Relief Fund in accordance with Chapter 8, Article 22 of the West Virginia Code as of July 1, 2017. The Pension Board of the City of Morgantown Firemen's Pension & Relief Fund is responsible for the calculation of pension benefits in accordance with Chapter 8, Article 22 of the West Virginia Code. The sufficiency of these procedures is solely the responsibility of the City of Morgantown. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. We completed the Municipal Policemen's And Firemen's Pension and Relief Funds of West Virginia Pension Calculator by entering the *Base Pay* and *Other Pay and Remuneration* amounts for twenty-three of the Fund's retirees. The pay information for each retiree was entered from payroll reports and was determined based on the definition of *Salary or Compensation* described in Chapter 8, Article 22, Section 16d of the West Virginia Code. We did not verify any of the demographic or military service information entered in the calculator. The completed calculations for each retiree are attached to this report.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the calculation of pension benefits in accordance with Chapter 8, Article 22 of the West Virginia Code. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Morgantown and the pension board of the City of Morgantown Firemen's Pension & Relief Fund and is not intended to be and should not be used by anyone other than those specified parties.

Stick, Ballew, PHH

**Clarksburg, West Virginia
February 14, 2019**

☐
COPY

Stephen Neddo
Chairman

Blair M. Taylor
Executive Director



Municipal Pensions Oversight Board

Board Members
John Kee,
Vice Chairman
Lisa Dooley,
Secretary/Treasurer
Jeffrey E. Fleck
Emily R. Lambright
David W. Lanham
Jason Matthews
Michael Payne
Craig Slaughter

July 2, 2019

The Honorable Stephen Williams, Mayor
Pension Chairman
Policemen's Pension and Relief Fund
City of Huntington
P.O. Box 1659
Huntington, WV 25717

Sgt. Michael Chornobay
Pension Secretary
Policemen's Pension and Relief Fund
City of Huntington
675 10th Street
Huntington, WV 25701

Dear Mayor Williams and Sgt. Chornobay:

On June 27, 2019, at its quarterly meeting, the Municipal Pensions Oversight Board (MPOB) discussed your letter regarding steps the Huntington Policemen's Pension and Relief Fund Board of Trustees are taking to recalculate pensions to determine any overpayments and or underpayments. As a result of your request for a six-month extension to continue the recalculations, the MPOB Board passed unanimously the following motion. Mr. Kee moved and Mr. Matthews seconded,

I move the Municipal Pensions Oversight Board grant a six-month extension (Thru December 15, 2019) to both the Huntington Policemen's Pension and to the Huntington Firemen's Pension.

On or before December 15, 2019 please provide the data requested in the original letter of April 23, 2019.

Sincerely,

Blair Taylor
Executive Director

C: Stephen Neddo, MPOB Chairman
Kelli Talbott, Senior Deputy Attorney General
file

Stephen Neddo
Chairman

Blair M. Taylor
Executive Director



Municipal Pensions Oversight Board

Board Members
John Kee,
Vice Chairman
Lisa Dooley,
Secretary/Treasurer
Jeffrey E. Fleck
Emily R. Lambright
David W. Lanham
Jason Matthews
Michael Payne
Craig Slaughter

July 2, 2019

The Honorable Stephen Williams, Mayor
Pension Chairman
Firemen's Pension and Relief Fund
City of Huntington
P.O. Box 1659
Huntington, WV 25717

Tim E. Burns, Firefighter
Pension Secretary
Firemen's Pension and Relief Fund
City of Huntington
839 7th Avenue
Huntington, WV 25701

Dear Mayor Williams and Secretary Burns:

On June 27, 2019, at its quarterly meeting, the Municipal Pensions Oversight Board (MPOB) discussed your letter regarding steps the Huntington Firemen's Pension and Relief Fund Board of Trustees are taking to recalculate pensions to determine any overpayments and or underpayments. As a result of your request for a six-month extension to continue the recalculations, the MPOB Board passed unanimously the following motion. Mr. Kee moved and Mr. Matthews seconded,

I move the Municipal Pensions Oversight Board grant a six-month extension (Thru December 15, 2019) to both the Huntington Policemen's Pension and to the Huntington Firemen's Pension.

On or before December 15, 2019 please provide the data requested in the original letter of April 23, 2019

Sincerely,

A handwritten signature in blue ink that reads "Blair Taylor".

Blair Taylor
Executive Director

C: Stephen Neddo, MPOB Chairman
Kelli Talbott, Senior Deputy Attorney General
file

Stephen Neddo
Chairman

Blair M. Taylor
Executive Director



Municipal Pensions Oversight Board

Board Members
John Kee,
Vice Chairman
Lisa Dooley,
Secretary/Treasurer
Jeffrey E. Fleck
Emily R. Lambricht
David W. Lanham
Jason Matthews
Michael Payne
Craig Slaughter

September 18, 2019

State Fire Marshal Kenneth E. Tyree
West Virginia Fire Commission
Office of the State Fire Marshal
1207 Quarrier Street, 2nd Floor
Charleston, WV 25301

Dear State Fire Marshal Tyree:

The Municipal Pensions Oversight Board (MPOB) has compiled a list of the firefighters who have been granted permanent disability by their respective municipal firemen's pension and relief funds since 2011. Current law requires the MPOB to provide an independent medical examination (IME) for any firefighter who requests a disability, permanent or temporary, from their pension fund. Both the MPOB's physician and the firefighter's physician must concur in the diagnosis and state in their opinion that the firefighter's physical or mental health is compromised to the point that the member cannot meet the standards for being a firefighter in WV.

West Virginia Code §8-22-23a(c) governs both temporary and permanent disabilities for municipal police officers and municipal fire fighters who participate in any of the 53 municipal policemen's and firemen's pension and relief funds in WV. The applicable portion of this section are below

"(c) Effective for members becoming eligible for total and permanent disability benefits initially under this subsection or becoming eligible for total and temporary disability benefits under subsection (b) of this section after June 30, 1981, allowance for total and permanent disability payments, the amount thereof to be determined as specified in section twenty-four of this article, shall be paid to the member after a medical examination in accordance with subsection (a) of this section, two examining physicians report in writing to the board of trustees that the member has become so totally, physically or mentally, and permanently disabled, as a proximate result of service rendered in the performance of his or her duties in the department, as to render the member totally, physically or mentally, and permanently incapacitated for employment as a police officer or firefighter or, if the member has been a member of either of the departments for a period of not less than five consecutive years preceding the disability, the member has become so totally, physically or mentally, and permanently disabled, from any reason other than service rendered in the performance of his or her duties in the department, as to render the member totally, physically or mentally, and permanently incapacitated for employment as a police officer or firefighter. The phrase "totally, physically or mentally, and permanently

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West Virginia Fire Commission
September 18, 2019
Page 2

disabled" shall not be construed to include a medical condition which may be corrected if the member follows a reasonable medical treatment plan or reasonable medical advice."

At the June 27, 2019 MPOB board meeting, the Board discussed the changes staff had made to the disability packet provided to police officers and firefighters who are considering applying for a temporary or permanent disability. Those changes include adding language to the disability packet stating that all permanent disabilities will be reported to LEPS for police officers and the State Fire Marshal's Officer for firefighters. The Board's general counsel, Senior Deputy Attorney General Kelli Talbott, was a party to these discussions and concurred in these changes.

In the future, the MPOB will provide the Office of the State Fire Marshal with each of the firefighters who are deemed to be permanently disabled by two physicians as required by West Virginia Code §8-22-23a.

Sincerely,



Blair M. Taylor
Executive Director

C: file
Stephen Neddo, Board Chair
Kelli Talbott, Senior Deputy Attorney General

Enclosure

Pensioner Name	Calendar Year	Firemen's Pension Fund Name	Medical Disability
1 Anthony Sirna	2011	Martinsburg Firemen's Pension	Non-Duty Related
2 Jimmy Wills	2012	Beckley Firemen's Pension	Non-Duty Related
3 Brandon Whaples	2012	Charleston Firemen's Pension	Duty Related
4 Paul V. Hensley, Jr.	2012	Huntington Firemen's Pension	Duty Related
5 Stanley Dean	2013	Charleston Firemen's Pension	Non-Duty Related
6 William Gill	2013	Charleston Firemen's Pension	Duty Related
7 Mark A Jarrett	2013	Nitro Firemen's Pension	Duty Related
8 Carl McFeeley	2013	Huntington Firemen's Pension	Duty Related
9 Sonnie Meadows	2013	Charleston Firemen's Pension	Non-Duty Related
10 Matthew B. Plum	2014	Parkersburg Firemen's Pension	Non-Duty Related
11 Kevin J. Siers	2014	Parkersburg Firemen's Pension	Non-Duty Related
12 Wesley N. Bowden	2016	Huntington Firemen's Pension	Duty-Related
13 Thomas E. Bowers, Jr.	2016	Beckley Firemen's Pension	Duty-Related
14 Paul Harrison	2016	Charleston Firemen's Pension	Duty-Related
15 Scott Aaron Lewis	2016	Charleston Firemen's Pension	Non-Duty Related
16 Steve Osborne	2016	Charleston Firemen's Pension	Non-Duty Related
17 Michael Rhodes	2016	Charleston Firemen's Pension	Non-Duty Related
18 Jeremy Roncaglione	2016	Saint Albans Firemen's Pension	Non-Duty Related
19 Tad W. Staats	2016	Dunbar Firemen's Pension	Non-Duty Related
20 Pat Beeks	2017	Charleston Firemen's Pension	Duty-Related
21 Kenneth Cline	2017	Charleston Firemen's Pension	Non-Duty Related
22 Stanley McKenzie	2017	Bluefield Firemen's Pension	Non-Duty Related
23 Katherine Harpold	2018	Charleston Firemen's Pension	Duty-Related
24 Robert Charles Ray	2018	Huntington Firemen's Pension	Duty-Related
25 Ralph Staton	2018	Charleston Firemen's Pension	Duty-Related
26 Michael T. Wolford	2019	South Charleston Firemen's Pension	Non-Duty Related

Stephen Neddo
Chairman

Blair M. Taylor
Executive Director



Municipal Pensions Oversight Board

Board Members
John Kee,
Vice Chairman
Lisa Dooley,
Secretary/Treasurer
Jeffrey E. Fleck
Emily R. Lambricht
David W. Lanham
Jason Matthews
Michael Payne
Craig Slaughter

September 18, 2019

Charles Sadler
Retired Captain
Law Enforcement Professional Standards (LEPS) Coordinator
West Virginia State Police
Professional Development Center
135 Academy Drive
Dunbar, WV 25064

Dear Retired Captain Sadler:

The Municipal Pensions Oversight Board (MPOB) has compiled a list of the police officers who have been granted permanent disability by their respective municipal policemen's pension and relief funds since 2011. Current law requires the MPOB to provide an independent medical examination (IME) for any officer who requests a disability, permanent or temporary, from their pension fund. Both the MPOB's physician and the police officer's physician must concur in the diagnosis and state in their opinion that the officer's physical or mental health is compromised to the point that the member cannot meet the standards for being a police officer in WV.

West Virginia Code §8-22-23a(c) governs both temporary and permanent disabilities for municipal police officers and municipal fire fighters who participate in any of the 53 municipal policemen's and firemen's pension and relief funds in WV. The applicable portion of this section are below.

“(c) Effective for members becoming eligible for total and permanent disability benefits initially under this subsection or becoming eligible for total and temporary disability benefits under subsection (b) of this section after June 30, 1981, allowance for total and permanent disability payments, the amount thereof to be determined as specified in section twenty-four of this article, shall be paid to the member after a medical examination in accordance with subsection (a) of this section, two examining physicians report in writing to the board of trustees that the member has become so totally, physically or mentally, and permanently disabled, as a proximate result of service rendered in the performance of his or her duties in the department, as to render the member totally, physically or mentally, and permanently incapacitated for employment as a police officer or firefighter or if the member has been a member of either of the departments for a period of not less than five consecutive years preceding the disability, the member has become so totally, physically or mentally, and permanently disabled, from any reason other than service rendered in the performance of his or her duties in the department, as to render the member totally, physically or mentally, and permanently incapacitated for employment as a police officer or firefighter. The phrase “totally, physically or mentally, and permanently

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disabled" shall not be construed to include a medical condition which may be corrected if the member follows a reasonable medical treatment plan or reasonable medical advice."

At the June 27, 2019 MPOB board meeting, the Board discussed the changes staff had made to the disability packet provided to police officers and firefighters who are considering applying for a temporary or permanent disability. Those changes include adding language to the disability packet stating that all permanent disabilities will be reported to LEPS for police officers and the State Fire Marshal's Officer for firefighters. The Board's general counsel, Senior Deputy Attorney General Kelli Talbott, was a party to these discussions and concurred in these changes.

In the future, the MPOB will provide LEPS with each of the police officers who are deemed to be permanently disabled by two physicians as required by West Virginia Code §8-22-23a.

