



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

AUDIT REPORT OF
THE MUNICIPALITY OF ELKINS, WEST VIRGINIA

SINGLE AUDIT

For the Year Ended June 30, 2021
Fiscal Year Audited Under GAGAS: 2021

CITY OF ELKINS, WEST VIRGINIA
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**CITY OF ELKINS, WEST VIRGINIA
INDEX OF FUNDS
JUNE 30, 2021**

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General
Coal Severance
Financial Stabilization
Capital Projects

PROPRIETARY FUND TYPE

MAJOR FUNDS

Sanitation
Landfill
Water
Sewer

FIDUCIARY FUND TYPES

Pension Trust Funds

Policemen's Pension and Relief
Firemen's Pension and Relief

COMPONENT UNIT

Blended

Municipal Building Commission

Discretely Presented

Parks and Recreation Board



Independent Auditor's Report

Municipality of Elkins
Randolph County, West Virginia
401 Davis Avenue
Elkins, West Virginia 26241

To the Mayor and Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Municipality of Elkins, Randolph County, West Virginia (the Municipality), as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' Government Auditing Standards. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Municipality's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Municipality of Elkins, Randolph County, West Virginia, as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Fund, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. The Municipality has omitted the management's discussion and analysis. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the information related to the defined benefit pension plan and OPEB liabilities to 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.

Supplementary and Other Information

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

The introductory section presents additional analysis and is not a required part of the basic financial statements.

We did not subject the introductory section to the auditing procedures applied in the basic financial statements and, accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2022, on our consideration of the Municipality's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and slightly slanted to the right.

BHM CPA Group Inc.
Huntington, West Virginia
March 21, 2022

FINANCIAL SECTION

City of Elkins, West Virginia
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total	Component Unit Parks and Recreation Board
Assets:				
Cash and investments	\$ 3,512,859	\$ 1,987,353	\$ 5,500,212	\$ 142,243
Receivables (net)				
Taxes	792,710	-	792,710	-
Accounts	53,059	638,239	691,298	181
Other receivables	44,595	-	44,595	-
Due to/from other activities	486,150	(504,135)	(17,985)	17,985
Prepaid Services	77,580	55,246	132,826	8,773
Inventory	-	239,307	239,307	-
Restricted Assets	-	4,100,261	4,100,261	-
Net pension assets	188,751	-	188,751	-
Capital assets not being depreciated	975,274	3,117,749	4,093,023	-
Capital assets being depreciated (net of accumulated depreciation)	2,417,799	42,118,366	44,536,165	487,918
<i>Total assets</i>	8,548,777	51,752,386	60,301,163	657,100
Deferred Outflows of Resources:				
Pensions	982,669	344,092	1,326,761	-
Other post employment benefits (OPEB)	134,085	117,955	252,040	-
<i>Total deferred outflows of resources</i>	1,116,754	462,047	1,578,801	-
Liabilities:				
Accounts payable	110,994	218,336	329,330	7,696
Contracts payable	107,407	-	107,407	-
Accrued wages and benefits	211,219	136,065	347,284	14,385
Accrued interest payable	-	28,410	28,410	-
Contracts payable	-	1,000,669	1,000,669	-
Retainage payable	-	231,520	231,520	-
Notes payable	22,559	-	22,559	-
Long-term liabilities				
Due within one year	820,262	1,551,782	2,372,044	-
Due in more than one year				
Pensions	1,375,061	386,764	1,761,825	-
Other post employment benefits (OPEB)	185,906	163,542	349,448	-
Other long-term liabilities	301,373	39,610,498	39,911,871	-
<i>Total liabilities</i>	3,134,781	43,327,586	46,462,367	22,081
Deferred inflows of resources:				
Pensions	496,606	48,264	544,870	-
Other post employment benefits (OPEB)	585,335	514,919	1,100,254	-
<i>Total deferred inflows of resources</i>	1,081,941	563,183	1,645,124	-
Net Position:				
Net investment in capital assets	2,248,879	2,841,646	5,090,525	487,918
Restricted for:				
Other purposes	133,970	-	133,970	-
Debt service	-	744,292	744,292	-
Capital expenditures	1,932,382	990,049	2,922,431	-
Unrestricted (deficit)	1,133,578	3,747,677	4,881,255	147,101
<i>Total net position</i>	\$5,448,809	\$8,323,664	\$13,772,473	\$635,019

The notes to the basic financial statements are an integral part of this statement.

City of Elkins, West Virginia
Statement of Activities
For the Year Ended June 30, 2021

Functions/programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	\$ 1,474,720	\$ 164,779	\$
Public safety	1,730,606	894,087	799,921
Highway and Streets	1,174,440	-	-
Culture and recreation	262,974	-	-
Health and Sanitation	12,310	-	-
Contribution Expense	305,796	-	-
Interest and fiscal charges	27,033	-	-
Total governmental activities	4,987,879	1,058,866	799,921
Business-type activities:			
Sanitation	1,242,854	1,392,556	-
Landfill	24,804	39	-
Water	3,712,329	3,339,507	-
Sewer	1,887,060	2,481,622	-
Total business-type activities	6,867,047	7,213,724	-
Total primary government	11,854,926	8,272,590	799,921
Component unit:			
Parks and Recreation Board	311,848	4,622	329,796
Total component unit	311,848	4,622	329,796
General revenues:			
Taxes:			
Ad valorem property taxes			
Business and occupation taxes			
Alcoholic beverage tax			
Utility service tax			
Animal control			
Hotel occupancy			
Gas and oil Severance			
Sales Tax			
Licenses and permits			
Franchise fees			
Intergovernmental - state			
Reimbursements			
Video lottery and gaming income			
Rents and concessions			
Investment income			
Miscellaneous			
Total general revenues			
Changes in net position			
Net position, beginning of the year			
Net position, end of the year			

The notes to the basic financial statements are an integral part of this statement.

**Net Revenue (Expense) and
Changes in Net Position**

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Parks & Recreation Board
\$ (1,309,941)	\$ -	\$ (1,309,941)	\$ -
(36,598)	-	(36,598)	-
(1,174,440)	-	(1,174,440)	-
(262,974)	-	(262,974)	-
(12,310)	-	(12,310)	-
(305,796)	-	(305,796)	-
(27,033)	-	(27,033)	-
(3,129,092)	-	(3,129,092)	-
-	149,702	149,702	-
-	(24,765)	(24,765)	-
-	(372,822)	(372,822)	-
-	594,562	594,562	-
-	346,677	346,677	-
(3,129,092)	346,677	(2,782,415)	-
			22,570
			22,570
1,047,074	-	1,047,074	-
1,349,355	-	1,349,355	-
99,431	-	99,431	-
398,362	-	398,362	-
1,434	-	1,434	-
137,568	-	137,568	-
11,325	-	11,325	-
1,375,657	-	1,375,657	-
131,263	-	131,263	-
83,773	-	83,773	-
13,361	-	13,361	-
53,336	-	53,336	-
34,389	-	34,389	-
16,380	-	16,380	-
17,542	11,477	29,019	157
29,024	-	29,024	308
4,799,274	11,477	4,810,751	465
1,670,182	358,154	2,028,336	23,035
3,778,627	7,965,510	11,744,137	611,984
\$ 5,448,809	\$ 8,323,664	\$ 13,772,473	\$ 635,019

City of Elkins, West Virginia
Balance Sheet
Governmental Funds
June 30, 2021

	General	Coal Severance	Financial Stabilization	Capital Projects	Other Governmental	Total Governmental Funds
Assets:						
Cash and investments	\$ 1,305,895	\$ 129,933	\$ 1,669,897	\$ 360,524	\$ 46,610	\$ 3,512,859
Receivables (net of allowances for uncollectibles)						
Taxes	792,710	-	-	-	-	792,710
Accounts	53,059	-	-	-	-	53,059
Other receivables	40,558	4,037	-	-	-	44,595
Due from:						
Other funds	416,321	-	262,485	-	-	678,806
Component unit	765	-	-	-	-	765
Prepaid Services	77,580	-	-	-	-	77,580
<i>Total assets</i>	<u>2,686,888</u>	<u>133,970</u>	<u>1,932,382</u>	<u>360,524</u>	<u>46,610</u>	<u>5,160,374</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:						
Liabilities:						
Accounts payable	110,994	-	-	-	-	110,994
Contracts payable	-	-	-	107,407	-	107,407
Accrued wages and benefits	211,219	-	-	-	-	211,219
Interfund payable	174,671	-	-	-	-	174,671
Due to component unit	18,750	-	-	-	-	18,750
Notes payable	22,559	-	-	723,858	-	746,417
<i>Total liabilities</i>	<u>538,193</u>	<u>-</u>	<u>-</u>	<u>831,265</u>	<u>-</u>	<u>1,369,458</u>
Deferred Inflows of Resources:						
Property taxes not levied to finance current year operations	107,764	-	-	-	-	107,764
<i>Total deferred inflows of resources</i>	<u>107,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,764</u>
Fund Balances:						
Restricted for Capital Outlay	-	-	1,932,382	-	-	1,932,382
Restricted	-	133,970	-	-	46,610	180,580
Unassigned	2,040,931	-	-	(470,741)	-	1,570,190
<i>Total fund balances</i>	<u>2,040,931</u>	<u>133,970</u>	<u>1,932,382</u>	<u>(470,741)</u>	<u>46,610</u>	<u>3,683,152</u>
<i>Total liabilities, deferred inflows of resources and fund balances</i>	<u>\$ 2,686,888</u>	<u>\$ 133,970</u>	<u>\$ 1,932,382</u>	<u>\$ 360,524</u>	<u>\$ 46,610</u>	<u>\$ 5,160,374</u>

The notes to the basic financial statements are an integral part of this statement.

City of Elkins, West Virginia
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2021

Total Governmental Fund Balances	\$ 3,683,152
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,393,073
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Taxes	107,764	
Total		107,764

The net pension/OPEB liabilities (assets) are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the funds.

Deferred outflows of resources related to pensions	982,669	
Deferred outflows of resources related to OPEB	134,085	
Deferred inflows of resources related to pensions	(496,606)	
Deferred inflows of resources related to OPEB	(585,335)	
Net Pension Assets	188,751	
Net Pension Liabilities	(1,375,061)	
Net OPEB Liability	(185,906)	
Total		(1,337,403)

Long-term liabilities, including notes payable and bonds payable are not due and payable in the current period and are not reported in the funds.

Revenue Bonds Payable	(197,879)	
Notes Payable	(199,898)	
Total		(397,777)

Net Position of Governmental Activities	<u><u>\$ 5,448,809</u></u>
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The notes to the basic financial statements are an integral part of this statement.

City of Elkins, West Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General	Coal Severance	Financial Stabilization	Capital Projects	Other Governmental	Total Governmental Funds
Revenues:						
Taxes (including interest and penalties)						
Ad valorem	\$ 1,035,487	\$ -	\$ -	\$ -	\$ -	\$ 1,035,487
Business and occupation	1,349,355	-	-	-	-	1,349,355
Alcoholic beverage	99,431	-	-	-	-	99,431
Utility services	398,362	-	-	-	-	398,362
Animal control	1,434	-	-	-	-	1,434
Hotel occupancy	137,568	-	-	-	-	137,568
Gas and Oil Severance	11,325	-	-	-	-	11,325
Sales Tax	1,375,657	-	-	-	-	1,375,657
Licenses and permits	131,263	-	-	-	-	131,263
Franchise fees	83,773	-	-	-	-	83,773
Intergovernmental revenue						
Federal	799,921	-	-	-	-	799,921
State	-	13,361	-	-	-	13,361
Charges for services	83,903	-	-	-	-	83,903
Investment earnings	2,508	150	3,868	-	11,016	17,542
Fire service fees and penalties	894,087	-	-	-	-	894,087
Reimbursements	53,336	-	-	-	-	53,336
Rents and concessions	16,380	-	-	-	-	16,380
Parking revenues	8,700	-	-	-	-	8,700
Court costs and fees	72,176	-	-	-	-	72,176
Video lottery and gaming income	34,389	-	-	-	-	34,389
Miscellaneous revenue	19,494	-	-	-	4,554	24,048
<i>Total revenues</i>	<u>6,608,549</u>	<u>13,511</u>	<u>3,868</u>	<u>-</u>	<u>15,570</u>	<u>6,641,498</u>
Expenditures:						
Current:						
General government	1,470,617	-	-	-	-	1,470,617
Public safety	1,970,344	-	-	-	12,536	1,982,880
Highway and Streets	1,181,839	-	-	-	-	1,181,839
Culture and recreation	259,289	-	-	-	-	259,289
Health and Sanitation	12,310	-	-	-	-	12,310
Capital outlay	153,176	-	-	276,186	-	429,362
Debt service:						
Principal retirement	99,902	-	-	-	-	99,902
Interest and fiscal charges	27,031	-	-	-	-	27,031
<i>Total expenditures</i>	<u>5,174,508</u>	<u>-</u>	<u>-</u>	<u>276,186</u>	<u>12,536</u>	<u>5,463,230</u>
<i>Excess of revenues over (under) expenditures</i>	<u>1,434,041</u>	<u>13,511</u>	<u>3,868</u>	<u>(276,186)</u>	<u>3,034</u>	<u>1,178,268</u>
Other financing sources (uses):						
Proceeds from insurance	4,976	-	-	-	-	4,976
Transfers in	-	-	641,812	200,000	-	841,812
Transfers out	(841,812)	-	-	-	-	(841,812)
Contributions to Park Board	(305,796)	-	-	-	-	(305,796)
<i>Total other financing sources (uses)</i>	<u>(1,142,632)</u>	<u>-</u>	<u>641,812</u>	<u>200,000</u>	<u>-</u>	<u>(300,820)</u>
Net change in fund balance	291,409	13,511	645,680	(76,186)	3,034	877,448
Fund balance, January 1	<u>1,749,522</u>	<u>120,459</u>	<u>1,286,702</u>	<u>(394,555)</u>	<u>43,576</u>	<u>2,805,704</u>
Fund balance, December 31	<u>\$ 2,040,931</u>	<u>\$ 133,970</u>	<u>\$ 1,932,382</u>	<u>\$ (470,741)</u>	<u>\$ 46,610</u>	<u>\$ 3,683,152</u>

The notes to the basic financial statements are an integral part of this statement.

City of Elkins, West Virginia
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 877,448
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeded depreciation in the current period.	
Capital Asset Additions	429,362
Current Year Depreciation	<u>(333,753)</u>
Total	95,609
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Taxes	11,587
Repayments of bond and note principal are expenditures in the governmental funds, but the repayments reduce liabilities in the statement of net position and do not result in expenses in the statement of activities.	
	99,902
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.	
	346,420
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB (assets) liabilities are reported as pension/OPEB expense (gain) in the statement of activities.	
	239,216
Net Change in Net Position of Governmental Activities	<u><u>\$ 1,670,182</u></u>

The notes to the basic financial statements are an integral part of this statement.