Sincerely,



Blair M. Taylor
Executive Director

C: file
Stephen Neddo, Board Chair
Kelli Talbott, Senior Deputy Attorney General

Enclosure

Pensioner Name	Calendar Year	Policemen's Pension Fund Name	Medical Disability
1 Jonathan R. Brown	2011	Beckley Policemen's Pension	Non-Duty Related
2 Scott Frame	2011	Charleston Policemen's Pension	Duty Related
3 Russell L. Kaufman	2012	Dunbar Policemen's Pension	Duty Related
4 James F. Lee	2012	Nitro Policemen's Pension	Duty Related
5 John Little	2012	Dunbar Policemen's Pension	Non-Duty Related
6 Eric E. Loudermilk	2012	Charleston Policemen's Pension	Duty Related
7 Timothy S. Palmer	2012	Charleston Policemen's Pension	Duty Related
8 David L. Workman	2012	Charleston Policemen's Pension	Duty Related
9 Courtney F. Johnson	2013	Charelston Pollicemen's Pension	Non-Duty Related
10 Jon Wesley Petry	2013	Charleston Policemen's Pension	Non-Duty Related
11 Jerry Harris	2014	Charleston Policemen's Pension	Unknown
12 Chris L. Jarrell	2014	Charleston Policemen's Pension	Duty Related
13 Steven M. Napier	2014	Charleston Policemen's Pension	Duty Related
14 Scott A. Layton	2015	Charleston Policemen's Pension	Non-Duty Related
15 Michael Mazzie	2015	Charleston Policemen's Pension	Unknown
16 Eric M. Smith	2015	South Charleston Policemen's Pension	Duty-Related
17 David T. Holcomb	2016	Grafton Policemen's Pension	Duty-Related
18 Kimberly Rohrig	2016	Huntington Policemen's Pension	Duty-Related
19 Richard Thomas	2016	Saint Albans Policemen's Pension	Duty-Related
20 Kevin J. Weese	2016	Charleston Policemen's Pension	Duty-Related
21 Joseph F. Amburgey, Jr.	2017	South Charleston Policemen's Pension	Duty-Related
22 Brandon Dial	2017	Huntington Policemen's Pension	Duty-Related
23 Steven Menendez	2017	Clarksburg Policemen's Pension	Non-Duty Related
24 Kevin Parrish	2018	Vienna Policemen's Pension	Non-Duty Related
25 Daniel Joseph Wiles	2018	Huntington Policemen's Pension	Duty-Related
26 James F. Wilson	2018	Charleston Policemen's Pension	Duty-Related
27 Richard Shawn Ross	2019	Point Pleasant Policemen's Pension	Non-Duty Related

CONTRACT CHANGE ORDER NO. 1 to MPO1900000001
WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD

and

BOLTON PARTNERS, INC.

THIS CHANGE ORDER NO. 1 made this 9th day of September, 2019, is between the **WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD (MPOB)**, Charleston, WV, and **BOLTON PARTNERS, (Bolton) INC.**, 36 S. Charles Street, #1000, Baltimore, MD 21201.

WHEREAS, Pursuant to the provisions of WV Code §8-22-18A(b)(6), the MPOB is exempt from provisions of article three, chapter five-a of the CODE for the purpose of contracting for actuarial services and pursuant to the provisions of WV Code §8-22-20(a), the MPOB shall contract with or employ a qualified actuary to annually prepare and actuarial valuation report on each pension and relief fund. The selection of contract vendors to provide actuarial services...shall be by competitive bid process, but is specifically exempt from purchasing provisions of article three, chapter five-a of the Code, and

NOW THEREFORE, THIS CHANGE ORDER, WITNESSETH:

That for and in consideration of the terms included herein, the parties do hereby covenant and agree to the following additions to the original contract pursuant to the findings of Bolton that some death benefits payable to spouses were not determined in accordance with W. Va. Code §8-22-26a. Bolton conducted a sampling to determine if the incorrect method was limited to a few municipal plans or if it was a systemic issue across most of the 53 municipal policemen's and municipal firemen's pension and relief funds. The sampling revealed the incorrect methodology is being applied by most if not all of the municipal plans. The incorrect methodology is causing spousal benefits and other beneficiaries benefits to be less than what is required by W.Va. Code for survivor supplemental benefits, i.e. cost-of-living adjustments (COLAs). The MPOB Board wants to correct these benefits to survivors and have the municipal plans pay any underpayments to the spouses and beneficiaries.

The project will be broken into two main phases. The first phase is detailed in this change order and broken into three main projects. The second phase will be covered in a separate change order document.

Phase I included three projects as outlined below.

- Project I will create an Excel Death Benefits Calculator that correctly applies the methodology stated in W. Va. Code §8-22-26a for new retiree deaths as well as correcting future payments to current survivor beneficiaries. The fee for Project I is \$9,800 and is payable upon completion of Project I.
- Project II will identify the number of beneficiaries whose benefits were determined incorrectly. Bolton will create a file of all current beneficiaries receiving survivor benefits. Bolton will collect specific data on each survivor from each pension plan and based on the data collected will recalculate the survivor benefit to determine if Bolton can match the survivor's benefits using the correct methodology or the known incorrect method. Bolton will also identify any survivors where the current survivor benefits cannot be determined using the correct methodology or the

known incorrect method. Bolton will create a report documenting the findings and recommendations for how to determine the amounts of under/over payments for Phase II. The fee for Project II is \$19,600 and is payable upon completion of Project II.

- For Project III, Bolton will conduct research on the history of the supplemental benefits (COLA) provision in the W.Va. Code to determine exactly how benefits should have been calculated. This project will include interviews with MPOB staff and MPOB Board members. Research to be performed includes reviewing the portions of the W.Va. Code which pertain to supplemental benefits from 1991 through the present and the WV Supreme Court decision on Fairmont Fire Pension v. City of Fairmont. The research will be used for benefit corrections under Phase II which will be detailed in a future Change Order. The fee for Project III is \$2,450 and is payable upon completion of Project III.

All other terms, conditions, prices and specifications remain in full effect.

WITNESS THE FOLLOWING SIGNATURES:

Bolton Partners, Inc.

By: [Signature]
Title: Senior Consultant
Date: 9/10/19

Municipal Pensions Oversight Board

By: [Signature]
Title: Executive Director
Date: 9/10/2019

Approved as to form this 19th day of Sept, 2019.

By: [Signature], Deputy Attorney General

STATE OF WEST VIRGINIA
Purchasing Division
PURCHASING AFFIDAVIT

CONSTRUCTION CONTRACTS: Under W. Va. Code § 5-22-1(i), the contracting public entity shall not award a construction contract to any bidder that is known to be in default on any monetary obligation owed to the state or a political subdivision of the state, including, but not limited to, obligations related to payroll taxes, property taxes, sales and use taxes, fire service fees, or other fines or fees.

ALL CONTRACTS: Under W. Va. Code §5A-3-10a, no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. Code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (W. Va. Code §81-5-3) that: (1) for construction contracts, the vendor is not in default on any monetary obligation owed to the state or a political subdivision of the state, and (2) for all other contracts, that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: Bolton Partners, Inc.

Authorized Signature: [Signature] Date: 9/10/19

State of Maryland

County of Anne Arundel, to-wit:

Taken, subscribed, and sworn to before me this 10 day of September, 2019

My Commission Expires February 20, 2023



My Commission Expires February 20, 2023 NOTARY PUBLIC

[Signature]

Bolton

Employee Benefits, Actuarial & Investment Consulting

September 5, 2019

Mr. Blair M. Taylor
Executive Director
West Virginia Municipal Pensions Oversight Board
301 Eagle Mountain Road
Suite 251
Charleston, WV 25311

Subject: *First annual DROP report under West Virginia Code Section §8-22-25a(e)*

Dear Blair:

West Virginia Code Section §8-22-25a(e) requires the oversight board to annually report to the Legislature's Joint Committee on Pensions and Retirement the status of any DROP that has been approved, including any experience impact on an affected pension and relief fund. This report is intended to fulfill that requirement for the DROPs adopted by:

- City of Wheeling, West Virginia Firemen's Pension and Relief Fund
- City of St. Albans, West Virginia Firemen's Pension and Relief Fund
- City of St. Albans, West Virginia Policemen's Pension and Relief Fund

All three DROP plans are closed meaning that no other individuals can join DROP at this time. Many members who were eligible for the DROP did not elect to participate in the DROP, making the post-analysis of the DROP different from the pre-analysis of the DROP because the number of participants was very different. Of the 25 members eligible, only 13 actually joined DROP. None of the other 50 plans has had a DROP.

The following table summarizes the results of our review:

Plan	Cost/(Savings)
Wheeling Fire	(\$ 823,996)
St. Albans Fire	\$102,264
St. Albans Police	\$18,062

The Wheeling plan had a different requirement which required the City to pay Normal Cost for members in DROP which accounted for the difference in the result.

The main focus for this analysis was to determine, as of July 1, 2018, whether adding the DROP as designed has improved or worsened the long-term financial status of the Fund. Our estimates do not consider the potential impact to the plan sponsor, such as the impact to compensation or fringe benefits. The study for each individual plan is attached.

The signing actuaries are independent of the plan sponsor.


Mr. Blair M Taylor
September 5, 2019
Page 2

Jim Ritchie, Tom Lowman, and Jordan McClane are Members of the American Academy of Actuaries (MAAA) as indicated and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please let us know if you have any questions or comments.

Sincerely,


James Ritchie, ASA, EA, FCA, MAAA


Thomas Lowman, FSA, EA, FCA, MAAA


Jordan McClane, FSA, EA, MAAA





Employee Benefits, Actuarial & Investment Consulting

September 20, 2019

Mr. Blair M. Taylor
Executive Director
West Virginia Municipal Pensions Oversight Board
301 Eagle Mountain Road
Suite 251
Charleston, WV 25311

*Subject: City of Beckley, West Virginia Firemen's Pension and Relief Fund –
Analysis of DROP Impact on Pension Cost*

Dear Blair:

We reviewed the financial impact of the DROP design proposed earlier this year by the City of Beckley for its Firemen's Pension and Relief Fund ("Fund"). West Virginia Code Section §8-22-25a(b)(1) & (2) requires the MPOB to approve any DROP provisions. The MPOB is required to have a qualified actuary examine the plan in light of the elements of the DROP to determine the impact of the DROP on the plan. The MPOB shall seek to approve only DROPs that, in the best judgement of the actuary, are designed to have no negative impact on the plan. This report is intended to help fulfill that requirement for the DROP proposed by the City of Beckley for their Firemen's Pension and Relief Fund.

Unlike prior DROP studies completed by Bolton for the MPOB, which have focused on the impact of DROPs currently in place, this study looks at the cost to add a DROP provision. Unlike prior designs, there is no automatic cut-off date, i.e. no sunset provision, for entry into DROP. As a result, we assume that every active member has a probability of entering DROP and possibly extending the time they work beyond their Normal Retirement Date.

The main focus for this analysis was to determine, as of July 1, 2018 (the date of the most recent valuation), whether adding the proposed DROP as designed would improve or worsen the long-term financial status of the Fund. Our results are shown in the table below.

Impact of Proposed DROP Design (Gain)/Loss	Present Value 7/1/2018
Payment Trade-off	(1,486,464)
DROP Member Contributions	(373,964)
Premium Tax Allocation	431,290
Delay of New Hires that Replace DROP Retirees	<u>(817,502)</u>
Net (Gain)/Loss	<u>(2,246,640)</u>

Proposed DROP plan provisions

The key features of the proposed DROP are the following:

- A member must be eligible for regular retirement after attaining age 50 and completing at least 20 years of service. A member is eligible for the DROP six months after becoming eligible for regular retirement.
- An eligible member who makes the election to participate in the DROP will:
 - Receive a retirement benefit based on service and average annual compensation as of the DROP participation date.
 - Accumulate benefits during the DROP period in the member's DROP account.
 - Participate in the DROP for a period that may span from one year to five years provided that the member completes DROP by the age of 65. Members can leave before one year if they provide sixty days advance notice.
- Benefits in the DROP account will not be credited with interest. This applies to all members who elect into the DROP including (1) members who terminate employment at the end of the DROP participation period, (2) members who terminate employment before the end of the elected DROP period, (3) members who become disabled during the DROP period and (4) the beneficiary's accumulation of the account on behalf of any members who die during the DROP period.
- Although not required by statute, the City of Beckley DROP design will require that DROP members contribute 9.5% of compensation during the DROP period. Currently members hired before 2010 contribute 7.0% of pay which would increase to 9.5% if they elect to join DROP. Members hired after 2009 contribute 9.5% of pay.
- Based on City of Beckley policy, unused vacation and sick leave may be converted into pensionable salary before entering the DROP. Only 600 hours can be used for this purpose with some additional limits tied to vacation pay.
- DROP members will be considered retired members for purposes of supplemental benefits (COLA).
- DROP members will be considered retired members for purposes of the premium tax allocation.
- The City can discontinue the DROP if it has determined that the DROP is having an adverse effect on the fund.

Methods and Assumptions

The method we used to capture the "Payment Trade-off" (defined below) is the change in the present value of future benefits for all current active members.

The only change to the plan's assumptions is to the plan's retirement rates. Most participants retire within five years (the maximum DROP participation period) of reaching their Normal Retirement date. We have assumed that some of those members will enter



DROP near their Normal Retirement Date and retire on average five years later with a DROP benefit. We have not changed the ultimate retirement age for those currently expected to retire later than 5 years after their Normal Retirement Date but assumed they joined DROP five years before their expected retirement date (e.g. a member expected to retire at age 56 is assumed to have entered DROP at age 51 and have exited at age 56). See tables in appendix for charts of current and proposed retirement rates.

Since the plan is using the Alternative (7%) funding policy, the addition of the DROP will not impact the City's contribution until 100% funding is attained or the funding policy is changed. Since retirement rates do not impact funding requirements under the Alternative funding policy and, for GASB purposes, retirement rates need to reflect DROP entry, future valuations will probably reflect the GASB methodology of using retirement rates at DROP entry.

We relied on member data provided by the City of Beckley for the July 1, 2018 valuation. Unless stated otherwise, the assumptions we used are as stated in the 2018 actuarial valuation and 2017 actuarial valuation (prepared by GRS).

Components of the Calculations

The remainder of this letter details the components of the impact of the DROP used to develop our results and discusses the short term vs. long term impact. However, it is also important to understand the nature or purpose of the calculations. Our analysis develops the impact on the financial status of the Fund, not the overall cost to the employer, employees, or other benefit plans.

The cost components are as follows:

- **Payment Trade-off:** One of two trade-offs will occur when a member decides on whether to elect a DROP. The first possible trade-off is that the member will elect a lower benefit sooner which results in a longer payment period versus getting a higher benefit later which results in a shorter payment period. The second possible trade-off is the member can elect his retirement benefit immediately upon being eligible for retirement versus electing the DROP immediately upon being eligible for retirement. We value the first possible trade-off for members who are expected to work past their normal retirement dates and the second trade-off for members who are expected to retire on their normal retirement date if the DROP did not exist. Whether there is an increase or decrease in the liability due to the DROP depends on which trade-off possibility the member falls into. For members not assumed to retire immediately based on the plan's actuarial assumptions (i.e. the first possible trade-off), the trade-off is whether a larger benefit paid later for a shorter period of time is more valuable than a smaller benefit paid earlier for a longer period of time. Whether the trade-off results in a savings or a cost varies by case, demonstrating that the expected timing of when a member would retire without the DROP has a significant impact on whether the DROP creates a savings or a loss. Other assumptions that have a significant impact on whether this is a cost or



savings are the discount rate and salary. A lower discount rate and/or a higher salary scale results in the deferred benefit being more valuable to the member than if a higher discount rate and/or lower salary scale were used. For the members expected to retire at the DROP entry date, the DROP creates a gain because the DROP account does not grant interest credit and the plan saves on the investment return that would have been lost if those payments were no longer in the trust. If the plan has high retirement rates at the age members are first eligible to retire, the second trade-off will occur more often, resulting in a gain. Beckley Fire has fairly high retirement rates at age first eligible, a fairly low discount rate and a fairly high salary scale at older ages. Therefore, the net trade-off resulted in a gain to the Plan.

- **DROP member Contributions:** This is the value of the extra employee contributions (9.5% of pay) going into the Fund for the years during which the member would have already been retired had there not been a DROP but is still employed due to participation in DROP. This component also includes, for pre-2010 hires, the extra 2.5% of pay (9.5% - 7.0%) for the time between DROP entry and the date they would have worked had there not been a DROP. This provision will always result in a gain to the plan due to the DROP.
- **Premium Tax Allocation:** This is the loss of premium allocation money for the period when a member is in DROP. The Fund receives more premium tax money (approximately \$5,000) for each active member (whether a member is in this Fund or the State plan) than for each retiree. Members who elect DROP are considered retired for premium tax purposes. However, had there not been a DROP, the DROP members would either (a) still be active or (b) have retired and we assume new members would have been hired into the State plan as a result. In either scenario, these members or their replacements would have been considered active members for premium tax purposes but, because they elected DROP, the members are considered retired during the DROP period. Additionally, for scenario (b), there would be two individuals counted for premium tax purposes rather than the one individual who entered DROP and was considered a retiree for premium tax purposes: the original member who retired would be counted as a retiree and the new hire replacement would be counted as an active. While the DROP increases the premium tax allocation available to the other plans covered by MPOB, it decreases the premium tax allocation available to this Fund. The potential losses are shifted one year based on plan procedures.
- **Replacement (Normal Cost) Savings:** The Fund is open to new entrants. If a member works longer because of DROP, the hiring of a new employee is theoretically delayed. In an open plan, such as Beckley, this results in an employer normal cost savings to the extent that members in DROP work longer than expected. The contributions are not impacted by normal cost because the plan funds based on the



Alternative funding policy; however, the liabilities are impacted. The significance of the funding method not aligning with the unfunded liability of the plan is discussed in the next paragraph.

Key observation: As noted elsewhere in this letter, our analysis is based on the impact on the plan. Therefore, we focused on the long-term impact. However, Beckley uses the Alternative (7%) funding policy, was only 38% funded in 2018, and is projected to see further declines in the funded ratio. The table on page 1 of this letter contains four elements of costs or savings due to the DROP. The final savings (savings from delay in hiring new employees) will not result in a reduction of benefits payments (savings) for decades. However, the impact of the other three factors will be recognized more quickly. For example, the lost premium tax revenue to the plan happens while these members are in DROP, and therefore, the loss is realized sooner. The plan's Alternative funding policy not being tied to the normal cost creates a scenario in which the cash costs occur well before all of the cash savings are realized. Some consideration could be given to (1) not allowing DROPs for plans that are not well funded, (2) not allowing DROPs for plans that are not funded on an actuarial basis, or (3) modifying the cost neutrality test to look at both long-term and short-term impacts.

The results of this analysis depend heavily on assumptions. Below we provide some thoughts on three current key assumptions and note that they may change after the next experience study is completed.

1. The amount of pay raises occurring during the DROP period is important. The higher the increase in pay results in a higher benefit that the member would receive if they had not elected DROP (and would have retired after their DROP entry date) which results in a cheaper DROP. Our first reaction to the current salary scale assumption is that it seems high in the years leading up to retirement eligibility. We will evaluate this assumption in the upcoming experience study, but for this analysis, we have relied on the current salary increase assumption.
2. When members are expected to retire without respect to the DROP is important. Current assumptions assume most members retire close to their normal retirement age. This assumption is higher than what we normally experience for similar plans. Again, while we will evaluate it in the upcoming experience study, we have relied on the current assumption for our analysis.
3. As discussed previously, the discount rate also impacts the cost of DROP. Using a 6.5% discount rate instead of 4.5% would increase the cost of DROP.

In addition, we wanted to point out that the average annual compensation often has a spike when unused sick and vacation pay is applied near retirement (with or without a DROP). The current valuation assumptions do not make an adjustment for this and not all four components of the DROP cost are impacted by this increase in pensionable compensation. We are likely to recommend changing this assumption in the upcoming experience study. Including a spiking assumption will impact the results of this analysis. We have not attempted to measure the impact of this assumption for this analysis.

In order to give you some perspective on the impact of the three assumptions discussed above on the DROP analysis, we recalculated our analysis based on the following assumptions:



- 6.5% discount rate
- 4.5% salary increases after 20 years of service
- No change in retirement rates due to the DROP

On this basis, the \$2,246,640 in savings would change drastically and result in a cost of \$133,324.

Observations and Conclusions

Based on the analysis described above, the Fund is projected to experience a gain of \$2,246,640. The gain is primarily due to the *Payment Trade-off* gain, which was generally the result of the value of the assumed increases in the accrued benefit due to extending employment beyond the DROP entry date exceeding the value of effectively commencing payment earlier due to participation in the DROP and the investment savings for those that were expected to retire on their earliest eligible retirement date. This was a result of a fairly high salary scale, lower than average discount rate and high retirement rates at age first eligible to retire.

A net gain was generated under the proposed design using the assumptions, methods and data outlined above. The results are based on our "best estimate" assumptions. It is possible that another equally plausible scenario, based on another set of reasonable assumptions, could produce materially different results. Also, it is possible that other emerging experience due to actual salary or retirement experience could produce materially different results. Meaning, our post DROP analysis could result in a cost due to the DROP, especially if actual salary increases are less than projected salaries and the discount rate increases due to improvements in the funded status, changes in the asset allocation, or some other reason.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as a change in funding policy); and changes in plan provisions or applicable law.

This report is intended for use by the MPOB, the West Virginia Legislature's Joint Committee on Pensions and Retirement, the City of Beckley, and the City of Beckley Firemen's Pension and Relief Fund. This report may be provided to other parties only in its entirety with supporting documents and only with the permission of the MPOB, the City of Beckley, and the City of Beckley Firemen's Pension and Relief Fund. This report should not be relied on for any purpose other than estimating the financial impact of the DROP on the City of Beckley Firemen's Pension and Relief Fund.

Please see the most recent valuation report for the City of Beckley Firemen's Pension and Relief Fund for a more comprehensive description of the benefits provided and summary of the data, assumptions and methods used in the actuarial valuations.

Our estimates do not consider the potential impact to the plan sponsor, such as the impact to compensation or fringe benefits.



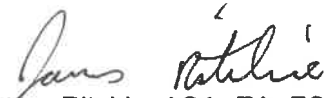
Mr. Blair M Taylor
September 20, 2019
Page 7


The signing actuaries are independent of the plan sponsor.

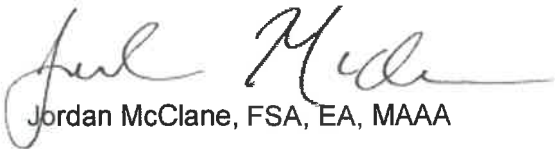
Jim Ritchie, Tom Lowman, and Jordan McClane are Members of the American Academy of Actuaries (MAAA) as indicated and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please let us know if you have any questions or comments.

Sincerely,


James Ritchie, ASA, EA, FCA, MAAA


Thomas Lowman, FSA, EA, FCA, MAAA


Jordan McClane, FSA, EA, MAAA





Appendix

Proposed and current Retirement Rates

Age	Proposed Rates											
	YOS											
	<20	20	21	22	23	24	25	26	27	28	29	>=30
50	0%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%
51	0%	12%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
52	0%	12%	10%	3%	3%	3%	3%	3%	3%	3%	3%	3%
53	0%	12%	10%	4%	2%	2%	2%	2%	2%	2%	2%	2%
54	0%	12%	10%	4%	3%	1%	1%	1%	1%	1%	1%	1%
55	0%	12%	10%	4%	3%	1%	87%	87%	87%	87%	87%	87%
56	0%	14%	11%	4%	3%	1%	85%	35%	35%	35%	35%	35%
57	0%	14%	11%	4%	3%	1%	86%	35%	35%	35%	35%	35%
58	0%	14%	11%	4%	3%	1%	87%	35%	35%	35%	35%	35%
59	0%	14%	11%	4%	3%	1%	88%	35%	35%	35%	35%	35%
60	0%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Age	Current Rates	
	YOS	
	<20	>=20
50	0%	45%
51	0%	30%
52	0%	30%
53	0%	30%
54	0%	30%
55	0%	30%
56	0%	35%
57	0%	35%
58	0%	35%
59	0%	35%
60	0%	100%

MPOB Purchasing Card Review/Audit Record

Cardholder: **Karen L. Neccuzzi**

Billing Cycle: **May/June 2019**

Reviewer: _____

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Receipt/D Y/N	Trans Document Number	Receipting Report Y/N	R C	System Contract Used Y/N	State Contract Number Used	No SW/C Used, Bids Sought or Required Y/N
1	5/22/2019	ATT	ATT Service 4/3/19 - 5/2/19 #207245126664 L Smith	\$85.14	Y	TRAN 2917872			Y	cell phone 13A	
2	5/22/2019	ATT	ATT Service 4/3/19 - 5/2/19 #207287230258 B. Taylor	\$57.25	Y	TRAN 2917873			Y	cell phone 13A	
3	6/8/2019	Office Max	Office Max/Office Depot Personnel Folders	\$91.85	Y	TRAN 2941769			Y	Office 15	
4	6/8/2019	Office Max	Office Max/Office Depot Hand Truck	\$75.09	Y	TRAN 2941770			Y	Office 15	
5	6/8/2019	Office Max	Office Max/Office Depot Printer, estacore	\$147.10	Y	TRAN 2941771			Y	Office 15	
6	6/16/2019	SuddenLink	10 mgn credit 5/16/19 - 6/16/19	\$775.00	Y	TRAN 2952250			N		
1				\$1,201.53							

R - Recommended; D - Disputed; C - Computer from prev. month

Cardholder Certification/Date: *[Signature]* 5/15/19

Reviewer/Auditor Certification/Date: *[Signature]* 5/14/19

Reviewer/Auditor Certification/Date: *[Signature]*

** If 'N', Reviewer must provide discrepancy/finding form

I hereby certify that the items listed herein received, properly accounted for and indicated for compliance in accordance with purchasing rules and S&O Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infractions and response from cardholder to correct future compliance issues.