City of Elkins, West Virginia
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund - Budgetary Basis
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual Modified Accrual Basis	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes (including interest and penalties)				
General property tax	\$ 1,037,521	\$ 1,037,521	\$ 1,035,487	\$ (2,034)
Gas and oil severance tax	16,000	16,000	11,325	(4,675)
Sales Tax	1,000,000	1,000,000	1,375,657	375,657
Business and occupation tax	1,303,000	1,303,000	1,349,355	46,355
Alcoholic beverage tax	115,000	115,000	99,431	(15,569)
Utility services tax	415,000	415,000	398,362	(16,638)
Hotel occupancy tax	190,500	190,500	137,568	(52,932)
Animal control tax	1,700	1,700	1,434	(266)
Total taxes	4,078,721	4,078,721	4,408,619	329,898
Licenses and permits	26,000	26,000	131,263	105,263
Franchise fees	90,000	90,000	83,773	(6,227)
Intergovernmental:				
Federal	-	529,795	799,921	270,126
State	-	-	-	-
Charges for services	147,116	147,116	83,903	(63,213)
Interest	1,500	1,500	2,508	1,008
Fire service fees and penalties	845,000	845,000	894,087	49,087
Parking revenues	10,500	10,500	8,700	(1,800)
Court costs and fees	80,700	80,700	72,176	(8,524)
Video lottery and gaming income	31,000	31,000	34,389	3,389
Rents and concessions	31,500	31,500	16,380	(15,120)
Reimbursements	15,000	15,000	53,336	38,336
Miscellaneous	28,800	28,800	19,494	(9,306)
Total revenues	5,385,837	5,915,632	6,608,549	692,917
Expenditures				
General government	1,492,251	2,581,371	1,470,617	1,110,754
Public safety	2,196,377	2,541,339	1,970,344	570,995
Highways and streets	1,179,190	1,399,190	1,181,839	217,351
Health and sanitation	12,000	12,000	12,310	(310)
Culture and recreation	577,196	567,196	259,289	307,907
Debt service	-	-	126,933	(126,933)
Capital projects	108,100	118,100	153,176	(35,076)
Total expenditures	5,565,114	7,219,196	5,174,508	2,044,688
(Deficiency) excess of revenues				
(under) over expenditures	(179,277)	(1,303,564)	1,434,041	2,737,605

City of Elkins, West Virginia
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund - Budgetary Basis (Continued)
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual Modified Accrual Basis	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Other Financing Sources (Uses):				
Proceeds from Insurance	-	-	4,976	4,976
Transfers Out	-	-	(841,812)	(841,812)
Contributions to Park Board	-	-	(305,796)	(305,796)
Total other financing sources (uses)	-	-	(1,142,632)	(1,142,632)
Net change in fund balance	(179,277)	(1,303,564)	291,409	1,594,973
Fund balance at beginning of year	179,277	1,303,564	1,749,522	445,958
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,040,931</u>	<u>\$ 2,040,931</u>

Explanation of Differences:

The City budgets for capital expenditures as a current period expenditure rather than a capital expenditure on the modified accrual basis of accounting.

The notes to the basic financial statements are an integral part of this statement.

City of Elkins, West Virginia
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
Coal Severance Fund - Budgetary Basis
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual Modified Accrual Basis	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental:				
State	18,000	18,000	13,361	(4,639)
Interest	100	100	150	50
Total revenues	<u>18,100</u>	<u>18,100</u>	<u>13,511</u>	<u>(4,589)</u>
Expenditures				
Public safety	131,122	135,463	-	135,463
Total expenditures	<u>131,122</u>	<u>135,463</u>	<u>-</u>	<u>135,463</u>
Net change in fund balance	(113,022)	(117,363)	13,511	130,874
Fund balance at beginning of year	<u>113,022</u>	<u>117,363</u>	<u>120,459</u>	<u>3,096</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,970</u>	<u>\$ 133,970</u>

The notes to the basic financial statements are an integral part of this statement.

City of Elkins, West Virginia
Statement of Net Position
Proprietary Funds
June 30, 2021

	Business-Type Activities - Enterprise Funds				
	Sanitation	Landfill	Water	Sewer	Totals
Assets:					
Current assets:					
Equity in pooled cash and investments	\$ 1,257,563	\$ 126,512	\$ 40,781	\$ 562,497	\$ 1,987,353
Receivables (net of allowances for uncollectibles)	110,438	2	311,097	216,702	638,239
Due from other funds	-	-	22,875	-	22,875
Prepaid services	12,830	-	24,177	18,239	55,246
Materials and supplies inventory	-	-	168,806	70,501	239,307
<i>Total current assets</i>	<u>1,380,831</u>	<u>126,514</u>	<u>567,736</u>	<u>867,939</u>	<u>2,943,020</u>
Restricted assets:					
Reserve account	-	-	498,305	647,595	1,145,900
Revenue account	-	-	69,131	96,697	165,828
Depreciation account	-	-	341,321	356,745	698,066
Renewal and replacement account	-	-	90,377	201,606	291,983
Landfill escrow	-	1,798,484	-	-	1,798,484
<i>Total restricted assets</i>	<u>-</u>	<u>1,798,484</u>	<u>999,134</u>	<u>1,302,643</u>	<u>4,100,261</u>
Capital Assets					
Land	-	-	9,766	57,034	66,800
Structures and improvements	-	42,600	21,150,786	10,625,991	31,819,377
Treatment and distribution system	-	-	21,766,635	-	21,766,635
Collecting system	-	-	-	7,143,495	7,143,495
Pumping system	-	-	-	712,682	712,682
Treatment and disposal system	-	-	-	2,617,308	2,617,308
General plant	-	-	-	1,403,001	1,403,001
Machinery and equipment	1,560,069	1,276,683	796,247	-	3,632,999
Landfill cell	-	2,918,670	-	-	2,918,670
Construction in progress	55,026	-	1,245,267	1,750,656	3,050,949
Less: accumulated depreciation and amortization	(1,226,792)	(4,211,801)	(10,316,431)	(14,140,777)	(29,895,801)
<i>Total capital assets</i>	<u>388,303</u>	<u>26,152</u>	<u>34,652,270</u>	<u>10,169,390</u>	<u>45,236,115</u>
<i>Total assets</i>	<u>1,769,134</u>	<u>1,951,150</u>	<u>36,219,140</u>	<u>12,339,972</u>	<u>52,279,396</u>
Deferred Outflows of Resources:					
Pensions	79,691	-	134,142	130,259	344,092
OPEB	32,765	-	48,392	36,798	117,955
<i>Total deferred outflows of resources</i>	<u>112,456</u>	<u>-</u>	<u>182,534</u>	<u>167,057</u>	<u>462,047</u>
Liabilities:					
Current liabilities (payable from current assets:					
Accounts payable	62,430	-	114,643	41,263	218,336
Accrued wages, benefits and vacation	33,475	-	58,637	43,953	136,065
Due to other funds	440,091	-	86,919	-	527,010
Retainage payable	-	-	111,385	120,135	231,520
Contracts payable	-	-	577,464	423,205	1,000,669
Notes payable - current portion	54,981	-	11,203	112,546	178,730
Current portion of obligations under capital leases	28,067	-	-	25,994	54,061
<i>Total current liabilities (payable from current assets)</i>	<u>619,044</u>	<u>-</u>	<u>960,251</u>	<u>767,096</u>	<u>2,346,391</u>
Current liabilities (payable from restricted assets:					
Revenue bonds payable	-	-	759,075	559,916	1,318,991
Accrued interest	-	-	28,410	-	28,410
<i>Total current liabilities (payable from restricted assets)</i>	<u>-</u>	<u>-</u>	<u>787,485</u>	<u>559,916</u>	<u>1,347,401</u>
Noncurrent liabilities:					
Obligations under capital leases-noncurrent	98,302	-	-	33,340	131,642
Accrued other post employment benefits	45,428	-	67,094	51,020	163,542
Net pension liability	88,180	-	152,243	146,341	386,764
Revenue bonds payable-noncurrent	-	-	32,358,339	7,120,517	39,478,856
<i>Total noncurrent liabilities</i>	<u>231,910</u>	<u>-</u>	<u>32,577,676</u>	<u>7,351,218</u>	<u>40,160,804</u>
<i>Total liabilities</i>	<u>850,954</u>	<u>-</u>	<u>34,325,412</u>	<u>8,678,230</u>	<u>43,854,596</u>
Deferred Inflows of Resources:					
Pensions	12,423	-	17,224	18,617	48,264
OPEB	143,033	-	211,249	160,637	514,919
<i>Total deferred inflows of resources</i>	<u>155,456</u>	<u>-</u>	<u>228,473</u>	<u>179,254</u>	<u>563,183</u>
Net Position:					
Net investment in capital assets	206,953	26,152	834,804	1,773,737	2,841,646
Restricted:					
Debt service	-	-	-	744,292	744,292
Depreciation and replacement	-	-	341,321	558,351	899,672
Capital acquisition	-	-	90,377	-	90,377
Unrestricted	668,227	1,924,998	581,287	573,165	3,747,677
<i>Total net position</i>	<u>\$875,180</u>	<u>\$1,951,150</u>	<u>\$1,847,789</u>	<u>\$3,649,545</u>	<u>\$8,323,664</u>

The notes to the basic financial statements are an integral part of this statement.

City of Elkins, West Virginia
Statement of Revenues, Expenses and
Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds				
	Sanitation	Landfill	Water	Sewer	Totals
Operating revenues:					
Charges for services	\$ 1,362,571	\$ 17	\$ 3,270,198	\$ 2,180,604	\$ 6,813,390
Discounts and penalties	15,771	-	30,167	20,188	66,126
Lab analysis charges	-	-	-	217,003	217,003
Tap fees	-	-	8,813	2,400	11,213
Total operating revenues	1,378,342	17	3,309,178	2,420,195	7,107,732
Operating expenses:					
Personal services	470,083	-	780,347	672,983	1,923,413
Contractual services	557,203	-	158,716	58,502	774,421
Administrative and general	19,923	-	29,732	25,722	75,377
Rents	21,600	-	12,925	-	34,525
Miscellaneous	80	-	31,118	58,358	89,556
Fuel and oil	-	-	21,242	29,258	50,500
Liability insurance	13,792	4,871	16,039	16,237	50,939
Materials and supplies	66,094	-	314,320	106,751	487,165
Utilities	6,873	318	232,797	240,003	479,991
Depreciation	77,990	19,615	1,219,670	394,719	1,711,994
Maintenance	4,018	-	257,058	130,237	391,313
Total operating expenses	1,237,656	24,804	3,073,964	1,732,770	6,069,194
Operating income (loss)	140,686	(24,787)	235,214	687,425	1,038,538
Nonoperating revenues (expenses):					
Interest income	1,401	6,142	1,299	2,635	11,477
Miscellaneous income	14,214	22	30,329	61,427	105,992
Interest expense	(5,198)	-	(638,365)	(154,290)	(797,853)
Total nonoperating revenues (expenses)	10,417	6,164	(606,737)	(90,228)	(680,384)
Changes in net position	151,103	(18,623)	(371,523)	597,197	358,154
Net position, beginning of the year	724,077	\$ 1,969,773	2,219,312	3,052,348	7,965,510
Net position, end of the year	\$ 875,180	\$ 1,951,150	\$ 1,847,789	\$ 3,649,545	\$ 8,323,664

The notes to the basic financial statements are an integral part of this statement.

City of Elkins, West Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds				
	Sanitation	Landfill	Water	Sewer	Totals
Cash flows from operating activities:					
Cash received from customers	\$ 1,381,701	\$ 92	\$ 3,296,207	\$ 2,393,047	\$ 7,071,047
Cash received from tap fees	-	-	8,813	2,400	11,213
Cash paid to suppliers	(675,620)	(5,226)	(495,701)	(147,043)	(1,323,590)
Cash paid to employees and for fringe benefits	(499,992)	-	(880,079)	(732,091)	(2,112,162)
Net cash provided by (used for) operating activities	206,089	(5,134)	1,929,240	1,516,313	3,646,508
Cash flows from non-capital financing activities:					
Transfer of monies to/from restricted cash	-	(5,987)	(73,242)	(69,261)	(148,490)
Miscellaneous non-operating receipts	14,214	22	30,329	61,427	105,992
Net cash provided by non-capital financing activities	14,214	(5,965)	(42,913)	(7,834)	(42,498)
Cash flows from capital and related financing activities:					
Principal payments - capital lease	(27,646)	-	-	(25,406)	(53,052)
Interest paid	(5,198)	-	(638,654)	(154,290)	(798,142)
Proceeds from issuance of debt and capital leases	-	-	736,135	1,187,254	1,923,389
Purchases of assets	(8,219)	-	(1,292,956)	(1,429,219)	(2,730,394)
Principal payments - bonds and notes payable	(14)	-	(754,890)	(874,756)	(1,629,660)
Net cash used for capital and related financing activities	(41,077)	-	(1,950,365)	(1,296,417)	(3,287,859)
Cash flows from investing activities:					
Interest received	1,401	6,142	1,299	2,635	11,477
Net cash provided by investing activities	1,401	6,142	1,299	2,635	11,477
Net increase (decrease) in cash and cash equivalents	180,627	(4,957)	(62,739)	214,697	327,628
Cash and cash equivalents, beginning of the year	1,076,936	131,469	103,520	347,800	1,659,725
Cash and cash equivalents, end of the year	<u>\$ 1,257,563</u>	<u>\$ 126,512</u>	<u>\$ 40,781</u>	<u>\$ 562,497</u>	<u>\$ 1,987,353</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating income (loss)	\$ 140,686	\$ (24,787)	\$ 235,214	\$ 687,425	\$ 1,038,538
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	77,990	19,615	1,219,670	394,719	1,711,994
(Increase) decrease in operating assets and deferred outflows:					
Accounts receivable	3,359	75	(4,158)	(24,748)	(25,472)
Inventory	-	-	(11,786)	(5,935)	(17,721)
Prepaid Services	(707)	-	(4,105)	1,873	(2,939)
Deferred outflows - pension	(34,871)	-	(75,642)	(53,552)	(164,065)
Deferred outflows - OPEB	30,885	-	19,722	57,348	107,955
Increase (decrease) in operating liabilities and deferred inflows:					
Accounts payable	13,963	(37)	33,210	(19,380)	27,756
Retainage Payable	-	-	61,385	120,135	181,520
Contracts Payable	-	-	495,437	423,205	918,642
Accrued wages, benefits and vacation	3,238	-	10,679	(5,447)	8,470
Net pension liability	49,563	-	88,887	84,584	223,034
Net OPEB liability	(117,807)	-	(178,207)	(174,512)	(470,526)
Deferred inflows - pension	(18,244)	-	(37,929)	(35,929)	(92,102)
Deferred inflows - OPEB	58,034	-	76,863	66,527	201,424
Total adjustments	65,403	19,653	1,694,026	828,888	2,607,970
Net cash provided by (used for) operating activities	<u>\$ 206,089</u>	<u>\$ (5,134)</u>	<u>\$ 1,929,240</u>	<u>\$ 1,516,313</u>	<u>\$ 3,646,508</u>

The notes to the basic financial statements are an integral part of this statement.