June 2019

MPOB Purchasing Card Review/Audit Record

Cardholder: Blair M. Taylor

Billing Cycle: Jun-18

Transaction Limit: \$5,000.00 Monthly Limit:

Card Holder:

Blair M. Taylor
6-18-19

Item	Trans Date	Vendor	Brief Item Description	Unit Cost	Transaction Amount	Revised/Original Y/N	OASIS Transaction Number	Receiving Report Y/N	R ² C ²	Statement Contract Used Y/N**	Sub Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	6/8/2019	Office Depot/Office Max	Netgear 5 port Gig switch	\$ 37.99	\$37.99	Y	2946816	Y	R	N		N
Total					\$37.99							

R - Recommended/D - Disputed/C - Carryover from prior month

Reviewer/Author Certification: *Blair M. Taylor* Signature/Date: *6/18/19*

I hereby certify that the items herein were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchases Card Payment Procedures. Discrepancies/compliance issues, if applicable, are indicated listing the procedure infraction and response from cardholder to correct future compliance issues.

** If "N", Review must provide discrepancy listing form

MPOB Purchasing Card Review/Audit Record

Cardholder: Karen L. Neccuzzi

Billing Cycle: July-19

Transaction Limit: _____ Monthly Limit: _____

Reviewer: _____

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/ID el Ticket Y / N	TRAN Document Number	Receiving Report Y/N	R* Contract Used Y / N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y / N
1	6/29/2019	Kornax	Copies/Maintenance 040719 to 050619	\$7.58 \$7.58	Y	TRAN 29864121	Y	R	N	discomp12
2	6/26/2019	ATT	B. Taylor Cell Usage 050319 to 060219 acct 287267292026808102019	57.25 57.25	Y	TRAN 2987237	Y	R	Y	cellphone13a
3	6/26/2019	ATT	L Smith Cell Usage 050319 to 060219 acct 28724512666408102019	54.15 54.15	Y	TRAN 2987238	Y	R	Y	cellphone13a
4	6/26/2019	Office Depot	Cell Phone Case for M. Painter Oterbox defender camping case for iPhone 7 plus Ordered wrong one- returning for credit	\$49.99 \$49.99	Y	TRAN 2988224	Y	R	Y	office15
5	6/26/2019	Office Depot	Energizer Max Alkaline AA batteries and Holmes & Blitzard Oscillating fan For L. Smith MPOB 1270 Invoice AR80849	\$37.87 \$37.87	Y	TRAN 2988225	Y	R	Y	Office15
6	7/8/2019	WV Correctional Indstns	Breathe Task Chair w/arms and headrest for M. Painter IN CC56158	\$370.00 \$370.00	Y	TRAN 2988776	Y	R	Y	Sheltered Workshop
7	7/10/2019	Suddenlink	10 mg circuit acct 7247431011 081619 to 071519	\$775.00 \$775.00	Y	TRAN 2988247	Y	R	N	ARFQ MPO16*2
8	7/12/2019	Amazon	Quickbooks Desktop Pro 2019 PC Download 1. See attached approval from WVOT	\$184.99 \$184.99	Y	TRAN 2986774	Y	R	N	
9	7/12/2019	Capital Business Inter.	Chair Arm, arm cap assembly for L. Smith Chair #2379-0604 (replacement parts for chair no longer on SWC)	\$44.44 \$44.44	Y	TRAN 2988775	Y	R	N	
10	7/8/2019	WV Correctional Indstns	Breathe Task Chair w/arms and headrest for L. Neccuzzi IN CC55267	\$370.00 \$370.00	Y	TRAN 2980110	Y	R	N	Sheltered Workshop
Total				\$1,951.25						

R - Reconciled/D - Disputed/C - Carryover from prev. month

** If "N", Reviewer must provide discrepancy listing form

Cardholder Certification Date: Karen L. Neccuzzi 7/13/19

Reviewer-Auditor Certification Date: Michelle Paris 7/13/19

I hereby certify that the items herein were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SMO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure violation and response from cardholder to correct future compliance issues.

MPOB Purchasing Card Review/Audit Record

Cardholder Blair M. Taylor

Billing Cycle Jul-19

Card Holder: 

Transaction Limit \$5,000.00 Monthly Limit

Item	Trans Date	Vendor	Brief Item Description	Unit Cost	Transaction Amount	Normalized Receipt/Debit Y/N	OASIS Transaction Number	Receiving Report Y/N	R ¹ C ²	Statewide Contract Used Y/N ³	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	6/22/2019	Best Buy	Slim 8X Max DVD CD Writer	\$ 24.99	\$24.99	Y	2961251	Y	R	N		N
2	6/22/2019	Best Buy	8 Ft CAT-6 Network Cable	\$ 14.99	\$14.99	Y	2961251	Y	R	N		N
3	6/22/2019	Best Buy	8 Ft CAT-6 Network Cable	\$ 14.99	\$14.99	Y	2961251	Y	R	N		N
4	6/22/2019	Best Buy	8 Ft CAT-6 Network Cable	\$ 14.99	\$14.99	Y	2961251	Y	R	N		N
5	6/22/2019	Best Buy	8 Ft CAT-6 Network Cable	\$ 14.99	\$14.99	Y	2961251	Y	R	N		N
Total					\$84.95							

*R - Reconciled/D - Disputed/C - Carryover from previous month

 Signature/Date 7/1/19

** If "N", Review must provide discrepancy Listing form

Reviewer/Auditor Certification: I hereby certify that the items herein were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

MPQB Purchasing Card Review/Audit Record

Candidate

Karen L. Neccuzzi

Billing Cycle Jul/Aug 2019

Transaction Limit

Monthly Limit

Reviewer:

Michelle Pank

Item	Trans Date	Vendor	Enter Item Description	Transaction Amount	Itemized Receipt/Del Ticket Y/N	Trans Document Number	Receiving Report Y/N	R ⁺ D ⁺ C ⁺	Statewide Contract Used Y/N	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	7/17/2019	ATT	B. Taylor Cell Usage 060319 to 070219 acct 28725729256ud8102018	58.28 58.28	Y	TRAN 2892959	Y	R	Y	cellphone13a	
2	7/17/2019	ATT	L Smith - \$55.12 Cell 060319 to 070219 M Painter \$46.87 - Cell Usage	101.99 101.99	Y	TRAN 2892960	Y	R	Y	cellphone13a	
3	7/17/2019	Konex	Copies/Maintenance 060719 to 060819 ADO MPO18*12	\$20.40 \$20.40	Y	TRAN 2892160	Y	R	Y	diccop12	
4	7/17/2019	Office Depot	Calendars, Staple remover, and rollerball pens ADO MPO27	\$25.95 \$25.95	Y	TRAN 2892158	Y	R	Y	Office15	
5	7/17/2019	Office Depot	OtherBox Computer (phone 7 Case for phone M Painter ADO MPO27	\$33.99 \$33.99	Y	TRAN 2892159	Y	R	Y	Office15	
6	7/18/2019	WV Purchasing Division	L Neccuzzi Registration for Purchasing training 081719 to 092019	\$125.00 \$125.00	Y	TRAN 2897451	Y	R	N		
7	7/23/2019	AICPA	Audit Staff Essentials-New Staff Core Concepts M. Painter to attend training 081919-082119	\$2,195.00 \$2,195.00	Y	TRAN 3002039	Y	R	N		
8	7/27/2019	Fedex	Packages shipped 070819 to Huntington and Morgantown	\$19.46 \$19.46	Y	TRAN 3008997	Y	R	N	PKGSYS	
9	7/31/2019	Mental Electronics	Multi-line voice recognition recorder w/voice to text system SKU 1877	\$1,399.99 \$1,399.99	Y	TRAN 3014997	Y	R	N		
10	8/7/2019	Suddenlink/Waltes	10 mg circuit acct 7247431011 071619 to 081519	\$775.00 \$775.00	Y	TRAN 3023398	Y	R	N	ARFQ See MPO182	
11	8/8/2019	Office Depot	Wind Reader 5-Tay Mesh Desk Organizer ADO MPO200000005	\$109.98 \$109.98	Y	TRAN 3028906	Y	R	N	Office15	

12	8/8/2018	Office Depot	Brenton Studio Media Mesh Large Drawer Opr. 2 7/16" x 15 1/8"W X 11 8/10 D (1) #0128524	\$14.02	<input checked="" type="checkbox"/>	Y	TRAN 3029807	Y	R	N	Office15
			ADO MFO200000005	\$14.02							
13	6/8/2018	Amazon Marketplace	American Metalcraft 8NCB84 Black Birdnest coffee caddy	\$24.58	<input checked="" type="checkbox"/>	Y	TRAN 3029808	Y	R	N	
				\$24.58							
			Total	\$4,903.62							

*R - Reconciled/D - Disputed/C - Carryover from prev. month

Cardholder Certification Date: 8/16/19 Reviewer-Auditor Certification Date: Michelle Paule 8/16/19

I hereby certify that the items listed were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures.

Discrepancy/compliance issues, if applicable, see attached listing the procedure infraction and response from cardholder to correct future compliance issues.

** If 'N', Reviewer must provide discrepancy listing form

MPOB Purchasing Card Review/Audit Record

Cardholder Blair M. Taylor

Billing Cycle Aug-19

Transaction Limit \$6,000.00

Monthly Limit \$ 5,000.00

Reviewer

Michelle Painter

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Del Ticket Y/N	OASIS Transaction Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SW/C used, Bids Sought or Required Y/N
1	8/11/2019	Fairfield by Marriott Weirton, WV	Lodging for trip to Chester, WV	\$94.00	Y	3034077	Y	R	N		N
Total				\$94.00							

*R - Reconciled/D - Disputed/C - Carryover from prev. month

** If "N", Review must provide discrepancy Listing form

Cardholder Certification/Date:

[Signature] 8-16-19

Reviewer-Auditor Certification/Date:

[Signature] 8/19/19

I hereby certify that the items herein were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

MPOB Purchasing Card Review/Audit Record

Cardholder

Terri M. Palmer

Billing Cycle

Aug-19

Transaction Limit

\$2,500.00

Monthly Limit \$

5,000.00

Reviewer: Blair Taylor

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Reconciled Receipt/Del Y/N	Trans ID	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	7/24/2019	National Travel	Airfare for Audit Training in Dallas TX Agent Fee	497.78 28.00	Y Y	3006203 3006204	Y Y	R R	Y Y	Airfare18 Airfare18	
Total				\$525.78							

*R - Reconciled/D - Disputed/C - Carryover from prev. month

** If "R", Reviewer must provide discrepancy listing (pm)

Cardholder Certification Date: 8/16/19

Reviewer-Author Certification Date: 8-16-2019

I hereby certify that the items hereon were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/omissions issues, if applicable, are attached using the procedure annotation and responses from cardholder to correct future compliance issues.

MUNICIPAL PENSIONS OVERSIGHT BOARD

Minutes of Meeting

December 19, 2019

The Municipal Pensions Oversight Board (MPOB) met on December 19, 2019 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia. The Chair, Mr. Neddo, called the meeting to order, noting that a quorum was present.

ATTENDEES

Board Members:

- Lisa Dooley, absent
- Jeffrey Fleck, present (*left the meeting at 2:00 p.m.*)
- John Kee, present (*left the meeting at 2:30 p.m.*)
- Emily Lambright, present
- David Lanham, present
- Jason Matthews, present (*by teleconference*)
- Stephen Neddo, present
- Michael Payne, present (*by teleconference*)
- Craig Slaughter, present

General Counsel:

- Kelli Talbott, Counsel – WV Attorney General's Office, present

Staff:

- LeAnne Neccuzi, Administrative Assistant
- Michelle Painter, Chief Financial Officer
- Les Smith, Accountant
- Blair Taylor, Executive Director

Guests:

- Forrest Marshall, Retiree, City of Huntington Firemen's Pension Fund
- Jordan McClane, Consulting Actuary, Bolton
- Kathy Moore, Finance Director, City of Huntington (*left meeting at 2:15 p.m.*)
- Jim Ritchie, Senior Consulting Actuary, Bolton
- Angela Shockley – Assist. Finance Director- City of Huntington (*left meeting at 2:15 p.m.*)
- Honorable Mayor Steve Williams, City of Huntington

Minute Taker:

- LeAnne Neccuzi

Approval of Minutes

Minutes for the MPOB meeting on September 19, 2019, were presented for approval. *Moved by Mr. Slaughter; Seconded by Mr. Fleck; Passed unanimously:*

RESOLVED, that the minutes of the September 19, 2019 Municipal Pensions Oversight Board meeting be approved as presented.

Mr. Neddo asked to reorder the agenda by going to item III. **Old Business, b. Bolton**, due to a prior commitment of a Board member.