City of Elkins, West Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Pension Trust Fund
Assets:	
Current assets:	
Segregated cash accounts	\$2,169,611
Segregated investments	4,950,153
	<hr/>
<i>Total assets</i>	\$7,119,764
	<hr/> <hr/>
Net Position:	
Held in trust for pension benefits	7,119,764
	<hr/>
<i>Total net position</i>	\$7,119,764
	<hr/> <hr/>

The notes to the basic financial statements are an integral part of this statement.

City of Elkins, West Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	<u>Pension Trust Fund</u>
Additions	
Contributions:	
Employer	\$ 159,500
Employees	28,907
Premium surtax allocation	186,015
Total contributions	<u>374,422</u>
Investment income	<u>1,296,937</u>
Total additions	<u>1,671,359</u>
Deductions:	
General and administrative	16,491
Benefit payments	<u>348,650</u>
Total deductions	<u>365,141</u>
Changes in net position	1,306,218
Net position, beginning of the year	<u>5,813,546</u>
Net position, end of the year	<u><u>\$ 7,119,764</u></u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1. Summary of Significant Accounting Policies

The City of Elkins, West Virginia is incorporated under the provisions of the State of West Virginia. The City is governed by an elected mayor and a ten member council, which provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, water, waste, recreation, education, public improvements, planning and zoning, and general administrative services.

The remainder of the notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2021.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

Basic Financial Statements – Government Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's police and fire protection, parks, public works and general administrative services are classified as governmental activities. The City's sanitation, water, sewer and landfill are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets, receivables, and deferred outflows of resources as well as long-term debt, obligations, and deferred inflows of resources. The City's net position is reported in three parts – net invested in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (police, fire, public works, etc.). The functions are also supported by general government revenues (taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (taxes, intergovernmental revenues, interest income, etc.).

The City does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

(a) Reporting Entity

The City of Elkins is a municipal corporation governed by an elected mayor and ten member council. The accompanying financial statements present the government and its component units as required by generally accepted accounting principles.

The services provided by the government and accounted for within these financial statements include law enforcement for the City, health and sanitation services, cultural and recreation programs, and other governmental services.

The City complies with GASB Statement No. 61, *"The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34"*. This statement established standards for defining and reporting component units in the financial statements of the reporting entity. It defines component units as legally separate organizations for which the component unit not only has a fiscal dependency on the reporting entity but also a financial benefit or burden relationship must be present between the reporting entity and the entity that is to be included as a component unit. In addition, an entity may be included as a component unit in the financial statements of the reporting entity, if the reporting entity's management determines that it would be misleading to exclude them.

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Blended Component Units

The entities below are legally separate from the City and meet GAAP criteria for component units. These entities are blended with the primary government because they provide services entirely or almost entirely to the City.

The *Elkins Building Commission* serves the City of Elkins, West Virginia, and is governed by a board comprised of three members appointed by the City for a term of five years each. The Building Commission acquires property and debt on behalf of the City. The City of Elkins Building Commission is reported within the General Fund.

Discretely Presented Component Units

Discretely presented component units are entities which are legally separate from the City, but are financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Because of the nature of services they provide and the City's ability to impose its will on them or a financial benefit/burden relationship exists, the following component units are discretely presented in accordance with GASB Statement No. 14 (as amended by GASB Statement No. 39). The discretely presented component units are presented on the government-wide statements.

The *Elkins Parks and Recreation Board* serves all citizens of the City of Elkins by providing recreational services and is governed by a five member board appointed by Council. The City provides financial support to the Board on an annual basis.

Jointly Governed Organizations

The City, in conjunction with the Randolph County Commission has created the Elkins-Randolph County Library and the Elkins-Randolph County Airport Authority. The Library Board is composed of five members with three appointed by the City and two appointed by the Randolph County Commission. The Airport Authority is composed of five members with two members appointed by the City of Elkins and three members from the Randolph County Commission. The City expended \$19,000 for an operating grant for the Airport Authority and \$22,000 for the Library Board for the fiscal year.

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(b) Government-Wide Financial Statements

The government-wide financial statements report information on all the nonfiduciary activities of the government. For the most part, the effect of internal activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants whose purchase, use or direct benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the governmental-wide statements. Major individual funds are reported as separate columns in the fund statements.

(c) Funds – Fund Financial Statements

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types”. Governmental funds are used to account for governmental activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public through service charges or user fees. Fiduciary funds are used to account for assets held by the City in a trustee or agency capacity. The fund types used by the City of Elkins are described as follows:

Governmental Fund Types

Governmental funds are accounted for using the current financial resources measurement focus. Only current assets, current liabilities, and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period.

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds: Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Capital Project Funds: Capital project funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or fiduciary trust funds.

The City of Elkins reports the following major governmental funds:

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

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

The *Financial Stabilization Fund* accounts for monies specifically set aside for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or fiduciary trust funds.

The *Capital Projects Fund* accounts for the acquisition of capital assets or construction of major capital projects being funded by a debt issue.

Proprietary Fund Types

Proprietary funds are accounted for using the economic resources measurement focus; the accounting objectives are determination of net income, financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with a proprietary fund's activities are included on its balance sheet.

Enterprise Funds: Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City reports the following major proprietary funds:

The *Water fund* serves the citizens of the City of Elkins by providing water services to the community. This fund accounts for the receipts and expenses of operating this facility. The rates for user charges and bond issuance authorizations are approved by the government's elected council.

The *Sewer fund* services the citizens of the City of Elkins by providing sewer services to the community. This fund accounts for the receipts and expenses of operating this facility. The rates for user charges and bond issuance authorizations are approved by the government's elected council.

CITY OF ELKINS, WEST VIRGINIA
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The *Sanitation fund* serves the citizens of the City of Elkins by providing health and sanitation services, including garbage pickup, to the community. This fund accounts for the receipts and expenses of operating this facility. The rates for user charges are approved by the government's elected council.

The *Landfill fund* had served the citizens of the City of Elkins by providing landfill services to the community. This fund accounts for the receipts and expenses of operating this facility. The Landfill is now closed. The rates for user charges and bond issuance authorizations are approved by the government's elected council.

Fiduciary Funds

Fiduciary funds account for assets held by the City in a trustee or agency capacity. Pension trust funds are accounted for in essentially the same manner as proprietary funds.

Additionally, the City reports the following fund types:

The *Pension Trust funds* account for the activities of the Public Safety Employees Retirement System, which accumulates resources for pension benefit payments to qualified public safety employees. These funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting.

(d) Cash, Cash Equivalents and Investments

Cash on hand and deposits with banking institutions either in checking or savings accounts are presented as cash and cash equivalent in the accompanying financial statements.

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: (a) obligations of the United States or any agency thereof, (b) certificates of deposit (which mature in less than one year), (c) general and direct obligations of the State of West Virginia, (d) obligations of the Federal National Mortgage Association, (e) indebtedness secured by first lien deed of trust for property situated within the State if the payment is substantially insured or guaranteed by the federal government, (f) pooled mortgage trusts (subject to limitations), (g) indebtedness of any private corporation that is properly graded as in the top two or three highest rating grades, (h) interest earning deposits which are fully insured or collateralized, and (i) mutual funds registered with the Security and Exchange Commission which have fund assets over three hundred million dollars. State statute limitations concerning the aforementioned investments include the following:

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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- (1) at no time can investment portfolios consist of more than seventy-five percent of the indebtedness of any private corporations nor can the portfolio have over twenty-five percent of its portfolio consisting of the indebtedness of a private corporation's debt which matures in less than one year.
- (2) at no time may more than nine percent of the portfolio be invested in securities issued by a single private corporation or association.
- (3) at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

Investment risk is categorized as follows:

Interest rate risk – The risk that changes in interest rates will adversely affect the fair value of an investment.

Credit risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Custodial credit risk – The risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

(e) Receivables

All receivables are shown net of allowance for uncollectible accounts.

(f) Capital Assets

The accounting and reporting treatment applied to capital assets and long-term liabilities associated with a fund are determined by its measurement focus. The City of Elkins records the purchase of capital assets used in governmental fund type operations as expenditures in the governmental funds. The government-wide financial statements of the City of Elkins are accounted for on a cost of service or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on the statement of net position.

All proprietary funds and pension trust funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on the statement of net position. The reported fund equity (net position) is segregated into net position components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Depreciation of all exhaustible capital assets is charged as an expense against operations. Accumulated depreciation is reported on the statements of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

CITY OF ELKINS, WEST VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Asset	Straight-line Years
<u>Governmental Funds:</u>	
Buildings & Improvements	20 to 50 years
Infrastructure	20 to 65 years
Machinery & Equipment	5 to 25 years
Vehicles	5 years
<u>Proprietary Funds:</u>	
Buildings	25 to 50 years
Improvements	10 to 20 years
Utility Plant	10 to 20 years
Equipment	5 to 25 years

(g) Basis of Accounting

Fund Financial Statements

Modified Accrual Basis of Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Accrual Basis of Accounting

The accrual basis of accounting is used in proprietary fund types and the pension trust funds. The accrual basis of accounting recognized revenues when earned. Expenses are recorded when incurred. Plan member contributions to the pension trust funds are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Government-Wide Financial Statements

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

(h) Budgets and Budgetary Accounting

All municipalities within West Virginia, are required by statute to prepare annual budgets (levy estimates) on prescribed forms for the General and Coal Severance Funds and submit these for approval to the State Tax Commissioner. These budgets are prepared in accordance with the following procedures:

1. The governing body of the municipality is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the municipality and to prepare the levy estimate (budget) for the fiscal year commencing July 1.
2. The budget is then forthwith submitted to the State Tax Commissioner for approval.
3. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and to formally lay the levy.

Revisions are authorized only with the prior written approval of the State Tax Commissioner. The budgeted amounts reflected in the accompanying financial statements are such approved amounts.

- A) Unused appropriations for all of the above annually budgeted funds lapse at the year end.
- B) The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(i) Encumbrances – Fund Financial Statements

Encumbrances accounting is used for the General Fund and special revenue funds. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as a reservation of fund balance on the balance sheet. Encumbrances do not lapse at the close of the fiscal year but are carried forward as restricted, committed or assigned fund balance until liquidated.

(j) Inventories

The City considers inventories of materials and supplies utilized in governmental fund types operations as expended at the time of purchase therefore, they do not appear in the City's financial statements. Inventories of materials and supplies utilized in the proprietary fund type operation, are considered expended at the time of consumption; therefore, balances on hand at year end, valued at cost (first-in, first-out) are presented in the City's financial statements.

(k) Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid and accrued vacations. The liability has been calculated using the vesting method, in which leave amounts for only employees who currently are eligible to receive termination payments are included.

The City's accounting policies related to compensated absences are summarized below:

Accumulated Vacation

For governmental funds, the cost of accumulated vacation pay expected to be paid within the next twelve months is recorded as a fund liability. Any amount that is expected to be paid after twelve months should be reflected in the general long-term debt account; however, the City considers the entire vacation liability as a fund liability. For proprietary funds, the cost of vacation leave is recorded as a liability when earned.

(l) Pension Plans

The City provides separate defined benefit pension plans for uniformed police and fire department personnel. It is the City's policy to fund the normal cost and amortization of the unfunded prior service cost.

All other eligible employees are covered under the West Virginia Public Employee Retirement System due to the City's electing to be a participating public employer.

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(m) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(n) Equity Classification

GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," established standards for accounting and financial reporting that are intended to improve the clarity and consistency of the fund balance information provided to financial report users. The classifications are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent.

GASB 54 – "*Fund Balance Reporting and Governmental Fund Type Definitions*" – divided fund balance for governmental fund financial statements into five components:

- a. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for specific purposes because of the City's code, state or federal laws, or externally imposed conditions by grantors or creditors.
- c. Committed – Amounts that can be used only for specific purposes determined by a formal action by the City's council.
- d. Assigned – Amounts that are designed by the City's council for a particular purpose but are not spendable until there is a majority vote approval by the City's council.
- e. Unassigned – All amounts not included in other spendable classifications.

CITY OF ELKINS, WEST VIRGINIA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net Position Classifications:

GASB 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* – divided net position for Government-wide net position into three components:

- a. Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- b. Restricted net position – consists of net position that is restricted by the City's creditors (for example through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- c. Unrestricted – all other net position is reported in this category

(o) Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

(p) Restricted Assets

Certain proceeds of the water and sewer enterprise fund revenue bonds, as well as certain proceeds set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

(q) Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position may report deferred outflows/inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The City recorded a deferred outflow of resources for pensions and OPEB in the amounts of \$1,326,761 and \$252,040, respectively, as of June 30, 2021. The deferred outflows of resources related to the pension are explained in Note 6 and Note 9 and the deferred outflows of resources related to OPEB are explained in Note 9. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For 2021, the City reported a total of \$544,870 and \$1,100,254 of deferred inflows related to pensions and OPEB, respectively, on the statement of financial position. The deferred inflows of resources related to the pension are explained in Note 6 and Note 9 and the deferred inflows of resources related to OPEB are explained in Note 9.

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(r) Pensions

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

(s) Other Post-Employment Benefits

Net OPEB Liability – For purposes of measuring the net OPEB liability and deferred outflows/inflows of the resources related to other post-employment benefits, and other post-employment benefit expenses, information about the fiduciary net position of the County's Other Post-Employment Benefits Plan (OPEB) of the West Virginia Retiree Health Benefit Trust Fund (RHBTF) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the RHBTF. 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. Detailed information on the investment valuation can be found in the plans' financial statements.

2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported on the government-wide statement of net assets. The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances – total governmental fund and changes in net assets of governmental activities as reported in the government – wide statement of activities. The individual elements of those reconciliations are included with the statements.

3. Deposits and Investments

The City reporting entity considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. Exceptions include the Firemen's Pension and Relief Fund and the Policemen's Pension and Relief Fund which classify only cash as cash equivalents in order to appropriately report investment activity.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it.

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NOTES TO THE FINANCIAL STATEMENTS
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It is the City's policy for deposits to be 100% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The City's deposits are categorized to give an indication of the level of risk assumed by the City at June 30, 2021. The categories are described as follows:

##Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.

###Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 - Uncollateralized.

	Bank Balance	Category			Carrying Amount
		<u>1</u>	<u>2</u>	<u>3</u>	
Primary Government	\$ 8,288,746	\$ 8,288,746	\$ -	\$ -	\$ 8,288,746
Component Unit	142,243	142,243	-	-	142,243
Total Deposits					<u>\$ 8,430,989</u>

	Bank Balance	Category			Carrying Amount
		<u>1</u>	<u>2</u>	<u>3</u>	
Fiduciary Funds	\$ 106,113	\$ 106,113	\$ -	\$ -	\$ 106,113
Total Deposits					<u>\$ 106,113</u>

Investments and Restricted Assets

Investment pools are under the custody of the City. Investing is performed in accordance with investment policies complying with State Statutes and the City Charter. Pooled funds may be invested in the State Investment Pool or the Municipal Bond Commission for investment purposes, or invested in the following classes of securities: Commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements and reverse repurchase agreements. The pension trust fund is also authorized to invest in corporate bonds rated AA or better by Standard & Poor's Corporation or AA or better by Moody's Bond Rating.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The tables on the following pages identify the City's recurring fair value measurements as of June 30, 2021. All investments of the City are valued using quoted market prices (Level 1 inputs).

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Investments made by the City are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below.

- ##**Category 1** - Insured or registered, securities held by the City or its agent in the entity's name.
 ##**Category 2** - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.
 ##**Category 3** - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

	Category			Market Value	Cost	Unrecognized Gain/(Loss)
	<u>1</u>	<u>2</u>	<u>3</u>			
Restricted						
Municipal Bond Commission	\$ 1,311,727	\$ -	\$ -	\$ 1,311,727	\$ 1,311,727	\$ -
	<u>\$ 1,311,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,311,727</u>	<u>\$ 1,311,727</u>	<u>\$ -</u>

Total deposits and investments are presented on the Statement of Net Position as follows:

Total deposits	\$ 6,754,124
Investments - restricted	2,988,592
Total deposits and investments	<u>\$ 9,742,716</u>
Statement of Net Position:	
Cash	\$ 5,642,455
Restricted Assets	4,100,261
Total deposits and investments	<u>\$ 9,742,716</u>

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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Fiduciary Funds

<u>Investment Type</u>	<u>Category</u>			<u>Market</u>	<u>Cost</u>	<u>Unrecognized</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Value</u>		<u>Gain/(Loss)</u>
Certificates of Deposit	\$ 2,063,498	\$ -	\$ -	\$ 2,063,498	\$ 2,029,930	\$ 33,568
US Government Agencies	893,213	-	-	893,213	899,508	(6,295)
Mutual Funds	4,056,940	-	-	4,056,940	1,449,525	2,607,415
	<u>\$ 7,013,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,013,651</u>	<u>\$ 4,378,963</u>	<u>\$ 2,634,688</u>

Credit Risk: State law limits investments in corporate debt to commercial paper rated AA or better by Standard & Poor's Corporation of AA or better by Moody's Bond Rating. It is the government's policy that no investment be purchased which does not conform to the State of West Virginia Code Chapter 8. As of June 30, 2021, the government's investments were rated using Standard & Poor's and Fitch and Moody's Investment Services.

Interest Risk: The pension investments are at risk of declines in market value due to interest rate risk.

Custodial Credit Risk: The City's investments were 100% insured by brokerage insurance and were not subject to custodial credit risk.

As of June 30, 2021, the City had the following investments:

<u>Investment Type</u>	<u>Fair</u> <u>Value</u>	<u>Credit Risk Rating</u>	
		<u>Standard &</u> <u>Poor's and</u> <u>Fitch</u>	<u>Moody's</u> <u>Investment</u> <u>Services</u>
Certificates of Deposit	\$ 2,063,498	N/A	N/A
US Government Agencies	893,213	AA	AA
Mutual Funds	4,056,940	Not Rated	Not Rated
	<u>\$ 7,013,651</u>		

CITY OF ELKINS, WEST VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Interest Rate Risk

As of June 30, 2021, the City had the following investments and maturities exposed to interest rate risk.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Certificates of Deposit	\$2,063,498	\$679,287	\$1,384,211	\$ -	\$ -
US Government Agencies	893,213	251,087	642,126	-	-
	<u>\$2,956,711</u>	<u>\$930,374</u>	<u>\$2,026,337</u>	<u>\$ -</u>	<u>\$ -</u>

4. Accounts Receivable, Business-Type Activities

Accounts receivable and its allowance at June 30, 2020 are as follows:

	<u>Sanitation</u>	<u>Landfill</u>	<u>Water</u>	<u>Sewer</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Accounts receivable	\$ 133,538	\$ 902	\$ 350,197	\$ 245,802
Less: Allowance for doubtful accounts	23,100	900	39,100	29,100
	<u>\$ 110,438</u>	<u>\$ 2</u>	<u>\$ 311,097</u>	<u>\$ 216,702</u>

5. Property Taxes

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July. There is no lien denominated as such on personal property; however, statutes provide that the sheriff of a county may distrain for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first, and the second installment is payable on the first day of the following March and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until paid.

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

CITY OF ELKINS, WEST VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The levy rates levied by the City of Elkins, West Virginia, per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2021 were as follows:

<u>Class of Property</u>	<u>Assessed Valuations For Tax Purposes Expense</u>	<u>Current</u>
Class I	\$ -	\$ 0.125
Class II	\$ 114,330,270	\$ 0.250
Class IV	\$ 169,663,813	\$ 0.500

6. Employee Retirement System – Single Employer Plans

Plan Description, Contribution Information, and Funding Policies

The City of Elkins, West Virginia participates in two single employer, public employee retirement systems. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans, as follows:

The Policemen's Pension and Relief Fund (PPRF) provides retirement benefits for substantially all full-time police employees hired before March 11, 2015. Unless otherwise indicated, PPRF information in this Note is provided as of the latest actuarial valuation, July 1, 2019 and projected to the measurement date of June 30, 2020.

The Firemen's Pension and Relief Fund (FPRF) provides retirement benefits for substantially all full-time fire employees hired before March 11, 2015. Unless otherwise indicated, FPRF information in this Note is provided as of the latest actuarial valuation, July 1, 2019 and projected to the measurement date of June 30, 2020.

The City is authorized in accordance with West Virginia State Code Section 8-22 to establish and maintain these plans.

The investment policies of the PPRF and the FPRF are established by the Board of Trustees and is subject to the limitations defined in West Virginia Code 8-22-22 and 8-22-22a. Additional information relating to the basis of accounting and reported investment values are in the respective sections of the Notes.

Memberships of the plans are as follows:

<u>Group</u>	<u>PPRF</u>	<u>FPRF</u>	<u>Totals</u>
Active Employees	3	3	6
Retirees & Beneficiaries currently receiving benefits	11	2	13
Total	14	5	19

**CITY OF ELKINS, WEST VIRGINIA
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These plans are defined benefit plans. The following is a summary of funding policies, contribution methods and benefit provisions for both plans.

Determination of

contribution requirements	The City finances benefits using the optional funding policy as defined in state statutes. City contributions are equal to the normal cost, net of employee contributions, plus an amortization of the unfunded actuarial liability net of the premium tax allocation applicable to the plan year. The amortization is based upon a 40-year closed amortization period, commencing on July 1, 1991, with level dollar payments for PPRF and commencing on July 1, 2010, with level dollar payments for FPRF. The plan also receives state contributions based on an allocation of premium tax that depends on the number of active and retired members. Projected sponsor, state and member contributions along with projected investment earnings are expected to fully fund the projected actuarial liability for current plan members by 2031 for PPRF and FPRF is fully funded as of year end.
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**Rate of employee
contribution**

7% of covered payroll for members hired prior to January 1, 2010.
9.5% of covered payroll for member hires after January 1, 2010.

**Vesting period for normal
retirement**

Earlier of age 50 with 20 years of credited service or age 65.

Benefits

60% of average compensation, but not less than \$6,000, plus an additional percentage of average annual compensation for service over 20 years equal to 2% for each year of service between 20 and 25 and 1% for each year of service between 25 and 30 years. Employees serving in the military are eligible for an additional 1% of average annual compensation for each year of military service up to four years. The maximum benefit is limited to 75% of average annual compensation. Benefits continue for life.

Provisions for:

Disability Benefits	Yes
Death Benefits	Yes

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Actuarial Assumptions and Rate of Return

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019 and projected to the June 30, 2020 measurement date for both plans, using the following actuarial assumptions, applied to all periods included in the measurement. The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2009, through July 1, 2014. Additional actuarial assumptions are disclosed in the Required Supplementary Information.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which best-estimate rates of expected future real rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 are summarized in the following chart:

Inflation rate	2.75% on first \$15,000 of annual benefit and on the accumulated supplemental pension amounts for prior years.
Salary increases	Service based increases ranging from 0% to 20% based on years of service
Investment Rate of Return	6.5 % for PPRF and 6.0 % for FPRF

Mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on MP-2014 two-dimensional mortality improvement scales.

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 6.5 percent for the PPRF and 6.0 percent for the FPRF. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Changes in Net Pension Liability

	PPRF		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
Balances at June 30, 2019	\$ 4,933,354	\$ 3,691,416	\$ 1,241,938
Service Cost	38,209	-	38,209
Interest Cost	309,202	-	309,202
Difference in expected and actual experience	(124,881)	-	(124,881)
Assumption Changes	-	-	-
Contributions - Employer	-	319,469	(319,469)
Contributions - Employee	-	14,397	(14,397)
Net Investment Income	-	221,356	(221,356)
Benefits Paid	(352,787)	(352,787)	-
Administrative Expense	-	(60)	60
Other Changes	-	-	-
Net Changes	(130,257)	202,375	(332,632)
Balances At June 30, 2020	\$ 4,803,097	\$ 3,893,791	\$ 909,306

	FPRF		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
Balances at June 30, 2019	\$ 1,585,062	\$ 1,788,546	\$ (203,484)
Service Cost	74,423	-	74,423
Interest Cost	94,224	-	94,224
Difference in expected and actual experience	275,409	-	275,409
Assumption Changes	-	-	-
Contributions - Employer	-	50,000	(50,000)
Contributions - Employee	-	13,421	(13,421)
Net Investment Income	-	97,141	(97,141)
Benefits Paid	(29,337)	(29,337)	-
Administrative Expense	-	(15)	15
Other Changes	-	-	-
Net Changes	414,719	131,210	283,509
Balances At June 30, 2020	\$ 1,999,781	\$ 1,919,756	\$ 80,025

CITY OF ELKINS, WEST VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.0 percent for PPRF and 6.5 percent for FPRF, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 – percentage-point lower (5.0 percent for PPRF and 5.5 percent for FPRF) or 1 – percentage point higher (7.0 percent for PPRF and 7.5 percent for FPRF) than the current rate:

	<u>1% Decrease</u>	<u>Current Interest Rate</u>	<u>1% Increase</u>
	5.5% - PPRF	6.5% - PPRF	7.5% - PPRF
	5.0% - FPRF	6.0% - FPRF	7.0% - FPRF
Net Pension Liability (Asset) - PPRF	\$ 1,457,800	\$ 909,306	\$ 454,280
Net Pension Liability (Asset) - FPRF	\$ 387,502	\$ 80,025	\$ (166,836)

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to PPRF and FPRF pensions from the following sources:

	<u>PPRF</u>	<u>FPRF</u>
Deferred Outflows of Resources:		
Differences between expected and actual economic experience	\$ 56,654	\$ 183,606
Changes of assumptions	-	52,391
City contributions subsequent to the measurement date	224,531	59,500
Total	<u>\$ 281,185</u>	<u>\$ 295,497</u>
	<u>PPRF</u>	<u>FPRF</u>
Deferred Inflows of Resources:		
Differences between expected and actual economic experience	\$ 136,600	\$ 76,235
Differences between projected and actual investment earnings	51,849	4,782
Changes of assumptions	150,366	-
Total	<u>\$ 338,815</u>	<u>\$ 81,017</u>

\$284,031 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

		PPRF	FPRF
		<hr/>	
Fiscal Year Ending June 30:			
	2022	\$ (168,565)	\$ 68,075
	2023	(116,338)	83,518
	2024	(851)	1,148
	2025	3,593	2,239
		<hr/>	
Total		\$ (282,161)	\$ 154,980
		<hr/>	

Pension plan fiduciary net position

Detailed information about the pension plans' fiduciary net position is available in the separately issued City of Elkins, West Virginia Policemen's Pension and Relief Fund and West Virginia Firemen's Pension and Relief Fund, GASB Statement Nos. 67 and 68 Plan Reporting and Accounting Schedules. These reports can be obtained by visiting GRS Retirement Consulting at www.grsconsulting.com.

For the year ended June 30, 2021, the City recognized a gain of (\$57,273) related to PPRF and pension expense of \$36,871 related to FPRF.