Boltonⁱ

i. Investment Return Benchmarking –

In Bolton's presentation, Mr. Ritchie showed how, for the period ending June 30, 2019, the investment returns of 51 of 53 of West Virginia's police and fire pension plans compare to a universe of 762 public sector pension plans. With the median in the fiftieth percentile, the WV plans at 5.61% and the benchmark universe at 6.54%, their comparison shows a significant difference in the rate of return.

ii. Solvency Projection Methodology for Plan Sponsors Not Contributing Required Amounts -

Actuarial soundness, Mr. Ritchie reported, has historically been interpreted to require plans using the Alternative funding methodology to be solvent in the next 15 years. Solvency in that scenario would indicate the pension had assets greater than zero during that period. For plans using the Standard, Optional and Conservation funding policies, they meet the 15-year solvency criteria if they contribute at least the required annual amount. In past years, several plans did not make the full required contribution. Going forward, Bolton will be looking for guidance from the MPOB in defining "actuarial soundness" in order to have a standard for use in providing the pension plans with supplemental benefit letters.

Mr. McClane raised the issue that the premium tax should be easier to get than granting the COLA and the MPOB might want to consider possible adjustments for the premium tax and COLA solvency tests. Mr. Ritchie will bring recommendations for possible adjustments to the next MPOB meeting.

iii. Assumptions and Methods to Review During Experience Study -

As specified in their contract, Bolton is following the MPOB's procedure, "Experience Study Timing" to conduct the experience study for the period 2014 – 2017. It will first be implemented in the July 1, 2020 valuation. Basic economic assumptions include general price inflation, wage inflation, payroll growth, COLA, and the investment return/discount rate assumption. Basic demographic assumptions include plan population, retirement rates, withdrawal termination rates, physicality rates, mortality rates and salary scales. Other assumptions that will be considered are the Deferred Retirement Option Program (DROP) entry retirement rates, and regular retirement rates. The percent married, remarriage assumption, the beneficiary load and the premium tax increase, are all assumptions that Bolton would like for the MPOB to consider going forward.

In addition to the assumptions, Bolton will be looking at actuarial methods such as cost, market value of assets; and the timing of the contribution, as well as compensation spiking and how it might impact the plans. Bolton will also be using public plan mortality tables and public safety tables that are more specific for studying public plans and could possibly decrease cost control.

Mr. Taylor asked the Board to appoint a subcommittee from the MPOB for Bolton to work with on matters related to the Experience Study. The Chairman asked Mr. Fleck, Mr. Lanham and Mr. Slaughter to serve on the Experience Study Subcommittee and asked that a motion be made to allow the subcommittee to act on behalf of the Municipal Pensions Oversight Board. *Moved by Mr. Fleck; Seconded by Mr. Lambright; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board authorizes the Experience Study Committee to act with the authority of the Board.

Mr. Neddo thanked the representatives from Bolton for their presentation and in order to maintain a quorum, again requested to move out of order of the agenda by going to **IV. New Business, c. Personnel**. Mr. Neddo asked for a motion to go

into executive session. *Moved by Mr. Kee; Seconded by Mr. Fleck; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board go into Executive Session as provided for in W.Va. §6-9A-4(b)(2)(A) to discuss personnel matters.

Mr. Neddo called the Board back to the normal session and announced that no decisions or votes were made during the executive session. *Moved by Mr. Slaughter; Seconded by Mr. Kee; Passed unanimously:*

RESOLVED, that should the Executive Director's family experience a qualifying event, Mr. Blair Taylor is authorized to acquire health insurance coverage through the State of West Virginia's health insurance plan which the Municipal Pensions Oversight Board participates.

Mr. Neddo asked to return to the normal order of the agenda.

OLD BUSINESS

Huntington Firemen's Pension Fund Review and Huntington Policemen's Pension Fund Review Results

Huntington Firemen's Pension Fund Review

Mr. Taylor provided an update on the status of the reviews for the City of Huntington Firemen's Pension Board's pension overpayments and underpayments. A letter dated December 13, 2019, from Mayor Steve Williams to the MPOBⁱⁱ, included a spreadsheet titled, **City of Huntington Fire Pension and Relief Fund Recalculation of Monthly Pension Benefitsⁱⁱⁱ** dated December 9, 2019. The original calculations for the members listed on this spreadsheet have been recalculated and indicate that all members on the spreadsheet are receiving overpayments from the fire pension fund. These calculations were certified in an Agreed Upon Procedures (AUP) report by Summerville and Company^{iv}.

The MPOB has determined that the monthly variance for the Huntington Fire members is roughly \$19,300. The total overpayment from August 1, 2017 to the present is approximately \$670,000. The MPOB will take a sample of the calculated pensions and recalculate the members pension for verification purposes.

The Huntington Firemen's Pension and Relief Fund Board of Trustees' letter also described how it plans to address overpayments and underpayments from July 7, 2017 to the present. The trustees will be presenting a resolution to the City of Huntington City Council for their

approval to continue paying all overpayments to pensioners while correcting any underpayments moving forward. The intent of the Board is contingent upon the approval of the Huntington City Council's approval by resolution, pursuant to W.Va. Code §8-22-27a(d). The Huntington Firemen's Pension and Relief Board will be presenting the matter for the Council to address at its meeting on Monday, December 23, 2019.

Huntington Policemen's Pension Review Results

In reply to the MPOB's request for information earlier in the year, the Huntington Policemen's Pension and Relief Fund provided a letter to the MPOB, dated, December 13, 2019^v. They did not, however, provide the information in the format requested. In consideration of the upcoming holidays, they will be given additional time to provide that information in the required format. Once received, it too will be reviewed by the MPOB and a sample of pensions will be tested.

All material will be given to Bolton for their use in future actuarial studies for both the Huntington Firemen's Pension and Relief Fund and the Huntington Policemen's Pension and Relief Fund. A final note regarding the overpayments and the MPOB's staff discussion with Mayor Williams. Ms. Painter raised the point that the \$670,000 overpayment has already been calculated in the existing actuarial study for the fire pension. She explained the data Bolton has been provided by Huntington's pension plans included these overpayments as if they were the correct amount. A discussion with Bolton's Jim Ritchie confirmed Ms. Painter's point. Thus, the MPOB believes the amount Huntington may have to pay into the pension is substantially less than the \$670,000 and could be close to a wash. All parties will know when next year's actuarial studies are completed.

NEW BUSINESS

P-card Expenditures (September, October, November 2019)

Mrs. Painter presented the P-Card expenditures for September, October, and November 2019. *Moved by Mr. Kee; Seconded by Mr. Slaughter; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board approve P-Card expenditures for September, October, and November 2019^{vi}.

Legislative Agenda

Closed Pension with Remaining Assets

At the September 19, 2019 Board meeting, Mr. Taylor was asked to take to the Joint Committee on Pensions and Retirement proposed language for a bill that would determine what happens when the last retiree or beneficiary dies and assets remain in the pension. Mr. Taylor drafted sample legislation and provided it to the Joint Committee on Pensions and Retirement at its November meeting. At its December 17, 2019 meeting, the Joint Committee agreed to have a bill introduced in the Legislature. The bill will require any assets remaining in a closed pension fund to be used by the municipality for the explicit use of paying retiree contributions to the Municipal Police Officers' and Firefighters' Retirement System, currently operated by the Consolidated Public Retirement Board. The only caveat therein, is if the pension plan received any premium tax proceeds in the preceding five years, the Fund would give that amount back to the Municipal Pensions Security Fund for reallocation by the MPOB in the next allocation cycle.

§8-22-25a

Mr. Matthews brought to the Board a suggestion to request the Legislature change how Deferred Retirement Option Plan (DROP) members are treated for the purposes of qualifying for Premium Tax proceeds from the Municipal Pensions Security Fund. Currently, members participating in a DROP plan are counted as "retired" for premium tax purposes. Mr. Matthews indicated this is a deterrent to municipalities requesting to have DROP plans approved by the MPOB. Mr. Matthews asked the Board for their input and whether they might consider supporting his proposal to treat DROP members as active for the purposes of calculating Premium Tax proceeds from the Municipal Pensions Security Fund. Mr. Matthews asked the Board to support legislation to make this change. Board members discussed the pros and cons of the request.

Due to a prior commitment, Mr. Kee excused himself from the meeting.

Mr. Neddo asked if anyone had any further discussion. *Moved by Mr. Slaughter; Seconded by Mr. Lanham; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board authorizes the Executive Director to develop and proceed with legislation to effectuate changes to W.Va. §8- 22-25a(d)(1) and W.Va. §33-3-14d to allow the member

upon beginning participation in the DROP to be treated as Active (instead of retired) for purposes of distributing premium tax proceeds.

Mr. Matthews thanked the Board.

Executive Director's Report

Mr. Taylor presented his report for the period of September 5, 2019 through December 5, 2019.

Selection of 2020 Board Meeting Dates

- i. March 19, 2020
- ii. June 18, 2020
- iii. September 17, 2020
- iv. December 17, 2020

The next regular meeting of the MPOB will be held on March 19, 2020 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia 25311.

Public Comments

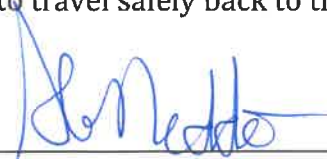
Mr. Neddo invited any guests who would like to make comments do so at this time. No guests chose to make comments.

ADJOURNMENT

Mr. Neddo called for a motion to adjourn: *MOTION: Moved by Mr. Slaughter; Seconded by Mr. Lanham; Passed unanimously:*

RESOLVED, that the December 19, 2019 meeting of the MPOB is adjourned.

Ms. Neccuzi cautioned meeting attendees to travel safely back to their headquarters.

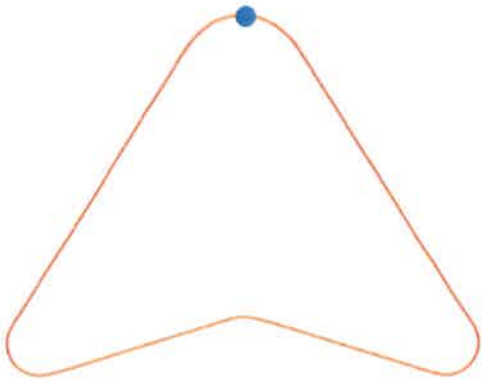


Stephen Neddo, Chairman

Minutes approved 3/19/2020
(date)

ⁱ Presentation -West Virginia MPOB, MPOB Board Meeting, Mr. James Ritchie, ASA, EA, FCA, MAA, Senior Consulting Actuary- Bolton, December 19, 2019

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- ii Honorable Mayor Stephen Williams, City of Huntington Firemen’s Pension and Relief Fund to Mr. Blair Taylor, Executive Director, MPOB, December 13, 2019, MPOB File
 - iii City of Huntington Fire Pension & Relief Funds Recalculation of Monthly Pension Benefits, December 9, 2019, MPOB File
 - iv *Agreed Upon Procedures Report, City of Huntington for the Period Ended October 15, 2019*, Somerville & Company, PLLC, CPAs and Consultants, November 14, 2019
 - v Sgt. Michael Chornobay, Pension Secretary, City of Huntington Policemen’s Pension & Relief Fund to Mr. Blair Taylor, Executive Director, MPOB, December 13, 2019, MPOB File
 - vi P-card Expenditures September, October, November 2019



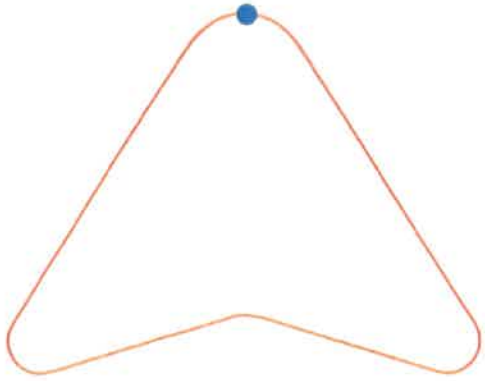
West Virginia MPOB *MPOB Board Meeting*

James Ritchie, ASA, EA, FCA, MAAA | Senior Consulting Actuary

Jordan McClane, FSA, EA, MAAA | Actuary

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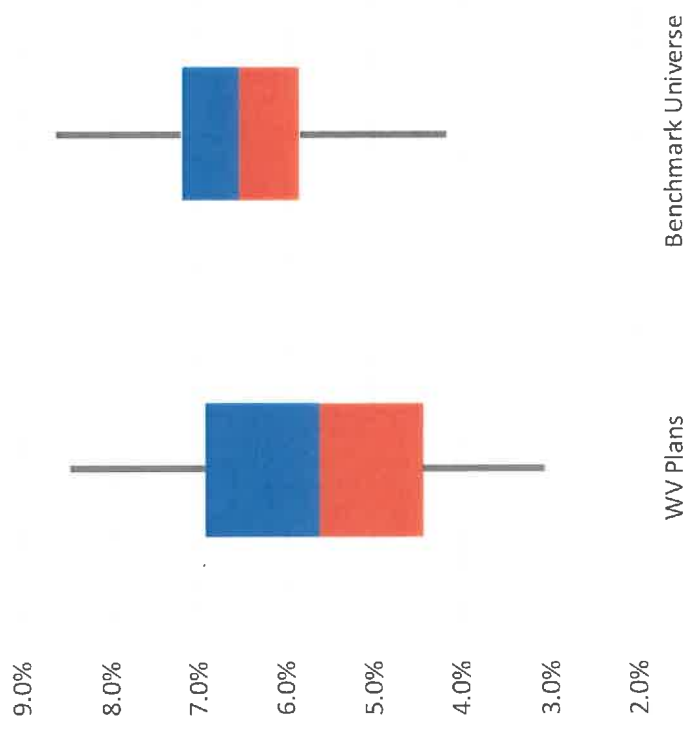
- **3** Investment Return Benchmarking
- **5** Solvency Projection Methodology for Plan Sponsors Not Contributing Required Amounts
- **9** Assumptions and Methods to Review During Experience Study