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Pension Trust Funds Financial Statements

	<u>Policeman's</u> <u>Pension Trust</u> <u>Fund</u>	<u>Fireman's</u> <u>Pension Trust</u> <u>Fund</u>
Assets:		
Segregated cash accounts	\$ 1,281,577	\$ 888,034
Segregated investments	3,413,146	1,537,007
Total assets	<u>\$ 4,694,723</u>	<u>\$ 2,425,041</u>
 Net Position:		
Held in trust for pension benefits	\$ 4,694,723	\$ 2,425,041
Total net position	<u>\$ 4,694,723</u>	<u>\$ 2,425,041</u>
 Additions		
Contributions:		
Employer	\$ 100,000	\$ 59,500
Employees	14,862	14,045
Premium surtax allocation	124,531	61,484
Total contributions	<u>239,393</u>	<u>135,029</u>
 Investment income	<u>900,354</u>	<u>396,583</u>
Total additions	<u>1,139,747</u>	<u>531,612</u>
 Deductions:		
General and administrative	10,444	6,047
Benefit payments	328,370	20,280
Total deductions	<u>338,814</u>	<u>26,327</u>
 Changes in net position	800,933	505,285
Net position, beginning of the year	<u>3,893,790</u>	<u>1,919,756</u>
Net position, end of the year	<u>\$ 4,694,723</u>	<u>\$ 2,425,041</u>

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

7. Capital Assets and Capital Assets Net of Depreciation

Capital asset activity for the year ended June 30, 2021 was as follows:

<u>Governmental Activities</u>	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Nondepreciable Assets				
Land	\$ 81,000	\$ -	\$ -	\$ 81,000
Construction in progress	618,087	276,187	-	894,274
Total nondepreciable assets	699,087	276,187	-	975,274
Depreciable Assets				
Buildings & Improvements	3,503,775	32,171	-	3,535,946
Machinery & Equipment	3,706,259	121,004	(131,039)	3,696,224
Totals at historical cost	7,210,034	153,175	(131,039)	7,232,170
Less: Accumulated depreciation:				
Buildings & Improvements	(1,948,774)	(94,402)	-	(2,043,176)
Machinery & Equipment	(2,662,884)	(239,350)	131,039	(2,771,195)
Total Accumulated depreciation	(4,611,658)	(333,752)	131,039	(4,814,371)
Total depreciable assets - net	2,598,376	(180,577)	-	2,417,799
Governmental Activities:				
Capital assets - net	\$ 3,297,463	\$ 95,610	\$ -	\$ 3,393,073

<u>Component Unit - Parks & Recreation Fund</u>	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Nondepreciable Assets				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total nondepreciable assets	-	-	-	-
Depreciable Assets				
Buildings & Improvements	813,543	-	-	813,543
Machinery & Equipment	241,885	33,718	(17,300)	258,303
Totals at historical cost	1,055,428	33,718	(17,300)	1,071,846
Less: Accumulated depreciation:				
Buildings & Improvements	(364,080)	(36,026)	-	(400,106)
Machinery & Equipment	(191,696)	(9,426)	17,300	(183,822)
Total Accumulated depreciation	(555,776)	(45,452)	17,300	(583,928)
Total depreciable assets - net	499,652	(11,734)	-	487,918
Parks & Recreation Fund:				
Capital assets - net	\$ 499,652	\$ (11,734)	\$ -	\$ 487,918

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Business-Type Activities	Beginning			Ending
<u>Landfill</u>	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Nondepreciable Assets				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total nondepreciable assets	-	-	-	-
Depreciable Assets				
Structures & Improvements	42,600	-	-	42,600
Machinery & Equipment	1,304,693	-	(28,010)	1,276,683
Landfill Cell	2,918,670	-	-	2,918,670
Totals at historical cost	4,265,963	-	(28,010)	4,237,953
Less: Accumulated depreciation:				
Structures & Improvements	(42,600)	-	-	(42,600)
Machinery & Equipment	(1,258,926)	(19,615)	28,010	(1,250,531)
Landfill Cell	(2,918,670)	-	-	(2,918,670)
Total Accumulated depreciation	(4,220,196)	(19,615)	28,010	(4,211,801)
Total depreciable assets - net	45,767	(19,615)	-	26,152
Landfill Fund:				
Capital assets - net	\$ 45,767	\$ (19,615)	\$ -	\$ 26,152

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Business-Type Activities	<u>Beginning</u>			<u>Ending</u>
<u>Sanitation</u>	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Nondepreciable Assets				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	55,026	-	-	55,026
Total nondepreciable assets	55,026	-	-	55,026
Depreciable Assets				
Structures & Improvements	-	-	-	-
Machinery & Equipment	1,551,850	8,219	-	1,560,069
Totals at historical cost	1,551,850	8,219	-	1,560,069
Less: Accumulated depreciation:				
Structures & Improvements	-	-	-	-
Machinery & Equipment	(1,148,802)	(77,990)	-	(1,226,792)
Total Accumulated depreciation	(1,148,802)	(77,990)	-	(1,226,792)
Total depreciable assets - net	403,048	(69,771)	-	333,277
Sanitation Fund:				
Capital assets - net	\$ 458,074	\$ (69,771)	\$ -	\$ 388,303

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Business-Type Activities

Sewer

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Nondepreciable Assets				
Land	57,034	-	-	57,034
Construction in Progress	321,437	1,429,219	-	1,750,656
Total nondepreciable assets	378,471	1,429,219	-	1,807,690
 Structures and Improvements	 10,625,991	 -	 -	 10,625,991
Collecting System	7,143,495	-	-	7,143,495
Pumping System	712,682	-	-	712,682
Treatment and Disposal System	2,617,308	-	-	2,617,308
General Plant	1,403,001	-	-	1,403,001
Totals at historical cost	22,502,477	-	-	22,502,477
Less: Accumulated depreciation				
Structures and Improvements	(6,560,575)	(160,478)	-	(6,721,053)
Collecting System	(2,983,384)	(169,956)	-	(3,153,340)
Pumping System	(599,984)	(16,819)	-	(616,803)
Treatment and Disposal System	(2,407,265)	(17,605)	-	(2,424,870)
General Plant	(1,194,850)	(29,861)	-	(1,224,711)
Totals Accumulated depreciation	(13,746,058)	(394,719)	-	(14,140,777)
 Total depreciable assets - net	 8,756,419	 (394,719)	 -	 8,361,700
 Sewer Fund:				
Capital assets - net	9,134,890	1,034,500	-	10,169,390

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Business-Type Activities	<u>Beginning</u>			<u>Ending</u>
<u>Water</u>	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Nondepreciable Assets				
Land	\$ 9,766	\$ -	\$ -	\$ 9,766
Construction in progress	711,663	1,292,956	759,352	1,245,267
Total nondepreciable assets	721,429	1,292,956	759,352	1,255,033
Depreciable Assets				
Structures & Improvements	20,391,434	759,352	-	21,150,786
Treatment & Distribution System	21,766,635	-	-	21,766,635
Collecting System	-	-	-	-
Pumping System	-	-	-	-
Treatment & Disposal System	-	-	-	-
General Plant	-	-	-	-
Machinery & Equipment	796,247	-	-	796,247
Landfill Cell	-	-	-	-
Totals at historical cost	42,954,316	759,352	-	43,713,668
Less: Accumulated depreciation:				
Structures & Improvements	(3,653,443)	(392,465)	-	(4,045,908)
Treatment & Distribution System	(4,699,119)	(809,974)	-	(5,509,093)
Collecting System	-	-	-	-
Pumping System	-	-	-	-
Treatment & Disposal System	-	-	-	-
General Plant	-	-	-	-
Machinery & Equipment	(744,199)	(17,231)	-	(761,430)
Landfill Cell	-	-	-	-
Total Accumulated depreciation	(9,096,761)	(1,219,670)	-	(10,316,431)
Total depreciable assets - net	33,857,555	(460,318)	-	33,397,237
Water Fund:				
Capital assets - net	\$ 34,578,984	\$ 832,638	\$ 759,352	\$ 34,652,270

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Business-Type Activities

Total Enterprise

	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable Assets				
Land	66,800	-	-	66,800
Construction in Progress	1,088,126	2,722,175	(759,352)	3,050,949
Total nondepreciable assets	1,154,926	2,722,175	(759,352)	3,117,749
Depreciable Assets				
Structures and Improvements	31,060,025	759,352	-	31,819,377
Collecting System	7,143,495	-	-	7,143,495
Pumping System	712,682	-	-	712,682
Treatment and Distribution System	21,766,635	-	-	21,766,635
Treatment and Disposal System	2,617,308	-	-	2,617,308
General Plant	1,403,001	-	-	1,403,001
Machinery and Equipment	3,652,791	8,219	(28,010)	3,633,000
Landfill Cell	2,918,670	-	-	2,918,670
Totals at historical cost	71,274,607	767,571	(28,010)	72,014,168
Less: Accumulated depreciation				
Structures and Improvements	(10,256,618)	(552,944)	-	(10,809,562)
Collecting System	(2,983,384)	(169,956)	-	(3,153,340)
Pumping System	(599,984)	(16,819)	-	(616,803)
Treatment and Distribution System	(4,699,119)	(809,974)	-	(5,509,093)
Treatment and Disposal System	(2,407,265)	(17,605)	-	(2,424,870)
General Plant	(1,194,850)	(29,861)	-	(1,224,711)
Machinery and Equipment	(3,151,928)	(114,835)	28,010	(3,238,753)
Landfill Cell	(2,918,670)	-	-	(2,918,670)
Total Accumulated depreciation:	(28,211,818)	(1,711,994)	28,010	(29,895,802)
 Total depreciable assets - net	43,062,789	(944,423)	-	42,118,366
 Total Business-Type Activities:				
Capital assets - net	44,217,715	1,777,752	(759,352)	45,236,115

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 46,280
Public Safety	202,590
Highways & Streets	65,307
Culture & Recreation	19,575
Total Depreciation Expense	<u>\$ 333,752</u>

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

8. Long-Term Debt

The following is a summary of long-term debt for the year ended June 30, 2021:

	Balance at 06/30/20	Additions	Reductions	Balance at 06/30/21	Amounts Due in One Year	Amounts Due after One Year
<i>Governmental Activities:</i>						
Notes Payable	\$ 265,573	\$ -	\$ (65,675)	\$ 199,898	\$ 61,664	\$ 138,234
Revenue Bonds Payable	731,527	224,437	(34,227)	921,737	758,598	163,139
Net Pension Liabilities *	1,398,494	-	(23,433)	1,375,061	-	1,375,061
Other Post-employment Benefit (OPEB) Liabilities	693,129	-	(507,223)	185,906	-	185,906
Subtotal Governmental Activities	<u>3,088,723</u>	<u>224,437</u>	<u>(630,558)</u>	<u>2,682,602</u>	<u>820,262</u>	<u>1,862,340</u>
<i>Business-type Activities:</i>						
Capital Lease Obligations	238,755	-	(53,052)	185,703	54,061	131,642
Notes Payable	504,521	5,854	(331,645)	178,730	178,730	-
Revenue Bonds Payable	40,178,327	1,917,535	(1,298,015)	40,797,847	1,318,991	39,478,856
Net Pension Liabilities *	163,730	223,034	-	386,764	-	386,764
Other Post-employment Benefit (OPEB) Liabilities	634,068	-	(470,526)	163,542	-	163,542
Subtotal Business-type Activities	<u>41,719,401</u>	<u>2,146,423</u>	<u>(2,153,238)</u>	<u>41,712,586</u>	<u>1,551,782</u>	<u>40,160,804</u>
Total	<u><u>\$44,808,124</u></u>	<u><u>\$2,370,860</u></u>	<u><u>(\$2,783,796)</u></u>	<u><u>\$44,395,188</u></u>	<u><u>\$2,372,044</u></u>	<u><u>\$42,023,144</u></u>

* During 2021 changes in actuarial calculations resulted in a net pension asset for two of the pension systems in the amount of \$188,751 which is not included in the above schedule, but is reported on the Statement of Net Position.

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Capital Leases:

BB&T Governmental Finance

The Sewer Fund of the City of Elkins entered into a lease agreement on September 27, 2016 to finance the acquisition of sewer aeration equipment. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the minimum lease payments as of the date of its inception. The following is a schedule of future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2021:

<u>Fiscal Year Ending June 30,</u>		
	2022	\$ 27,081
	2023	27,081
	2024	<u>6,187</u>
Total		60,349
Less: Amount Representing Interest		<u>(1,015)</u>
Present Value of Future Minimum Lease Payments		59,334
Less: Current Portion		<u>(25,994)</u>
Noncurrent Portion		<u>\$ 33,340</u>

BB & T Governmental Finance

The Sanitation Fund of the City of Elkins entered into a lease agreement on January 24, 2020 to finance the acquisition of a 2020 International garbage truck. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the minimum lease payments as of the date of its inception. The following is a schedule of future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at June 30, 2021:

<u>Fiscal Year Ending June 30,</u>		
	2022	31,152
	2023	31,152
	2024	31,152
	2025	31,152
	2026	<u>9,769</u>
Total		134,377
Less: Amount Representing Interest		<u>(8,008)</u>
Present Value of Future Minimum Lease Payments		126,369
Less: Current Portion		<u>(28,067)</u>
Noncurrent Portion		<u>\$ 98,302</u>

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Lease Revenue Bond, Series 2006

3.50%, Lease Revenue Bond due 7/10/2027. Monthly payments are \$3,484. Secured by real estate.

\$ 197,879

Future debt maturity retirement based on current financing arrangements is as follows:

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
<u>Fiscal Year Ending June 30,</u>			
2022	\$ 41,805	34,740	7,065
2023	\$ 41,805	36,084	5,721
2024	\$ 41,805	37,479	4,326
2025	\$ 41,805	38,928	2,877
2026	\$ 41,805	38,928	2,877
2027	\$ 15,132	11,720	3,412
	<u>\$ 224,157</u>	<u>\$ 197,879</u>	<u>\$ 26,278</u>

Lease Revenue Bond, Series 2019

2.13%, Lease Revenue Bond effective 11/20/2019. Monthly payments are estimated to be \$63,223. Secured by real estate.

\$ 723,858

The authorized bond issue amount to be drawn down is \$750,000. Future debt maturity retirement based on current financing arrangements has not yet been determined, as the transaction has not been finalized.

Sewer Revenue Bonds – Bond Issue of 2009-Series A

0.00% interest, Sewer Revenue Bonds due 9/1/2040. Quarterly payments are \$7,361. Secured by physical assets and revenue of the sewerage system.

\$ 566,247

Future debt maturity retirement based on current financing arrangements is as follows:

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
<u>Fiscal Year Ending June 30,</u>			
2022	\$ 29,444	\$ 29,444	\$ -
2023	29,444	29,444	-
2024	29,444	29,444	-
2025	29,444	29,444	-
2026	29,444	29,444	-
2027-2031	147,220	147,220	-
2032-2036	147,220	147,220	-
2037-2041	124,587	124,587	-
	<u>\$ 566,247</u>	<u>\$ 566,247</u>	<u>\$ -</u>

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Sewer Revenue Bonds - Bond Issue of 2006

2.00%, Sewer Revenue Bonds due 9/1/2028. Quarterly payments are \$130,518. Secured by physical assets and revenue of the sewerage system.

\$ 3,500,957

Future debt maturity retirement based on current financing arrangements is as follows:

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
<u>Fiscal Year Ending June 30,</u>			
2022	522,072	455,168	\$ 66,904
2023	522,072	464,340	57,732
2024	522,072	473,695	48,377
2025	522,072	483,242	38,830
2026	522,072	492,978	29,094
2027-2029	1,162,635	1,131,534	31,101
	<u>\$ 3,772,995</u>	<u>\$ 3,500,957</u>	<u>\$ 272,038</u>

Sewer Revenue Bonds – Supplemental Subordinate Bond Issue of 1986

0.00% interest, Sewer Revenue Bonds due 10/1/2025. Annual payments are \$12,925. Secured by physical assets and revenue of the sewerage system.

\$ 64,625

Future debt maturity retirement based on current financing arrangements is as follows:

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
<u>Fiscal Year Ending June 30,</u>			
2022	12,925	12,925	-
2023	12,925	12,925	-
2024	12,925	12,925	-
2025	12,925	12,925	-
2026	12,925	12,925	-
	<u>\$ 64,625</u>	<u>\$ 64,625</u>	<u>\$ -</u>

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Sewer Revenue Bonds – Bond Issue of 2015-Series 2015 A

1.00% interest, Sewer Revenue Bonds due 3/1/2055.

Quarterly payments will be \$21,765. Secured by physical assets and revenue of the sewerage system.

\$ 2,367,204

Future debt maturity retirement based on current financing arrangements is as follows:

Fiscal Year Ending June 30,	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 87,057	\$ 62,379	\$ 24,678
2023	87,059	63,007	24,052
2024	87,057	63,638	23,419
2025	87,058	64,277	22,781
2026	87,057	64,922	22,135
2027-2031	435,288	334,518	100,770
2032-2036	435,290	351,649	83,641
2037-2041	435,289	369,654	65,635
2042-2046	435,288	388,582	46,706
2047-2051	435,288	408,479	26,809
2052-2055	202,537	196,099	6,438
	-		
	<u>\$ 2,814,268</u>	<u>\$ 2,367,204</u>	<u>\$ 447,064</u>

Sewer Revenue Bonds – Bond Issue of 2020-Series 2020 A

2.24% interest, Sewer Revenue Bonds due 3/1/2055.

Quarterly payments will be \$78,605. Secured by physical assets and revenue of the sewerage system.

\$ 1,181,400

The authorized bond issue amount to be drawn down is \$4,699,365. Future debt maturity retirement based on current financing arrangements has not yet been determined, as the transaction has not been finalized.

Water Revenue Bonds – Bond Issue of 2017-Series 2015 A-1

2.625% interest, Water Revenue Bonds due 12/9/2055.

Monthly payments are estimated to be \$27,760. Secured by physical assets and revenue of the water system.

\$ 7,548,888

The authorized bond issue amount to be drawn down is \$8,000,000; The project was completed during 2019; however, no amortization schedule was available, so none is shown below.

Water Revenue Bonds – Bond Issue of 2017-Series 2015 A-2

2.625% interest, Water Revenue Bonds due 12/9/2055.

Monthly payments are estimated to be \$26,025. Secured by physical assets and revenue of the water system.

\$7,077,074

The authorized bond issue amount to be drawn down is \$7,500,000; The project was completed during 2019; however, no amortization schedule was available, so none is shown below.

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Water Revenue Bonds – Bond Issue of 2019-Series 2015 B

2.625% interest, Water Revenue Bonds due 12/9/2055.

Monthly payments are estimated to be \$21,074. Secured

by physical assets and revenue of the water system.

\$4,185,195

The authorized bond issue amount to be drawn down is \$6,073,000; The project was completed during 2019; however, no amortization schedule was available, so none is shown below.

Water Revenue Bonds – Bond Issue of 2017-Series 2015 C

1.00% interest, Water Revenue Bonds due 12/1/2055.

Quarterly payments are estimated to be \$122,920. Secured

by physical assets and revenue of the water system.

\$14,306,257

The authorized bond issue amount to be drawn down is \$15,500,000; The project was completed during 2019; however, no amortization schedule was available, so none is shown below.

Sewer Fund – Vehicle with camera

The Sewer Fund acquired \$178,046 in notes payable which had been issued during 2020 to finance the purchase of a 2019 Ford van and camera. The note was issued at a 3.16% interest rate. The outstanding balance at June 30, 2021 was \$112,546.

Sewer Fund – Line of Credit

The Sewer Fund originally acquired \$31,044 with an additional \$163,435 during 2019 and an additional \$99,538 in notes payable during 2020 as a Line of Credit. The note was issued at a 2.54% interest rate. The line of credit was paid off in full during fiscal year 2021.

Water Fund – Vehicle

The Water Fund acquired \$36,516 in notes payable during 2017 to finance the purchase of a 2017 Ford F550 truck. The note was issued at a 2.64% interest rate. The outstanding balance at June 30, 2021 was \$11,203.

Sanitation Fund – Line of Credit

The Sanitation Fund originally acquired a Line of Credit for \$100,000 during 2020. The Fund had no draws of on this Line of Credit during the fiscal year. The note was issued at a 3.15% interest rate. The outstanding balance at June 30, 2021 was \$54,981.

General Fund – Vehicle - Police

The General Fund acquired \$32,935 in notes payable during 2017 to finance the purchase of a 2019 Ford Explorer. The note was issued at a 1.98 % interest rate. The outstanding balance at June 30, 2021 was \$10,203.

General Fund – Vehicle - Police

The General Fund acquired \$32,935 in notes payable during 2017 to finance the purchase of a 2019 Ford Explorer. The note was issued at a 1.98% interest rate. The outstanding balance at June 30, 2021 was \$10,203.

General Fund – Vehicle - Fire

The General Fund acquired \$333,634 in notes payable during 2017 to finance the purchase of a 2019 International fire truck. The note was issued at a 1.98% interest rate. The outstanding balance at June 30, 2021 was \$172,489.

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

General Fund – Software - Court

The General Fund acquired \$25,000 in notes payable during 2017 to finance the purchase of a UCC computer software. The note was issued at a 2.82% interest rate. The outstanding balance at June 30, 2021 was \$7,003.

Short-term Note Payable - General Fund – Vehicle - Streets

The General Fund acquired \$47,265 in notes payable during 2019 to finance the purchase of a 2017 Ford F550 truck. The note was issued at a 2.64% interest rate. The outstanding balance at June 30, 2021 was \$10,750.

Short-term Note Payable - General Fund – Vehicle

The General Fund acquired \$32,441 in notes payable during 2019 to finance the purchase of a 2017 Ford F250 truck. The note was issued at a 2.64% interest rate. The outstanding balance at June 30, 2021 was \$7,360.

9. Employees Retirement System

Net Pension Liability

The net pension liability has been disclosed below. The net pension liability reported on the statement of net position represents a liability to employees for pensions.

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City's proportionate share of the pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting.

CITY OF ELKINS, WEST VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Public Employee Retirement System (PERS)

The City participates in a statewide, cost-sharing multiple employer defined benefit plan on behalf of the City employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

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

Eligibility to participate	All City full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions:	State statute
Plan member's contribution rate:	4.50% for employees hired before July 1, 2015 and 6.00% for employees hired after July 1, 2015.
City's contribution rate:	10.00%
Period required to vest:	5 years
Benefits and eligibility for distribution:	A member hired on or before July 1, 2015 who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. A member hired after July 1, 2015 who has attained age 62 and has earned 10 or more years of contributing service. For members hired on or before July 1, 2015, the calculation for final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit. For members hired after July 1, 2015, the calculation for final average salary (60 highest consecutive months in the last 15) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provision for:	
Cost of living	No
Death benefits	Yes

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

CITY OF ELKINS, WEST VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

At fiscal year-end, the City reported the following liabilities for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2020, and the total pension liability used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The City's proportion of the net pension liabilities was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2021, the City reported the following proportions and increase/decreases from its proportion measured as of June 30, 2020:

	<u>PERS</u>
Proportionate Share of the Net Pension Liability	\$ 772,494
Proportion of the Net Pension Liability - Current Year	0.146120%
Proportion of the Net Pension Liability - Prior Year	0.148961%
% Change in Proportion of the Net Pension Liability	-0.002841%
Pension Expense	\$ 190,064

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>PERS</u>
Deferred Outflows of Resources:	
Differences between expected and actual economic experience	\$ 113,680
Differences between projected and actual investment earnings	244,842
Changes in proportion and differences between City contributions and proportionate share of contributions	18,537
City contributions subsequent to the measurement date	300,920
Total	<u>\$ 677,979</u>

	<u>PERS</u>
Deferred Inflows of Resources:	
Differences between expected and actual economic experience	\$ 15,925
Deferred difference in assumptions	34,037
Changes in proportion	39,405
Total	<u>\$ 89,367</u>

CITY OF ELKINS, WEST VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

\$300,920 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>PERS</u>
Fiscal Year Ending June 30:	
2022	\$ (45,571)
2023	106,171
2024	138,963
2025	88,129
	<hr/>
	\$ 287,692
	<hr/>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2019 and rolled forward to June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

Public Employees Retirement System

Inflation rate	3.00%
Projected salary increases:	
State	3.10% - 5.30%
Non-state	3.35%-6.50%
Investment rate of return	7.50%
Withdrawal rate:	
State	2.28% - 45.63%
Non-state	2.50% - 35.88%
Disability rate	0.005% - 0.054%
Retirement rate	12% - 100%

Mortality Rates

Active – 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018

Retired Healthy Males – 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018

Retired Healthy Females – 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018

Disabled Males – 118% of Pub-2010 General/Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018

Disabled Females – 118% of Pub-2010 General/Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018

The actuarial assumptions used in the June 30, 2020 PERS valuation were based on the results of an actuarial experience study for the period June 1, 2013 to June 30, 2018.

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Equity	27.50%	5.5%
International Equity	27.50%	7.0%
Fixed Income Securities	15.00%	2.2%
Real Estate	10.00%	6.6%
Private Equity	10.00%	8.5%
Hedge Funds	10.00%	4.0%
Total	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the 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 liabilities of each plan.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.5 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 – percentage-point lower (6.5 percent) or 1 – percentage point higher (8.5 percent) than the current rate:

	1% Decrease 6.5%	Current Interest Rate 7.5%	1% Increase 8.5%
Proportionate Share of Net Pension Liability	\$1,968,216	\$772,494	(\$238,510)

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Pension plans' fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued West Virginia Consolidated Public Retirement Board (WVCPRB) Comprehensive Annual Financial Report. That report can be obtained by visiting the WVCPRB website at www.wvretirement.com.

Municipal Police Officers & Firefighters Retirement System (MPFRS)

The City participates in a statewide, cost-sharing multiple employer defined benefit plan on behalf of hired Municipal public safety employees after January 1, 2010. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

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

Eligibility to participate	City public safety employees not covered under other pension plans.
Authority establishing contribution obligations and benefit provisions:	State statute; Chapter 8, Article 22A
Plan member's contribution rate:	8.5%
City's contribution rate:	8.5%
Period required to vest:	5 years
Benefits and eligibility for distribution:	A member who has attained age 60 and has earned 10 years or more of contributing service or age 50 if the sum of his/her age plus years of credited service is equal to or greater than 70 or age 62 with 5 years of service. The final average salary (five of the last ten highest consecutive years) times the years of service times applicable benefit percentage (2.6%, 2% or 1%) equals the annual retirement benefit.
Deferred retirement portion	No
Provision for:	
Cost of living	No
Death benefits	Yes

MPFRS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the West Virginia Municipal Police Officers & Firefighters Retirement System, 4101 MacCorkle Avenue, SE, Charleston, WV 25304.

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net Pension Assets, Pension Gain, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At fiscal year-end, the City reported the following liabilities for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2019 rolled forward to June 30, 2020, and the total pension liability used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The City's proportion of the net pension liabilities was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2021, the City reported the following proportions and increase/decreases from its proportion measured as of the prior period:

	<u>MPFRS</u>
Proportionate Share of the Net Pension Liability (Assets)	\$ (188,751)
Proportion of the Net Pension Liability - Current Year	3.018089000%
Proportion of the Net Pension Liability - Prior Year	3.155179930%
% Change in Proportion of the Net Pension Liability	-0.137091%
Pension Expense (Gain)	\$ (3,675)

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>MPFRS</u>
Deferred Outflows of Resources:	
Differences between expected and actual economic experience	\$ 17,626
Differences between projected and actual investment earnings	13,913
Changes in proportion and differences between City contributions and proportionate share of contributions	13,823
City contributions subsequent to the measurement date	26,738
Total	<u>\$ 72,100</u>

	<u>MPFRS</u>
Deferred Inflows of Resources:	
Differences between expected and actual economic experience	\$ 9,447
Deferred difference in assumptions	3,501
Differences between City contributions and Changes in proportion	22,723
Total	<u>\$ 35,671</u>

CITY OF ELKINS, WEST VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

\$26,738 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>MPFRS</u>	
Fiscal Year Ending June 30:	
2022	\$ 8,949
2023	8,949
2024	8,949
2025	5,222
2026	3,395
2027	965
	\$ 36,429

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2019 and rolled forward to June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

Public Employees Retirement System

Inflation rate	3.0%
Salary increases	By age – from 4.75% at age 30 declining to 3.25% at age 65
Investment rate of return	7.50%
Withdrawal rate	3.00% - 28.00%
Disability rate	0.004% - 0.600%
Retirement rate	25% - 100%
Mortality Rates	
Active – 100% of RP-2014 Non-Annuitant tables (sex-distinct), Scale MP-2016 fully generational	
Retired Healthy Males – 103% of RP-2014 Male Healthy Annuitant table, Scale MP-2016 fully generational	
Retired Healthy Females – 100% of RP-2014 Female Healthy Annuitant table, Scale MP-2016 fully generational	
Disabled Males – 100% of RP-2014 Male Disable Annuitant table, Scale MP-2016 fully generational	
Disabled Females – 100% of RP-2014 Female Disabled Annuitant table, Scale MP-2016 fully generational	

The actuarial assumptions used in the June 30, 2020 MPFRS valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2016.

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

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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The target allocation and best estimates of geometric real rates of return for each asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Equity	27.50%	5.5%
International Equity	27.50%	7.0%
Fixed Income Securities	15.00%	2.5%
Real Estate	10.00%	6.6%
Private Equity	10.00%	8.5%
Hedge Funds	10.00%	4.0%
Total	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the 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 liabilities of each plan.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.5 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 – percentage-point lower (6.5 percent) or 1 – percentage point higher (8.5 percent) than the current rate:

	1% Decrease	Current Interest Rate	1% Increase
	6.5%	7.5%	8.5%
Proportionate Share of MPFRS Net Pension Asset (Liability)	\$ 120,995	\$188,751	\$ 239,425

Pension plans' fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued West Virginia Consolidated Public Retirement Board (WVCPRB) Comprehensive Annual Financial Report. That report can be obtained by visiting the WVCPRB website at www.wvretirement.com.

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Other Post Employment Benefits

Plan description. The City contributes to the West Virginia Other Postemployment Benefit Plan (the Plan), a cost-sharing, multiple-employer defined benefit postemployment healthcare plan. The financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration cabinet secretary serves as Chairman of the Board. Four members represent labor, education, public employees and public retirees. The four remaining members represent the public at large. The Plan had approximately 43,000 policyholders and 64,000 covered lives at June 30, 2020. The RHBT audited financial statements and actuarial reports can be found on the PEIA website at www.peia.wv.gov. You can also submit your questions in writing to the West Virginia Public Employees Insurance Agency, 601 57th. Street, SE, Suite 2, Charleston, WV, 25304.

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

Contributions. Paygo premiums are established by the Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The active premiums subsidized the retirees' health care by approximately \$149 million for the fiscal year ended June 30, 2020.

Contributions to the OPEB plan from the City were \$153,484 for the current fiscal year.