Investment Return Benchmarking

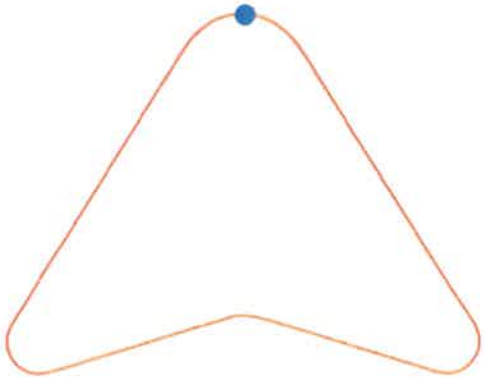
Investment Return Benchmarking

Investment Return FYE 6/30/2019



	WV Plans	Benchmark Universe
95th	8.46%	8.61%
75th	6.92%	7.20%
50th	5.61%	6.54%
25th	4.44%	5.84%
5th	3.06%	4.15%

- Benchmark universe includes 762 public sector pension funds
- Graph excludes returns for Williamson Fire and Police



Solvency Projection Methodology for Plan Sponsors Not Contributing Required Amounts

West Virginia Code

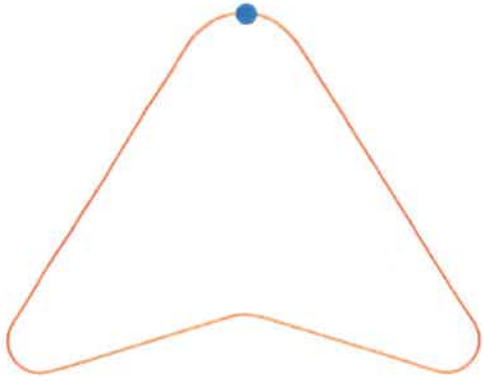
- To determine if COLA is payable, WV Code §8-22-26a(f) states:
 - “...fund shall be reviewed by a qualified actuary who shall make a determination as to its actuarial soundness...the actuary shall certify to the board of trustees of the fund the amount of increase in supplemental benefits, if any, which may be paid, and which will **preserve the minimum standards for actuarial soundness of the fund, as set forth in section twenty of this article**”
- Section 20 does not define “actuarial soundness”
- Actuarial soundness historically interpreted to require plans using Alternative funding policy to be solvent in the next 15 years
 - **For premium tax allocation, an open group projection is used**
 - **For determining if COLA is payable, a closed group projection is used**

What Happens If Plan Sponsors Do Not Make Required Contributions?

- Plans using the Standard, Optional, or Conservation funding policies pass the 15-year solvency tests by definition **if the sponsoring city contributes at least the required annual amount**
- Recent prior valuation reports assumed that sponsors would contribute required amounts in future years
- As such, for premium tax, plans would receive a percentage of their allocation proportionate to the percentage of the annual required amount that they contributed for the fiscal year
- For COLA, prior actuary made subjective judgements on a case-by-case basis
 - **For example, the 2019 COLA letters for Logan Police and Fire state funds shall not provide COLA**

What Should Test Be Going Forward?

- If plan sponsors do not contribute the required amount, what adjustments should be made to the solvency tests?
- May want to consider different adjustments for premium tax and COLA solvency tests
- Examples of potential adjustments include:
 - **Assume that only a percentage of the required amount is contributed in all future years**
 - Still may not produce desired result, particularly for better-funded plans, as plan could still be “solvent” but have a severely deteriorated funded status
 - **Add criterion with defined threshold based on historical contributions**
 - For example, prohibit COLAs if sponsor did not contribute the entire required amount for the prior fiscal year and in at least one of the two fiscal years preceding that prior fiscal year



Assumptions and Methods to Review During Experience Study

Experience study will use data from July 1, 2014 through June 30, 2017

New assumptions and methods first applicable for the July 1, 2020 valuation

Assumptions and Methods Reviewed in the Prior Experience Study

- General price inflation
- Investment return / discount rate
- General wage increase
- Payroll growth
- Salary increase
- Mortality
- Retirement
- Withdrawal
- Disability
- Cost method
- Amortization method
- Asset smoothing method
- Decrement timing
- Experience study covered the period from:
 - **7/1/2009 – 6/30/2014**

Basic Economic Assumptions

- Inflation
 - **General price inflation**
 - **Wage inflation above general price inflation**
- Payroll growth assumption
- COLA
- Investment return / discount rate (including rationale)

Basic Demographic Assumptions

- Salary increases
- Retirement
- Turnover
- Disability
- Mortality

Other Assumptions

- Compensation spiking near retirement*
- DROP entry retirement rates*
- Percent married, remarriage, and beneficiary load*
- Premium tax increase assumption
- Timing of decrements
- New entrant profiles for open group projections*

*Was not reviewed in prior experience study

Methods

- Cost method
- Amortization method
- Asset smoothing method
- Timing adjustments to contribution (i.e. rollforward methodology)*
- Solvency projections for plans not making required contributions*

*Was not reviewed in prior experience study



Mayor Steve Williams
City of Huntington

December 13, 2019

Blair Taylor
Executive Director
W.Va. Municipal Pensions Oversight Board
301 Eagle Mountain Road, Suite 251
Charleston, WV 25311

Re: Huntington Firemen's Pension and Relief Fund

Dear Mr. Taylor:

This correspondence is intended to respond to the submissions of the Municipal Pensions Oversight Board dated April 23, 2019 and July 2, 2019, and your email dated December 6, 2019. It has been a pleasure working with you on this matter, and we believe that we have made significant progress in resolving the issues with pension calculations that were discovered previously.

In compliance with the Board's directives, and with the provisions of W.Va. Code Sec. 8-22-27a, the Huntington Firemen's Pension and Relief Fund responds to the itemized requests as follows:

1. The current calculations and amount being received by each member or member's beneficiaries.

Response: Included as Exhibit A is a spreadsheet containing the current/original calculation, and the amount that each member or beneficiary is being paid.¹ Further, and in compliance with your December 6 email, all requested information is set forth on the spreadsheet.

2. The re-calculation of each member's retirement calculation including the data used for the re-calculation.

Response: The requested information is provided in Exhibit A. In accordance with your December 6 email, we are not submitting supporting documentation at this time. We remain prepared to submit the information upon request.

3. If errors have been found or are found, when corrections took place or will take place to the retiree's benefit payments.

Response: The variances discovered through this re-calculation process have not yet been corrected.

¹ All documents are being provided in electronic form. The original correspondence of April 23, 2019, stated that the documentation was to be provided electronically and in printed form. In subsequent conversations, you have indicated that electronic form is acceptable. If the Board prefers the documentation in hard copy form, the documents can be provided forthwith.



Mayor Steve Williams
City of Huntington

4. Please provide the methodology the Huntington Firemen's Pension and Relief Fund Board of Trustees used or will use to re-coop any erroneously paid pensions to members between July 7, 2017 and the present.

It is the Board intention to continue paying any overpayments and correct any underpayments moving forward. The intention of the Board is contingent upon the approval of the Huntington City Council approving by resolution pursuant to W.Va. Code 8-22-27a(d), which states, "The governing body of the city in which the overpaying municipal fund is established may, by majority vote, authorize continued overpayment of retirement benefits for any member, retirant, beneficiary, entity, or individual who retired prior to the effective date of this section as enacted during the regular legislative session of 2017." The Board intends to request that Council address the matter in committee at its meeting on December 23, 2019, and then to submit it to a vote of the entire body on January 13, 2020. Should the Council fail to approve of the Board's request, the Board will immediately reconvene to consider the appropriate action.

We hope that you find the response of the Board appropriate and satisfactory. Should you have any questions prior to your next meeting, please contact me. Thank you for your continued support of the Board in resolving these outstanding matters.

Sincerely,

A handwritten signature in blue ink, appearing to read "S. Williams".