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

The projections of the net OPEB liability are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of the net OPEB liability does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial estimated liabilities and the actuarial value of assets,

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

consistent with the long-term perspective of the calculations. However, the preparation of any estimate of future post-employment costs requires consideration of a broad array of complex social and economic events. Future changes in the healthcare reform, changes in reimbursement methodology, the emergence of new and expensive medical procedures and prescription drugs option, changes in the investment rate of return and other matters increase the level of uncertainty of such estimates. As such, the estimate of post-employment program costs contains considerable uncertainty and variability and actual experience may vary significantly by the current estimated net OPEB liability.

At fiscal year-end, the City reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the City. The amount recognized by the City 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 City were as follows:

Government's proportionate share of the net OPEB liability	\$ 349,449
State's proportionate share of the net OPEB liability associated with the government	<u>63,277</u>
	<u>\$ 412,726</u>

The net OPEB liability reported as of June 30, 2021 was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share as well as the OPEB expense:

Proportionate Share of the Net OPEB – Current Year	0.079116065%
Proportionate Share of the Net OPEB – Prior Year	0.079993417%
Change in Proportionate Share	0.000877352%
Proportion of the Net OPEB Liability	\$349,449
OPEB Expense (Gain)	(\$246,877)

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources

Difference from a change in proportion	72,032
Difference between projected and actual investment earnings	\$26,524
City contributions subsequent to the measurement date	<u>153,484</u>
Total	<u>\$252,040</u>

Deferred Inflows of Resources

Differences between expected and actual economic experience	\$226,575
Difference from a change in proportion	84,899
Changes of assumptions	<u>788,780</u>
Total	<u>\$1,100,254</u>

\$153,484 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:

2022	\$ (394,643)
2023	(339,185)
2024	(264,214)
2025	<u>(3,656)</u>
Total	<u>\$ (1,001,698)</u>

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 , using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Dependent upon pension system ranging from 2.75% to 5.18%, including inflation
Investment rate of return	6.65%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.50% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032. Trend rate for

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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	Medicare per capita costs of 31.11% for plan yearend 2022. 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll over a 20 year closed period
Asset valuation method	Market value
Wage inflation	2.75% for PERS and TRS, and 3.25% for Troopers
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020 actuarial valuation.
Aging factors	Based on the 2013 SOA Study “Health Care Costs – From Birth to Death”
Expenses	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
Mortality Post Retirement	<p>TRS: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females.</p> <p>PERS: Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females.</p> <p>Troopers A and B: Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2019 and scaling factors of 100% for males and females.</p>
Mortality Pre-Retirement	<p>TRS: Pub-2010 General Employee Mortality Tables projected with MP-2019.</p> <p>PERS: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP- 2019.</p> <p>Troopers A and B: Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2019.</p>

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020.

CITY OF ELKINS, WEST VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Certain assumptions have been changed since the prior actuarial valuation as of June 30, 2018, and a measurement date of June 30, 2020 as reflected in the footnote Reconciliation of the Total OPEB Liability between Valuation Dates. The net effect of the assumption changes was approximately \$1,147 million.

- General/Price inflation – Decrease price inflation rate from 2.75% to 2.25%.
- Discount Rate – Decrease discount rate from 7.15% to 6.65%.
- Wage inflation – Decrease wage inflation rate from 4.00% to 2.75% for PERS and TRS, and 3.25% for Troopers.
- OPEB Retirement – Develop explicit retirement rates for members who are eligible to retire with healthcare benefits and elect healthcare coverage.

The long-term expected rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.50% for assets invested with the West Virginia Board of Treasury Investments.

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 rates of return on OPEB plan investments are 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) 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 percentage. Target asset allocations, capital market assumptions (“CMA”), and forecast returns were provided by the Plan’s investment advisors, including West Virginia Investment Management Board (“WV-IMB”). The projected return for the Money Market Pool held with the West Virginia Board of Treasury Investments (“WV-BTI”) was estimated based on WV-IMB assumed inflation of 2.0% plus a 25-basis point spread.

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

Asset Class	Long-Term Expected Real Rate of Return
Global Equity	6.8%
Core Plus Fixed Income	4.1%
Core Real Estate	6.1%
Hedge Fund	4.4%
Private Equity	8.8%

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Discount rate

A single discount rate of 6.65% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65% and a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date to the extent benefits are effectively financed on a pay-as-you-go basis. The long-term municipal bond rate used to develop the single discount rate was 3.13% as of the beginning of the year and 2.45% as of the end of the year. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the 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, 2025, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the RHBT, as well as what the RHBT's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.65%) or 1-percentage-point higher (7.65%) than the current rate:

	<u>1% Decrease</u> <u>(5.65%)</u>	<u>Discount Rate</u> <u>(6.65%)</u>	<u>1% Increase</u> <u>(7.65%)</u>
Proportionate Share of the Net OPEB liability	\$498,361	\$349,449	\$224,790

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.

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

	<u>1% Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rates</u>	<u>1% Increase</u>
Proportionate Share of the Net OPEB liability	\$210,267	\$349,449	\$517,553

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

10. Interfund Balances

Individual fund interfund receivable and payable balances at June 30, 2021 are as follows:

	<u>Due from (to)</u>			<u>Due from (to)</u>	
	<u>Component</u>	<u>Due from</u>	<u>Due to Other</u>	<u>Due from (to)</u>	
	<u>Unit</u>	<u>Other Funds</u>	<u>Funds</u>	<u>General Fund</u>	
General Fund	\$ 765	\$ 416,321	\$ 174,671	\$ 18,750	
Financial Stabilization Fund	-	262,485	-	-	
Sanitation Fund	-	-	440,091	-	
Water Fund	-	22,875	86,919	-	
Parks & Recreation - Component Unit	(18,750)	-	-	(765)	
	<u>\$ (17,985)</u>	<u>\$ 701,681</u>	<u>\$ 701,681</u>	<u>\$ 17,985</u>	

11. Restricted Assets

Certain enterprise fund assets are restricted for repayment of long-term debt and for capital expenditures.

	<u>Business-type</u>
	<u>Activities</u>
Reserve account	\$ 1,145,900
Revenue account	165,828
Depreciation account	698,066
Renewal and replacement account	291,983
Landfill escrow	1,798,484
	<u>\$ 4,100,261</u>

12. Landfill Closure and Post-closure Care Costs

The City turned over certain obligations related to the closure and post-closure costs of the landfill to the State of West Virginia. The City is still required to maintain trust funds which originally were established to fund closure and post-closure care. The balances of \$1,749,894 and \$48,590, respectively at June 30, 2021 are reported as restricted assets until a final determination has been made regarding the disposition of these assets.

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

13. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in a few lawsuits arising in the normal course of business. In the aggregate, these claims are not likely to have a material adverse impact on the affected funds of the City.

14. Debt Covenant Compliance

Sewer

The City of Elkins, West Virginia is subject to rate covenant compliance associated with the issuance of the Series 2009 A bonds. Specifically, the City must meet gross revenue targeted percentage and reserve debt requirements as shown in the bond document as follows:

"...The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder...the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient together with other revenues of the System, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2009 A Bonds, and all other obligations... including Prior Bonds: provided that, in the event that, an amount equal to or in excess of Reserve Requirements is on deposit in the Series 2009 A Bonds Reserve Account and any reserve accounts for obligations on a parity with, or subordinate to, the Series 2009 A Bonds are funded at least at the requirement therefore, such sum need only equal 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2009 A Bonds, and all other obligations..."

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The following schedule summarizes the provisions for the fiscal year ended June 30, 2021.

<u>Net Gross</u> <u>Revenues</u>	<u>Amount of</u> <u>Annual Debt</u> <u>Service</u>	<u>Percentage</u>	<u>Maximum</u> <u>Percentage</u> <u>Required</u>
<u>\$ 1,146,206</u>	<u>\$ 651,498</u>	176%	110%

As of June 30, 2021, the City was in compliance with the provisions of the Series 2009 A revenue bond convent which require revenues to be 110% or above the amount of the highest principal payment plus interest due in any given year.

Water

The City of Elkins, West Virginia is subject to rate covenant compliance associated with the issuance of the Series 2015 A bonds. Specifically, the City must meet gross revenue targeted percentage and reserve debt requirements as shown in the bond document as follows:

"...The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder...the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient together with other revenues of the System, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2015 A Bonds, and all other obligations... including Prior Bonds: provided that, in the event that, an amount equal to or in excess of Reserve Requirements is on deposit in the Series 2015 A Bonds Reserve Account and any reserve accounts for obligations on a parity with, or subordinate to, the Series 2015 A Bonds are funded at least at the requirement therefore, such sum need only equal 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2015 A Bonds, and all other obligations..."

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The following schedule summarizes the provisions for the fiscal year ended June 30, 2021.

<u>Net Gross</u> <u>Revenues</u>	<u>Amount of</u> <u>Annual Debt</u> <u>Service</u>	<u>Percentage</u>	<u>Maximum</u> <u>Percentage</u> <u>Required</u>
<u>\$ 1,486,512</u>	<u>\$ 1,389,988</u>	107%	110%

As of June 30, 2021, the City was not in compliance with the provisions of the Series 2015 A revenue bond covenant which require revenues to be 110% or above the amount of the highest principal payment plus interest due in any given year.

15. Subsequent Events

The City of Elkins, West Virginia's management evaluated the effect that subsequent events would have on financial statements through March 18, 2022, which is the date the financial statements were available to be released.

16. Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds are presented below:

<u>Fund Balance</u>	<u>General</u>	<u>Coal</u> <u>Severance</u>	<u>Financial</u> <u>Stabilization</u>	<u>Capital</u> <u>Projects</u>
Restricted for:				
Capital Projects	\$ -	\$ -	\$ 1,932,382	\$ -
Committed for:				
Safety	-	133,970	-	-
Unassigned	2,040,931	-	-	(470,741)
	<u>\$ 2,040,931</u>	<u>\$ 133,970</u>	<u>\$ 1,932,382</u>	<u>\$ (470,741)</u>

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

17. New Accounting Principles

For the fiscal year ended June 30, 2021, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities and related guidance from (GASB) Implementation Guide No. 2019-2, Fiduciary Activities. The implementation had no effect on the financial statements of the City.

18. Additional Financial Information

The United States and the State of West Virginia declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be determined.

REQUIRED SUPPLEMENTARY INFORMATION

City of Elkins
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)
West Virginia Firemen's Pension and Relief Fund
*Last Seven Years **

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total plan pension liability	\$ 1,999,781	\$ 1,585,062	\$ 1,498,344	\$ 1,420,338	\$ 1,704,797	\$ 1,388,824	\$ 1,441,318
Plan net position	<u>1,919,756</u>	<u>1,788,546</u>	<u>1,658,046</u>	<u>1,489,384</u>	<u>1,307,000</u>	<u>1,244,804</u>	<u>1,163,258</u>
Net pension liability (asset)	80,025	(203,484)	(159,702)	(69,046)	397,797	144,020	278,060
Plan net position as a % of total pension liability	96.00%	112.84%	110.66%	104.86%	76.67%	89.63%	80.71%
Covered payroll	\$ 192,149	\$ 145,017	\$ 167,273	\$ 163,492	\$ 163,506	\$ 161,535	\$ 164,553
Net pension liability (asset) as a % of Covered Payroll	41.65%	-140.32%	-95.47%	-42.23%	243.29%	89.16%	168.98%

* - Information for years prior to 2015 was not available.

(1) Information for 2021 is presented to be consistent with other reporting throughout these schedules.

City of Elkins
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
West Virginia Policemen's Pension and Relief Fund
*Last Seven Years **

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total plan pension liability	\$ 4,803,097	\$ 4,933,354	\$ 5,152,162	\$ 5,296,956	\$ 5,239,162	\$ 5,065,118	\$ 5,041,872
Plan net position	<u>3,893,791</u>	<u>3,691,416</u>	<u>3,520,541</u>	<u>3,273,105</u>	<u>3,004,879</u>	<u>2,794,044</u>	<u>2,383,232</u>
Net pension liability	909,306	1,241,938	1,631,621	2,023,851	2,234,283	2,271,074	2,658,640
Plan net position as a % of total pension liability	81.07%	74.83%	68.33%	61.79%	57.35%	55.16%	47.27%
Covered payroll	\$ 134,849	\$ 230,738	\$ 220,641	\$ 336,918	\$ 336,918	\$ 489,755	\$ 479,174
Net pension liability as a % of Covered Payroll	674.31%	538.25%	739.49%	600.70%	663.15%	463.72%	554.84%

* - Information for years prior to 2015 was not available.

(1) Information for 2021 is presented to be consistent with other reporting throughout these schedules.

City of Elkins
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
West Virginia Public Employees Retirement System
*Last Eight Years **

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total plan pension liability	\$ 7,431,924,000	\$ 7,140,467,000	\$ 7,027,806,000	\$ 6,816,742,000	\$ 6,616,588,000	\$ 6,130,174,000	\$ 6,130,174,000	\$ 6,130,174,000
Plan net position	<u>6,903,253,000</u>	<u>6,925,454,000</u>	<u>6,769,554,000</u>	<u>6,385,097,000</u>	<u>5,697,470,000</u>	<u>5,761,109,000</u>	<u>5,761,109,000</u>	<u>5,761,109,000</u>
Net pension liability	\$ 528,671,000	\$ 215,013,000	\$ 258,252,000	\$ 431,645,000	\$ 919,118,000	\$ 558,404,000	\$ 369,065,000	\$ 369,065,000
City's proportion of the net pension liability	0.14612000%	0.14896100%	0.15609000%	0.15791000%	0.15494900%	0.14885800%	0.15295500%	0.14740600%
City's proportionate share of the net pension liability	\$ 772,494	\$ 320,286	\$ 403,106	\$ 681,611	\$ 1,424,164	\$ 831,229	\$ 564,503	\$ 544,024
City's covered payroll	\$ 3,009,200	\$ 2,818,690	\$ 2,629,910	\$ 2,428,473	\$ 2,379,625	\$ 2,211,652	\$ 1,948,743	\$ 2,051,724
City's proportionate share of the net pension liability as a percentage of its covered payroll	25.70%	11.40%	15.30%	28.10%	59.80%	37.60%	29.00%	26.50%
Plan fiduciary net position as a percentage of the total pension liability	92.89%	96.99%	96.33%	93.67%	86.11%	93.98%	93.98%	79.20%

* - Information for years prior to 2014 was not available.

City of Elkins
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)
West Virginia Municipal Police Officers and Firefighters Retirement System
*Last Three Years **

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net pension liability (asset)	\$ (6,254,000)	\$ (4,585,000)	\$ (3,698,000)
City's proportion of the net pension liability (asset)	3.01808900%	3.15517993%	3.45924824%
City's proportionate share of the net pension liability (asset)	\$ (188,751)	\$ (144,665)	\$ (127,923)
City's covered payroll	\$ 314,565	\$ 530,871	\$ 442,565
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-60.00%	-27.30%	-28.90%
Plan fiduciary net position as a percentage of the total pension liability (asset)	-168.31%	-168.31%	N/A

* - Information for years prior to 2019 was not available.

City of Elkins
Required Supplementary Information
Schedule of City Contributions
West Virginia Firemen's Pension and Relief Fund
*Last Eight Years **

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 45,969	\$ 45,411	\$ 45,372	\$ 89,861	\$ 52,661	\$ 75,772	\$ 94,403	\$ 85,238
Employer contribution	50,000	53,382	44,283	57,179	26,198	67,062	58,219	63,000
State contribution	-	-	49,028	31,901	60,020	30,087	33,026	32,992
Percentage contributed	109%	118%	206%	99%	164%	128%	97%	113%
Covered payroll	\$ 192,149	\$ 145,017	\$ 167,273	\$ 163,492	\$ 163,506	\$ 161,535	\$ 164,553	\$ 146,628
Actual contribution as a % of covered payroll	26%	37%	56%	54%	53%	60%	55%	65%

* - Information for years prior to 2014 was not available.

(1) Information for 2021 is presented to be consistent with other reporting throughout these schedules.

City of Elkins
Required Supplementary Information
Schedule of City Contributions
West Virginia Policemen's Pension and Relief Fund
*Last Eight Years **

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 210,482	\$ 250,298	\$ 320,403	\$ 322,452	\$ 343,902	\$ 364,511	\$ 359,070	\$ 320,736
Employer contribution	200,000	207,335	207,074	239,857	247,173	503,484	258,043	153,086
State contribution	119,469	108,209	104,185	85,605	179,859	65,549	97,618	76,378
Percentage contributed	152%	126%	97%	101%	124%	156%	99%	72%
Covered payroll	\$ 134,849	\$ 230,738	\$ 220,641	\$ 359,239	\$ 336,918	\$ 489,755	\$ 479,174	\$ 419,287
Actual contribution as a % of covered payroll	237%	137%	141%	91%	127%	116%	74%	55%

* - Information for years prior to 2014 was not available.

(1) Information for 2021 is presented to be consistent with other reporting throughout these schedules.

City of Elkins
Required Supplementary Information
Schedule of City Contributions
West Virginia Public Employees Retirement System
*Last Eight Years **

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 300,920	\$ 281,869	\$ 262,991	\$ 267,132	\$ 285,555	\$ 298,573	\$ 272,824	\$ 296,993
Contributions in relation to the contractually required contribution	<u>(300,920)</u>	<u>(281,869)</u>	<u>(262,991)</u>	<u>(267,132)</u>	<u>(285,555)</u>	<u>(298,573)</u>	<u>(272,824)</u>	<u>(296,993)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 3,009,200	\$ 2,818,690	\$ 2,629,910	\$ 2,428,473	\$ 2,379,625	\$ 2,211,652	\$ 1,948,743	\$ 2,051,724
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	11.00%	12.00%	13.50%	14.00%	14.50%
* - Information for years prior to 2014 was not available.								
Pension Allocation	10.00%	10.00%	10.00%	11.00%	12.00%	13.50%	14.00%	14.00%

City of Elkins
Required Supplementary Information
Schedule of City Contributions
West Virginia Municipal Police Officers and Firefighters Retirement System
*Last Three Years **

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 26,738	\$ 45,124	\$ 37,618
Contributions in relation to the contractually required contribution	<u>(26,738)</u>	<u>(45,124)</u>	<u>(37,618)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 314,565	\$ 530,871	\$ 442,565
Contributions as a percentage of covered payroll	8.50%	8.50%	8.50%
* - Information for years prior to 2019 was not available.			
Pension Allocation	8.50%	8.50%	8.50%

City of Elkins
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
West Virginia Firemen's Pension and Relief Fund
*Last Seven Years **

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability							
Service cost	\$ 74,423	\$ 57,067	\$ 56,451	\$ 62,148	\$ 43,854	\$ 48,141	\$ 48,630
Interest on the total pension liability	94,224	96,187	90,841	85,450	95,832	90,602	90,062
Benefit changes	-	-	-	-	-	-	-
Differences between expected and actual experience	275,409	(134,236)	(32,739)	(292,745)	(7,827)	(36,801)	-
Assumption changes	-	104,783	-	(101,401)	251,893	(85,025)	-
Benefit payments	(29,337)	-	(36,547)	(37,911)	(67,779)	(69,411)	(68,625)
Refunds	-	-	-	-	-	-	-
Net change in total pension liability	414,719	123,801	78,006	(284,459)	315,973	(52,494)	70,067
Total pension liability - beginning	1,585,062	1,498,344	1,420,338	1,704,797	1,388,824	1,441,318	1,371,251
Total pension liability - ending	<u>\$ 1,999,781</u>	<u>\$ 1,622,145</u>	<u>\$ 1,498,344</u>	<u>\$ 1,420,338</u>	<u>\$ 1,704,797</u>	<u>\$ 1,388,824</u>	<u>\$ 1,441,318</u>
Plan fiduciary net position							
	50,000	53,382	93,311	89,080	86,218	97,149	91,245
Employee contributions	13,421	13,565	13,684	11,438	11,227	12,407	10,346
Pension plan net investment income	97,141	105,679	103,069	124,235	36,712	45,475	126,826
Benefit payments	(29,337)	-	(36,547)	(37,911)	(67,779)	(69,411)	(68,625)
Refunds	-	-	-	-	-	-	-
Pension plan administrative expense	(15)	-	(4,855)	(4,458)	(4,182)	(4,074)	(3,901)
Other	-	(5,043)	-	-	-	-	-
Net change in total pension liability	131,210	167,583	168,662	182,384	62,196	81,546	155,891
Plan fiduciary net position - beginning	1,788,546	1,658,046	1,489,384	1,307,000	1,244,804	1,163,258	1,007,367
Plan fiduciary net position - ending	<u>\$ 1,919,756</u>	<u>\$ 1,825,629</u>	<u>\$ 1,658,046</u>	<u>\$ 1,489,384</u>	<u>\$ 1,307,000</u>	<u>\$ 1,244,804</u>	<u>\$ 1,163,258</u>
Net pension liability - Ending	80,025	(203,484)	(159,702)	(69,046)	397,797	144,020	278,060
Plan fiduciary net position as a percentage of total pension liability	96.00%	112.54%	110.66%	104.86%	76.67%	89.63%	80.71%
Covered employee payroll	\$ 192,149	\$ 145,017	\$ 167,273	\$ 163,492	\$ 163,506	\$ 161,535	\$ 164,553
Net pension liability as a percentage of covered employee payroll	41.65%	-140.32%	-95.47%	-42.23%	243.29%	89.16%	168.98%

* - Information for years prior to 2015 was not available.

(1) Information for 2021 is presented to be consistent with other reporting throughout these schedules.

City of Elkins
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
West Virginia Policemen's Pension and Relief Fund
*Last Seven Years **

	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	\$ 38,209	\$ 70,807	\$ 75,761	\$ 126,132	\$ 105,989	\$ 142,861	\$ 140,829
Interest on the total pension liability	309,202	297,150	299,227	306,843	287,160	290,680	293,785
Benefit changes	-	-	-	-	-	-	-
Differences between expected and actual experience	(124,881)	113,310	(175,666)	(1,159)	(169,907)	(126,966)	-
Assumption changes	-	(300,732)	-	-	275,217	-	-
Benefit payments	(352,787)	(399,343)	(344,116)	(334,747)	(324,415)	(278,704)	(269,200)
Refunds	-	-	-	(39,275)	-	(4,625)	(27,467)
Net change in total pension liability	(130,257)	(218,808)	(144,794)	57,794	174,044	23,246	137,947
Total pension liability - beginning	4,933,354	5,152,162	5,296,956	5,239,162	5,065,118	5,041,872	4,903,925
Total pension liability - ending	<u>\$ 4,803,097</u>	<u>\$ 4,933,354</u>	<u>\$ 5,152,162</u>	<u>\$ 5,296,956</u>	<u>\$ 5,239,162</u>	<u>\$ 5,065,118</u>	<u>\$ 5,041,872</u>
Plan fiduciary net position							
Employee contributions	319,469	315,544	311,259	325,462	427,032	569,033	355,661
Pension plan net investment income	14,397	14,994	19,671	28,137	29,621	40,855	37,341
Benefit payments	221,356	248,531	269,320	296,717	86,343	90,698	219,471
Refunds	(352,787)	(399,343)	(344,116)	(334,747)	(324,415)	(278,704)	(269,200)
Pension plan administrative expense	-	-	-	(39,275)	-	(4,625)	(27,467)
Other	(60)	-	(8,698)	(8,068)	(7,746)	(6,445)	(6,675)
Net change in total pension liability	-	(8,851)	-	-	-	-	-
Plan fiduciary net position - beginning	202,375	170,875	247,436	268,226	210,835	410,812	309,131
Plan fiduciary net position - ending	3,691,416	3,520,541	3,273,105	3,004,879	2,794,044	2,383,232	2,074,101
Net pension liability - Ending	<u>\$ 3,893,791</u>	<u>\$ 3,691,416</u>	<u>\$ 3,520,541</u>	<u>\$ 3,273,105</u>	<u>\$ 3,004,879</u>	<u>\$ 2,794,044</u>	<u>\$ 2,383,232</u>
Plan fiduciary net position as a percentage of total pension liability	909,306	1,241,938	1,631,621	2,023,851	2,234,283	2,271,074	2,658,640
Covered employee payroll	81.07%	74.83%	68.33%	61.79%	57.35%	55.16%	47.27%
Net pension liability as a percentage of covered employee payroll	\$ 134,849	\$ 230,738	\$ 220,641	\$ 359,239	\$ 336,918	\$ 489,755	\$ 479,174
	674.31%	538.25%	739.49%	563.37%	663.15%	463.72%	554.84%

* - Information for years prior to 2015 was not available.

(1) Information for 2021 is presented to be consistent with other reporting throughout these schedules.

City of Elkins
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability
West Virginia Retiree Health Benefit Trust Fund
*Last Five Years **

	2021	2020	2019	2018	2017
Total plan OPEB liability	\$ 1,666,333,746	\$ 2,750,793,325	\$ 3,108,550,896	\$ 3,282,900,408	\$ 3,168,993,251
Plan net position	1,224,642,000	1,091,661,000	963,115,000	823,911,315	685,668,000
Net OPEB liability	\$ 441,691,746	\$ 1,659,132,325	\$ 2,145,435,896	\$ 2,458,989,093	\$ 2,483,325,251
City's proportion of the net OPEB liability	0.079116065%	0.079993417%	0.078509651%	0.072173901%	0.085178536%
City's proportionate share of the net OPEB liability	\$ 349,449	\$ 1,327,197	\$ 1,684,374	\$ 1,774,748	\$ 2,115,260
City's covered payroll (1)	N/A	N/A	N/A	N/A	N/A
City's proportionate share of the net OPEB liability as a percentage of its covered payroll (1)	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	73.49%	39.69%	30.98%	25.10%	21.64%

* - Information for years prior to 2017 was not available.

- Information for 2021 is presented to be consistent with other reporting throughout these schedules.

(1) This is not applicable as the City does not have payroll for these employees as they are already retired.

City of Elkins
Required Supplementary Information
Schedule of City Contributions
West Virginia Retiree Health Benefit Trust Fund
*Last Six Years **

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 153,484	\$ 166,872	\$ 165,206	\$ 160,454	\$ 148,244	\$ 112,209
Contributions in relation to the contractually required contribution	<u>(153,484)</u>	<u>(166,872)</u>	<u>(165,206)</u>	<u>(160,454)</u>	<u>(148,244)</u>	<u>(112,209)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll (1)	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll (1)	N/A	N/A	N/A	N/A	N/A	N/A

* - Information for years prior to 2016 was not available.

(1) This is not applicable as the City does not have payroll for these employees as they are already retired.

City of Elkins, West Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<u>West Virginia Development Office</u> USDA Rural Community Development Initiative	10.446		\$ -	\$ 12,881
Total Department of Housing Urban Development			\$ -	\$ 12,881
<u>West Virginia Development Office</u> USDA Water & Waste Disposal	10.760		\$ -	\$ 556,418
Total Department of the Interior			\$ -	\$ 556,418
Department of Treasury				
<u>West Virginia Governor's Office</u> COVID-19 Coronavirus Relief Fund	21.019		\$ -	\$ 782,857
Total Department of Treasury			\$ -	\$ 782,857
Total Expenditures of Federal Awards			\$ -	\$ 1,352,156

See accompanying notes to schedule of expenditures of federal awards.

City of Elkins, West Virginia
Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) includes the federal award activity of City of Elkins, West Virginia (the City) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The City has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards***

Municipality of Elkins
Randolph County, West Virginia
401 Davis Avenue
Elkins, West Virginia 26241

To the Mayor and Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Municipality of Elkins, Randolph County, West Virginia (the Municipality) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated March 21, 2022.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Municipality's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Municipality's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Municipality's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Municipality's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results and does not opine on the effectiveness of the Municipality's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Municipality's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and slightly slanted to the right.

BHM CPA Group Inc.
Huntington, West Virginia
March 21, 2022



Independent Auditor's Report on Compliance with Requirements Applicable to The Major Federal Programs and on Internal Control Over Compliance Required by the Uniform Guidance

Municipality of Elkins
Randolph County, West Virginia
401 Davis Avenue
Elkins, West Virginia 26241

To the Mayor and Members of Council:

Report on Compliance for the Major Federal Programs

We have audited the Municipality of Elkins' (the Municipality) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Municipality of Elkins' major federal program for the year ended June 30, 2021. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Municipality's major federal programs.

Management's Responsibility

The Municipality's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Municipality's compliance for the Municipality's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonable assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Municipality's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Municipality's major programs. However, our audit does not provide a legal determination of the Municipality's compliance.

Opinion on the Major Federal Programs

In our opinion, the Municipality of Elkins complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2021.

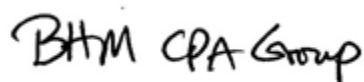
Report on Internal Control Over Compliance

The Municipality's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Municipality's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal programs' compliance and to test and report on internal control over compliance in accordance with OMB Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Municipality's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



BHM CPA Group, Inc
Huntington, West Virginia
March 21, 2022

MUNICIPALITY OF ELKINS
Schedule of Findings
2 CRT § 200.515
June 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant internal control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under §.510(a)?	No
(d)(1)(vii)	Major Programs (list):	Coronavirus Relief Fund ALN# 21.019
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

MUNICIPALITY OF ELKINS

Schedule of Findings

2 CFR § 200.515

June 30, 2021

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None noted

3. FINDINGS FOR FEDERAL AWARDS

None noted