Stephen T. Williams, Chair
Huntington Firemen's Pension and Relief Fund

cc: Tim E. Burns, Secretary

CITY OF HUNTINGTON
FIRE PENSION & RELIEF FUNDS
RECALCULATION OF MONTHLY PENSION BENEFITS
12.9.13

LAST NAME	FIRST NAME	TYPE OF PENSION	MEMBERS INFORMATION					MEMBERS MONTHLY BENEFIT					8.1.17 (FOR DATE OF RETIREE DEATH IF CREATOR) TO CURRENT (6-30-20)					
			DATE OF BIRTH	DATE OF HIRE	DATE OF RETIREMENT	DATE ELIGIBLE FOR COLA	ORIGINAL CORRECT (RECALL) AMT	ORIGINAL INCORRECT (PREV CAL) AMT	CUMULATIVE COLA	CORRECT CURRENT MONTHLY AMT	INCORRECT CURRENT MONTHLY AMT (ACTUAL PAID)	MONTHLY VARIANCE	60% SPOUSE VARIANCE	DATE OF RETIREE DEATH	FIRST PAYMENT TO SURVIVOR	PAYMENT TO MEMBER	# OF MONTHS - MEMBER	# OF MONTHS - SURVIVOR
CHILDERS	STEPHEN R	Regular Retiree	4/1/1955	11/27/1977	4/2/2006	7/1/2007	\$ 3,125.32	\$ 4,284.33	\$ 362.62	\$ 3,487.94	\$ 4,662.11	\$ 1,174.37			8/1/2017	35.00		\$ 41,102.85
GIBBS	TIMOTHY A	Regular Retiree	7/11/1964	9/15/1980	10/29/2005	7/1/2008	\$ 2,627.00	\$ 3,252.40	\$ 312.57	\$ 3,182.57	\$ 3,340.59	\$ 97.92			8/1/2017	35.00		\$ 13,927.20
SHRADER	WILLIAM L	Regular Retiree	1/24/1963	7/1/1985	11/1/2005	7/1/2008	\$ 2,623.56	\$ 3,056.86	\$ 312.61	\$ 2,956.17	\$ 3,381.76	\$ 445.59			8/1/2017	35.00		\$ 15,995.65
RECKETT	JERRY L	Regular Retiree	12/29/1953	12/16/1978	3/7/2006	7/1/2008	\$ 2,755.02	\$ 4,903.47	\$ 312.61	\$ 4,037.63	\$ 4,870.80	\$ 763.17			8/1/2017	35.00		\$ 27,410.93
HERBERT	ROBERT A	Regular Retiree	10/27/1953	6/16/1981	6/19/2006	7/1/2008	\$ 2,765.20	\$ 3,298.60	\$ 312.61	\$ 3,078.81	\$ 3,612.88	\$ 539.07			8/1/2017	35.00		\$ 18,887.45
JOHNSON	HERBERT	Regular Retiree	9/23/1963	7/7/1985	9/12/2006	7/1/2008	\$ 2,776.71	\$ 2,816.59	\$ 368.57	\$ 2,546.28	\$ 3,079.11	\$ 498.84			8/1/2017	35.00		\$ 21,383.45
ADKINS	LANNY L	Regular Retiree	2/24/1948	7/6/1971	9/14/2007	7/1/2010	\$ 2,359.58	\$ 4,104.45	\$ 212.98	\$ 3,748.54	\$ 4,380.21	\$ 516.67			8/1/2017	35.00		\$ 19,197.15
RATCLIFF	ROBERT R	Regular Retiree	11/10/1950	8/15/1984	9/15/2007	7/1/2010	\$ 2,494.81	\$ 4,154.27	\$ 212.98	\$ 3,767.57	\$ 4,434.61	\$ 687.04			8/1/2017	35.00		\$ 24,046.40
RIGGS	DAVID A	Regular Retiree	1/13/1954	12/17/1979	10/23/2007	7/1/2010	\$ 3,581.59	\$ 4,176.68	\$ 212.98	\$ 3,794.17	\$ 4,443.36	\$ 649.19			8/1/2017	35.00		\$ 22,721.65
WOODALL	BRET A	Regular Retiree	4/20/1958	6/10/1978	6/20/2006	7/1/2010	\$ 3,467.23	\$ 3,966.51	\$ 212.98	\$ 3,680.23	\$ 4,272.72	\$ 547.04			8/1/2017	35.00		\$ 19,146.40
MILLER	RICHARD A	Regular Retiree	3/12/1959	12/12/1978	6/20/2008	7/1/2010	\$ 3,350.44	\$ 3,855.50	\$ 212.98	\$ 3,568.47	\$ 4,076.06	\$ 531.64			8/1/2017	35.00		\$ 18,642.40
BERRY	TERRY L	Regular Retiree	12/21/1957	9/6/1984	6/10/2008	7/1/2010	\$ 3,108.53	\$ 3,921.04	\$ 212.98	\$ 3,921.04	\$ 4,180.23	\$ 258.72			8/1/2017	35.00		\$ 9,055.20
WATTS	W.A.K.J	Regular Retiree	10/20/1968	4/10/1981	6/10/2006	7/1/2010	\$ 3,108.53	\$ 3,921.04	\$ 212.98	\$ 3,921.04	\$ 4,180.23	\$ 258.72			8/1/2017	35.00		\$ 26,327.70
FULLER	GREGORY M	Regular Retiree	10/14/1958	2/27/1984	5/27/2009	7/1/2011	\$ 3,238.64	\$ 3,238.64	\$ 212.98	\$ 4,508.37	\$ 5,220.73	\$ 720.36			8/1/2017	35.00		\$ 35,232.60
PROVANSIK	THOMOTHY S	Regular Retiree	9/5/1958	9/10/1984	10/9/2009	7/1/2012	\$ 2,295.55	\$ 5,039.55	\$ 212.98	\$ 4,508.37	\$ 5,220.73	\$ 720.36			8/1/2017	35.00		\$ 19,721.50
WEBB	SCOTT D	Regular Retiree	6/29/1958	2/27/1989	2/28/2010	7/1/2013	\$ 2,940.04	\$ 3,484.28	\$ 212.98	\$ 3,931.48	\$ 4,450.00	\$ 568.94			8/1/2017	35.00		\$ 16,469.95
EASTHAM	CARL	Regular Retiree	9/10/1960	7/1/1989	6/3/2011	7/1/2013	\$ 3,186.36	\$ 3,749.41	\$ 116.59	\$ 2,769.28	\$ 3,239.83	\$ 470.57			8/1/2017	35.00		\$ 20,502.30
MASTERS	BRET A	Regular Retiree	11/29/1964	8/15/1991	8/27/2011	7/1/2014	\$ 2,652.69	\$ 3,122.79	\$ 116.59	\$ 2,931.62	\$ 3,517.40	\$ 585.78			8/1/2017	35.00		\$ 18,289.30
SHRADER	ROBERT L	Regular Retiree	11/17/1946	8/15/1991	8/27/2011	7/1/2014	\$ 2,813.03	\$ 3,390.80	\$ 116.59	\$ 2,931.62	\$ 3,517.40	\$ 585.78			8/1/2017	35.00		\$ 19,350.45
TURNER	GARY A	Regular Retiree	10/7/1959	12/7/1989	11/4/2011	7/1/2014	\$ 3,129.28	\$ 3,650.63	\$ 116.59	\$ 3,245.87	\$ 3,768.43	\$ 522.56			8/1/2017	35.00		\$ 24,098.10
FRANKLIN	CHRISTOPHER A	Regular Retiree	1/26/1961	8/15/1991	11/5/2011	7/1/2014	\$ 2,705.65	\$ 3,257.52	\$ 116.59	\$ 2,872.74	\$ 3,425.11	\$ 552.87			8/1/2017	35.00		\$ 19,350.45
COLEMAN	ROBERT L	Regular Retiree	5/21/1963	8/15/1991	12/17/2011	7/1/2014	\$ 3,238.64	\$ 3,681.42	\$ 116.59	\$ 3,354.96	\$ 3,796.62	\$ 401.66			8/1/2017	35.00		\$ 22,232.35
ADKINS	WADE A	Regular Retiree	2/14/1963	10/26/1987	5/29/2012	7/1/2014	\$ 3,238.64	\$ 3,681.42	\$ 116.59	\$ 3,469.19	\$ 4,104.40	\$ 635.21			8/1/2017	35.00		\$ 4,106.90
SIMPKINS	GARY K	Regular Retiree	1/14/1963	2/27/1988	3/8/2013	7/1/2015	\$ 3,872.79	\$ 4,008.00	\$ 96.40	\$ 3,469.19	\$ 4,104.40	\$ 635.21			8/1/2017	35.00		\$ 21,402.15
BURCHAM	JAMIE E	Disability - Duty Related	2/26/1976	6/4/2001	12/19/2013	7/1/2016	\$ 2,181.07	\$ 2,299.69	\$ 75.20	\$ 2,296.32	\$ 2,737.56	\$ 117.94			8/1/2017	35.00		\$ 21,402.15
MARSHALL	FOREST P	Regular Retiree	11/22/1964	2/27/1989	7/11/2014	7/1/2017	\$ 3,230.97	\$ 3,842.46	\$ 73.87	\$ 3,304.84	\$ 3,916.33	\$ 611.49			8/1/2017	35.00		\$ 5,807.35
SANG	JOHN J	Regular Retiree	11/22/1964	8/1/1994	8/7/2014	7/1/2017	\$ 2,948.58	\$ 3,155.54	\$ 73.87	\$ 3,014.09	\$ 3,226.41	\$ 160.21			8/1/2017	35.00		\$ 8,590.40
MASTERS	GREGORY S	Regular Retiree	11/22/1964	2/27/1989	9/4/2014	7/1/2017	\$ 4,940.32	\$ 5,100.43	\$ 73.87	\$ 5,014.09	\$ 5,174.30	\$ 160.21			8/1/2017	35.00		\$ 7,932.40
MCPEELEY	GARY W	Regular Retiree	12/5/1964	8/15/1981	10/2/2014	7/1/2017	\$ 3,643.34	\$ 3,493.76	\$ 73.87	\$ 3,268.31	\$ 3,153.85	\$ 245.44			8/1/2017	35.00		\$ 21,441.30
RIDER	RALPH E	Regular Retiree	8/21/1963	2/17/1989	1/23/2015	7/1/2017	\$ 4,225.52	\$ 4,495.26	\$ 73.87	\$ 4,320.39	\$ 4,512.03	\$ 288.64			8/1/2017	35.00		\$ 19,136.60
ROBERTS JR	JAMES D	Regular Retiree	4/17/1966	2/17/1989	9/4/2015	7/1/2018	\$ 4,566.78	\$ 5,179.53	\$ 56.88	\$ 4,623.63	\$ 5,236.41	\$ 612.78			8/1/2017	35.00		\$ 4,901.70
DIMOND	LARRY A	Regular Retiree	10/20/1953	9/15/1995	9/18/2015	7/1/2018	\$ 3,871.08	\$ 4,094.98	\$ 56.88	\$ 3,927.56	\$ 4,446.30	\$ 518.63			8/1/2017	35.00		\$ 13,194.65
MUELLER	FREDERICK S	Regular Retiree	10/19/1965	2/27/1989	10/13/2015	7/1/2018	\$ 3,871.08	\$ 4,094.98	\$ 56.88	\$ 3,927.56	\$ 4,446.30	\$ 518.63			8/1/2017	35.00		\$ 4,432.05
EARL	JEFFREY S	Regular Retiree	12/7/1965	9/23/1981	12/7/2015	7/1/2018	\$ 4,013.03	\$ 5,705.89	\$ 56.88	\$ 4,069.31	\$ 4,600.77	\$ 265.14			8/1/2017	35.00		\$ 9,279.90
BIAS	DAVID M	Regular Retiree	2/21/1964	5/16/1986	5/10/2016	7/1/2018	\$ 3,379.23	\$ 3,703.23	\$ 56.88	\$ 4,135.13	\$ 4,460.77	\$ 265.14			8/1/2017	35.00		\$ 5,766.95
ELLIS	STEVEN M	Regular Retiree	6/19/1961	2/17/1989	6/10/2016	7/1/2018	\$ 4,078.75	\$ 4,343.89	\$ 56.88	\$ 4,135.13	\$ 4,460.77	\$ 265.14			8/1/2017	35.00		\$ 184.77
SHAMONS JR	CEEL	Regular Retiree	12/17/1952	10/26/1987	10/27/2016	7/1/2018	\$ 1,995.15	\$ 2,138.80	\$ 149.20	\$ 2,148.45	\$ 2,333.60	\$ 185.35			8/1/2017	35.00		\$ 46,536.35
FOWLER	ALAN L	Regular Retiree	9/15/1967	10/16/1987	7/1/2017	7/1/2018	\$ 4,092.40	\$ 4,287.17	\$ 30.00	\$ 4,122.40	\$ 4,277.17	\$ 164.77			8/1/2017	35.00		\$ 472.61
ANDERSON	RICHARD A	Regular Retiree	7/28/1964	8/15/1991	7/1/2016	7/1/2019	\$ 2,545.71	\$ 3,031.87	\$ 50.00	\$ 2,575.71	\$ 3,048.12	\$ 472.61			8/1/2017	35.00		\$ 67,003.15
																		ANNUAL VARIANCE \$ 231,628.68
																		LEGS RECENTLY DECREASED \$ (2,224.20)
																		ANNUAL TOTAL MOVING FORWARD \$ 225,404.48

AGREED-UPON PROCEDURES REPORT
OF
CITY OF HUNTINGTON
FOR THE PERIOD ENDED OCTOBER 15, 2019



SOMERVILLE & COMPANY_{P.C.}
CPAs & CONSULTANTS

SOMERVILLE BUILDING
501 FIFTH AVENUE
PO BOX 2096
HUNTINGTON, WV 25721



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SOMERVILLE & COMPANY P.L.L.C.

CPAs & CONSULTANTS

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Kathy Moore
City of Huntington
Huntington, West Virginia

We have performed the procedures enumerated below, which were agreed to by the City of Huntington on calculation of fire pension funds held by the City of Huntington as of October 15, 2019. The City of Huntington's management is responsible for compliance with the calculation of fire pension funds. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

- We generated and printed payroll reports for each individual pension calculation by month from the earliest available date up to the employee's retirement date.
- We keyed the base pay, overtime and other remuneration into the pension calculator spreadsheet based on the coding provided by the City of Huntington.
- We verified the totals of each report by comparing to total payroll reports by employee for the period.
- We scanned and provided all documentation electronically to the City of Huntington upon completion of the work.

We found no exceptions as a result of the procedures performed.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the disbursement of State of West Virginia Grant funds. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties and is not intended to be and should not be used by anyone other than those specified parties.

Somerville & Company P.L.L.C.

Huntington, West Virginia

November 14, 2019



Huntington Police Pension and Relief Fund Board

Board Members:

Mayor Steve Williams
Michael Chornobay
Ted Backus

Kathy Moore
Phil Watkins
Richard Kern

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DEC16'19PM3:31

December 13, 2019

Stephen Neddo
Chairman
Municipal Pensions Oversight Board

Blair M. Taylor
Executive Director
Municipal Pensions Oversight Board

Dear Mr. Neddo, Mr. Taylor and member of the Municipal Pensions Oversight Board,

On April 23, 2019 your board sent a formal request for information on our pension board members pension calculations pursuant with the passing of Senate Bill 316. We as, the Huntington Police Pension and Relief Fund responded to this request and asked for an extension until 12/15/19 to gather this information and preform the recalculations of the members pensions that this request applied to. On July 2nd 2019 you board granted this extension and this letter and the attached documents are the answer to those requests. This document is to answer all 4 requests that were presented to the Huntington Police Pension and Relief Fund Board on April 23rd 2019.

The first report attached is a synopsis of all of our members' original pension annual and monthly allotments, the recalculated pension annual and monthly allotment and a percentage different of overpayment or underpayment if applicable. The attached pension recalculations are only for the members that we had enough payroll information to complete a detail and accurate report for. The City of Huntington does not have payroll information for members from the year 2000 and before. Therefore, our Board could not complete recalculations of members' pension who retired before 2003. It is also noted the members that left on or after 2003 but were hired prior to this current calculation method being implemented by law. It also lists the 8 members' names that their pensions were calculated in by each pay period, which we now know is the most accurate method, and verified with the City of Huntington's finance departments separate calculation. The Excel spreadsheets (WV Benefit Calculator) for each of the member's recalculations are also attached with the letter.

As for the errors in the original pension calculations that are noted in this report, the Huntington Police Pension and Relief Fund Board held a meeting on December 12th 2019 to address the findings of the recalculations. At this meeting the Board decided and voted to immediately change the amount of all underpayments of a members' pensions to the correct amount reflected in the listed recalculations and back pay them the correct sum owed from August 2017 until now (December 2019). As for the overpayments of pensions, Mayor Steve Williams of the City of Huntington stated at this meeting that the City Attorney has drafted a resolution for the Mayor's office to be brought before Huntington City Council on December 23rd 2019. That resolution is to continue all overpayments of the listed pensions of the members of the Huntington Police Pension and Relief fund. Huntington City Council will vote of this resolution on December 23rd 2019 and after the completion of this vote our board will contact the Municipal Pensions Oversight Board and let them know the council's decision. This is the Huntington Police Pension Board's current decision and actions for resolution for all of the calculation errors that our board found while preforming a recalculation of our members pensions.

Huntington Police Pension and Relief Fund Board

This should address all 4 requests of the Municipal Pensions Oversight Board made for the Huntington Police Pension and Relief Fund. The members of your board have any further questions or issues regarding these matters, please contact our board and we will be happy to work with you to resolve them.

Sincerely,

A handwritten signature in black ink that reads "M. Chornobay". The signature is written in a cursive style with a horizontal line extending to the right.

Michael Chornobay
Secretary
Huntington Police Pension and Relief Fund Board

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Retiree:	Original		Original		Recalculated		Recalculated		Percentage Difference:
	Gross	Pension:	Monthly	Pension:	Gross	Pension:	Monthly	Pension:	
Eddie L Wilds	\$52,954.12		\$4,329.51		\$50,254.23		\$4,187.86		-5.10%
Michael S Waugh	\$43,988.52		\$3,665.71		\$42,995.42		\$3,582.95		-2.26%
Greg H Brown	\$47,435.76		\$3,952.98		\$46,926		\$3,583		-1.07%
Beth A Brumfield	\$45,116.64		\$3,759.72		\$44,358.12		\$3,696.51		-1.68%
Michael C Wilson	\$53,502.96		\$4,458.58		\$53,007.12		\$4,417.26		-0.93%
Scott A Fuller	\$30,002.28		\$2,500.19		\$29,441.88		\$2,453.49		-1.87%
Jason T Ashworth	\$34,600.20		\$2,883.35		\$34,583.68		\$2,881.97		-0.10%
Jonothan T Combs	\$66,198.84		\$5,516.57		\$65,973.39		\$5,497.78		-0.34%
Richard V Knight	\$42,822.24		\$3,568.52		\$43,017.49		\$3,584.79		0.46%
Brenda J Wamsley	\$50,202.55		\$4,183.55		\$48,924.33		\$4,077.03		-2.54%
Daren M Mcneil	\$52,292.37		\$4,357.70		\$50,013.10		\$4,167.76		-4.36%
Charles V Rorhig	\$49,735.62		\$4,144.64		\$49,722.81		\$4,143.57		>.1%
Ricky D Eplin	\$55,640.88		\$4,636.74		\$54,652.66		\$4,554.39		-1.78%
Gary T Queen	\$41,042.83		\$3,420.24		\$40,881.36		\$3,406.78		-0.39%
Timothy P Goheen	\$31,711.56		\$2,642.63		\$31,545.72		\$2,628.81		-0.53%
Darin R Dempsey	\$45,541.09		\$3,795.09		\$45,813.46		\$3,817.79		0.60%
John H Williams	\$65,924.77		\$5,493.73		\$66,055.72		\$5,504.64		0.20%
Vern C Casey	\$39,490.92		\$3,290.91		\$37,342.63		\$3,111.89		-5.44%
Kenneth A Lake	\$46,831.86		\$3,902.66		\$46,212.24		\$3,851.02		-1.32%
Darrell A Booth	\$58,474.10		\$4,782.84		\$58,521.71		\$4,876.81		0.08%
John D Franklin	\$50,397.00		\$4,199.75		\$49,246.76		\$4,103.90		-2.28%
David S Hudson	\$36,081.60		\$3,006.80		\$34,104.15		\$2,842.01		-5.48%

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Retiree:	Original Gross Pension:	Original Monthly Pension:	Recalculated Gross Pension:	Recalculated Monthly Pension:	Percentage Difference:
Charles E Bradshaw	\$48,191.16	\$4,015.93	\$48,327.24	\$4,027.27	0.28%
Charles E Kingery	\$44,122.56	\$3,676.88	\$59,156.83	\$4,929.74	0.98%
Chris L Jackson	40,575	\$3,381.25	\$40,973.15	\$3,414.43	1.54%
Sherri M Casey	\$41,176.80	\$3,431.40	\$41,809.59	\$4,447.43	4.49%
Kendra R Beckett	\$52,953.62	\$4,412.80	\$53,369.16	\$4,813.38	>.1%
Anthony A Spears	\$55,276.53	\$4,606.78	57,760.50	\$6,030.37	
Hank E Dial	\$72,379.56	\$6,031.63	\$72,364.48		

Retirees who left on or after 2003 but were hired prior to this calculation's required implementation:

Harvey R Maynard	Gene Hollingsworth
Steven A Zickefoose	Donald Davis
Roger R Byard	Michael Coffey
	Randall Wiles
Retirees who retired and their calculations were done in with the latest calculator and verified with Tawania:	
Michael B Albers	Michael C McMillian
Ernest Blackburn	Chris Sperry
Robert Stinnett	Sidney Hinchman
Michael Hudson	John Ellis

MPOB Purchasing Card Review/Audit Record

Cardholder: Trini M. Painter

Transaction Limit: \$2,500.00

Monthly Limit \$ 5,000.00

Reviewer: Blair Taylor

Billing Cycle: Se - 1B

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Del Ticket Y/N	Trans ID	Receiving Report Y/N	R ^o D ^e C ^o	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	8/22/2019	Yankee Airport Parking	Parking while on travel	42.00	Y	3049051	Y	R	N	NA	
2	8/22/2019	Hilton Hotels	Lodging	688.98	Y	3061799	Y	R	N	NA	
3	8/28/2019	Assoc for Financial Prof	Certification Renewal	200.00	Y	3000984	Y	R	N	NA	
Total				932.98							

*R - Receipted/D - Disputed/C - Carryover from prev. month

Cardholder Certification Date: 9/6/19

Reviewer-Auditor Certification Date: 9/6/19

I hereby certify that the items herein were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchasing Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and responses from cardholder to correct future compliance issues.

** If "N", Reviewer must provide discrepancies listing

June 2010

MPOB Purchasing Card Review/Audit Record

Cardholder: Karen L. Neccuzzi

Billing Cycle: Sept/Oct 2019

Transaction Limit

Monthly Limit

Reviewer:

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Normalized Receipt of Ticket Y/N	Transaction Document Number	Receiving Report Y/N	RFI Contract Used Y/N	Statewide Contract Used Y/N	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	9/18/2019	Lakeview Resort	Lodging for Purchasing Conference Credit for Tax changed in error RT8EFS	-\$21.84	Y	TRAN 3042520	Y	R	N		
2	9/18/2019	Lakeview Resort	Lodging for Purchasing Conference 2 nights 091619 to 091719 RR78EFS-1	203.84	Y	TRAN 3042510	Y	R	Y		
3	9/20/2019	ATT	L. Smith & M. Palmer Usage 080319 -090219 sect 28724512856409102019	113.38	Y	TRAN 3085289	Y	R	Y	cellphone13a	
4	9/20/2019	ATT	B. Turner Cell Usage 080319 -090219 sect 287287290256ad9102019	58.26	Y	TRAN 3085270	Y	R	Y	cellphone13a	
5	9/20/2019	Nuance/Kofax	Nuance Software See WVOT approval ltr.	\$768.15	Y	TRAN 3085268	Y	R	Y		
6	9/24/2019	Altice/Suddenlink	10 mo circuit Final Invoice Service 081619 to 081919	\$75.00	Y	TRAN 3089677	Y	R	Y		
Total				\$1,198.79							

Cardholder Certification Date: Karen L. Neccuzzi 10/16/19 Reviewer-Auditor Certification Date: _____
 I hereby certify that the items herein were received, properly accounted for and reflected for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures.
 Discrepancies/compliance issues, if applicable, are attached listing the procedure taken and response from cardholder to correct future compliance issues.

Per EB

MPOB Purchasing Card Review/Audit Record

Cardholder: Tim M. Painter

Billing Cycle: Oct-19

Transaction Limit: \$2,500.00

Monthly Limit \$: 5,000.00

Reviewer: Blair Taylor

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Del Ticket Y/N	Trans ID	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	9/23/2019	Halt Agency	Baton Rouge Demo, Lodging and parking	211.34	Y	3099879	Y	R	N	NA	
2	9/25/2019	Holiday Inn	Charles Town/Martinburr, Trainin, Lodg	188.00	Y	3104344	Y	R	N	NA	
Total				\$399.34							

*R - Reconciled/D - Disputed/C - Carryover from prev. month

** If "N", Reviewer must provide discrepancy listing form

Cardholder Certification Date: 10/17/19

Reviewer-Auditor Certification Date: 10/17/19

I hereby certify that the items herein were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAQ Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure violation and response from cardholder to correct future compliance issues.

Blair Taylor

June 2010

*2008
FB*

MPOB Purchasing Card Review/Audit Record

Cardholder: Trini M. Painter

Billing Cycle: Nov-19

Transaction Limit: \$2,500.00

Monthly Limit \$: 5,000.00

Reviewer: Blair Taylor

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Item used Receipt/Del Ticket Y/N	Trans ID	Receiving Report Y/N	R ^e D ^e C ^o	Statewide Contract Used Y/N	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	11/7/2019	Home2Suites	Lodging	158.17	Y	3173912	Y	R	N	NA	
Total				\$158.17							

* R - Reconciled/D - Disputed/C - Carriers from prev. month

** If "R" Reviewer must provide discrepancy listing for

Cardholder Certification Data: Miriam Banks 11/18/19

Reviewer-Auditor Certification Data: Blair Taylor 11/18/2019

I hereby certify that the items herein were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

MPOB Purchasing Card Review/Audit Record

Cardholder Blair M. Taylor

Transaction Limit \$5,000.00

Monthly Limit \$ 5,000.00

Reviewer Michelle Painter

Billing Cycle Nov-19

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Del Ticket Y/N	OASIS Transaction Number	Receiving Report Y/N	R* D* Contract Y/N**	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	10/22/2019	Best Buy	2 Terabyte external drive	\$119.98	Y	3144607	Y	R	N		N
2	10/22/2019	Office Depot	Certification Stamp for office	\$29.99	Y	3146737	Y	R	N		N
3	10/30/2019	Fairfield by Marriott	Lodging for trip to Weirton and Wheeling for trustee training	\$94.00	Y	3163026	Y	R	N		N
4	11/7/2019	Home 2 Suites by Hilton	Lodging for trip to Charles Town Meeting with Charles Town Police	\$138.75	Y	3173911	Y	R	N		N
Total				\$382.72							

*R - Reconciled/D - Disputed/C - Carryover from prev. month

** If "N", Review must provide discrepancy Listing form

Cardholder Certification/Date: [Signature]

Reviewer-Auditor Certification/Date: [Signature]

I hereby certify that the items hereon were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure in question and response from cardholder to correct future compliance issues.

MPOB Purchasing Card Review/Audit Record

Cardholder

Karen L. Nocuzzi

Billing Cycle Oct/Nov 2019

Transaction Limit

Monthly Limit

Reviewer:

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Del Ticket Y/N	Trans Document Number	Receiving Report Y/N	R ^e D ^e C ^t Y/N	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	10/28/2019	Office Depot	Altra Cat 6 Network Cable, 7' thru #835245 ADO MPO2-17	\$11.39	Y	TRAN 3156299	Y	R	N	office15	
2	10/28/2019	Office Depot	Color the Jobs #1378504 & Rubbermaid Recycle color #819470 ADO MPO2-17	\$63.12	Y	TRAN 3165300	Y	R	N	office15	
3	10/28/2019	Office Depot	Bum Coffee Flvs 12 cup size 1 pkg ADO MPO2-17 #809621	\$7.89	Y	TRAN 3151732	Y	R	N	office15	
4	10/24/2019	Komax	Click Charges 070719 to 080819 IN at 135721 bw \$1.75, color \$59	\$2.28	Y	TRAN 3151730	Y	R	Y	Digcop	
5	10/24/2019	Komax	Click Charges 080719 to 090819 IN at 135728 bw \$3.97, color \$4.48	\$8.46	Y	TRAN 3151729	Y	R	Y	digcop	
6	10/24/2019	Komax	Click Charges 090719 to 100819 IN at 135970 bw \$7.74, color \$12.61	\$20.35	Y	TRAN 3161731	Y	R	Y	digcop	
7	10/24/2019	ATT	B. Taylor Call Usage 090319 - 100219 acct 287267290258x1010201	\$58.30	Y	TRAN 3148075	Y	R	Y	cellphone13a	
8	10/24/2019	ATT	M. Painter & L. Smith cell usage acct 287265728504 090319 to 100219	\$113.47	Y	TRAN 3149078	Y	R	Y	cellphone13a	
9	10/23/2019	Fedex	Pkg shipped 090919 Mburg PO Track 776188007639	\$9.74	Y	TRAN 3146735	Y	R	Y	pkgsrvs	
10	10/23/2019	Fedex	Pkg shipped 102218 Pburg PD DA Tracking 776728389040	\$91.53	Y	TRAN 3146736	Y	R	Y	pkgsrvs	
11	10/22/2019	IVS Conferencing	Conference call - 091919 MPOB City Mng	\$11.67	Y	TRAN 3144608	Y	R	N		
12	11/14/2019	ATT	B. Taylor Cell Usage 100319 - 110219 acct 287267290258x1102019	\$59.30	Y	TRAN 3178173	Y	R	Y	cellphone13a	

