



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

AUDIT REPORT OF
THE CITY OF ELKINS, WEST VIRGINIA

SINGLE AUDIT

For the Year Ended June 30, 2022
Fiscal Year Audited Under GAGAS: 2022

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Blended

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Discretely Presented

Parks and Recreation Board

FINANCIAL SECTION



Independent Auditor's Report

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

To the Mayor and Members of Council:

Report on the Audit of 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 City of Elkins, Randolph County, West Virginia (the City), as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 City of Elkins, Randolph County, West Virginia as of June 30, 2022, and the respective changes in financial position, cash flows thereof and the respective budgetary comparisons for the General and Coal Severance Tax Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Mayor and Members of Council
City of Elkins
Randolph County, West Virginia
Independent Auditor's Report

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and 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.

Mayor and Members of Council
City of Elkins
Randolph County, West Virginia
Independent Auditor's Report

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.

Management has omitted the *management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted to opine on the City's financial statements taken as a whole. The introductory section presents additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purpose of additional analysis is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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 13, 2023, on our consideration of the City'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 City's internal control over financial reporting and compliance.



BHM CPA Group Inc.
Huntington, West Virginia
March 13, 2023

**City of Elkins, West Virginia
Statement of Net Position
June 30, 2022**

	Governmental Activities	Business-Type Activities	Total	Component Unit Parks and Recreation Board
Assets:				
Cash and investments	\$ 4,828,438	\$ 2,186,816	\$ 7,015,254	\$ 1,050,000
Receivables (net)				
Taxes	835,714	-	835,714	-
Accounts	10,380	565,198	575,578	181
Other receivables	37,618	-	37,618	-
Due to/from other activities	486,150	(504,135)	(17,985)	17,985
Prepaid Services	72,319	61,140	133,459	8,960
Inventory	-	304,248	304,248	-
Restricted Assets	-	3,872,370	3,872,370	-
Net pension assets	1,769,237	514,960	2,284,197	-
Net OPEB assets	13,622	9,272	22,894	-
Right of Use Asset (net of accumulated amortization)	673,584	76,853	750,437	-
Capital assets not being depreciated	1,056,724	4,825,818	5,882,542	-
Capital assets being depreciated (net of accumulated depreciation)	3,074,606	43,102,348	46,176,954	447,721
<i>Total assets</i>	12,858,392	55,014,888	67,873,280	1,524,847
Deferred Outflows of Resources:				
Pensions	987,054	283,728	1,270,782	-
Other post employment benefits (OPEB)	76,823	52,292	129,115	-
<i>Total deferred outflows of resources</i>	1,063,877	336,020	1,399,897	-
Liabilities:				
Accounts payable	126,696	230,585	357,281	11,652
Contracts payable	2,037	-	2,037	-
Accrued wages and benefits	248,207	159,620	407,827	25,349
Accrued interest payable	-	29,773	29,773	-
Contracts payable	-	111,878	111,878	-
Long-term liabilities				
Due within one year	275,062	1,556,756	1,831,818	-
Due in more than one year				
Other long-term liabilities	1,348,628	43,149,720	44,498,348	-
<i>Total liabilities</i>	2,000,630	45,238,332	47,238,962	37,001
Deferred inflows of resources:				
Pensions	2,409,930	707,353	3,117,283	-
Other post employment benefits (OPEB)	503,740	342,881	846,621	-
<i>Total deferred inflows of resources</i>	2,913,670	1,050,234	3,963,904	-
Net Position:				
Net investment in capital assets	3,179,187	3,109,812	6,288,999	447,721
Restricted for:				
Other purposes	161,207	-	161,207	-
Debt service	-	780,757	780,757	-
Capital expenditures	1,450,729	579,892	2,030,621	-
Unrestricted	4,216,846	4,591,881	8,808,727	1,040,125
<i>Total net position</i>	\$9,007,969	\$9,062,342	\$18,070,311	\$1,487,846

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, 2022**

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,625,305	\$ 449,175	\$ -	\$ -
Public safety	1,325,878	791,781	3,115,367	-
Highway and Streets	1,407,177	-	-	-
Culture and recreation	282,243	-	-	-
Health and Sanitation	94,327	-	-	-
Contribution Expense	305,796	-	-	-
Public Utility Expense	893,558	-	-	-
Interest and fiscal charges	43,694	-	-	-
Total governmental activities	<u>5,977,978</u>	<u>1,240,956</u>	<u>3,115,367</u>	<u>-</u>
Business-type activities:				
Sanitation	1,250,248	1,512,309	-	-
Landfill	26,414	7,678	-	-
Water	4,225,551	3,526,336	-	476,898
Sewer	1,969,454	2,448,262	-	227,281
Total business-type activities	<u>7,471,667</u>	<u>7,494,585</u>	<u>-</u>	<u>704,179</u>
Total primary government	<u>13,449,645</u>	<u>8,735,541</u>	<u>3,115,367</u>	<u>704,179</u>
Component unit:				
Parks and Recreation Board	431,995	18,690	1,265,476	-
Total component unit	<u>431,995</u>	<u>18,690</u>	<u>1,265,476</u>	<u>-</u>

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

Gain on disposal of capital assets

Miscellaneous

Total general revenues

Changes in net position

Net position, beginning of the year (as restated)

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
\$ (1,176,130)	\$ -	\$ (1,176,130)	\$ -
2,581,270	-	2,581,270	-
(1,407,177)	-	(1,407,177)	-
(282,243)	-	(282,243)	-
(94,327)	-	(94,327)	-
(305,796)	-	(305,796)	-
(893,558)	-	(893,558)	-
(43,694)	-	(43,694)	-
(1,621,655)	-	(1,621,655)	-
-	262,061	262,061	-
-	(18,736)	(18,736)	-
-	(222,317)	(222,317)	-
-	706,089	706,089	-
-	727,097	727,097	-
(1,621,655)	727,097	(894,558)	-
			852,171
			852,171
1,062,977	-	1,062,977	-
1,492,421	-	1,492,421	-
94,445	-	94,445	-
389,596	-	389,596	-
1,507	-	1,507	-
195,825	-	195,825	-
12,793	-	12,793	-
1,452,942	-	1,452,942	-
121,675	-	121,675	-
78,675	-	78,675	-
53,232	-	53,232	-
15,142	-	15,142	-
37,957	-	37,957	-
40,580	-	40,580	-
7,641	11,581	19,222	656
27,750	-	27,750	-
55,845	-	55,845	-
5,141,003	11,581	5,152,584	656
3,519,348	738,678	4,258,026	852,827
5,488,621	8,323,664	13,812,285	635,019
\$ 9,007,969	\$ 9,062,342	\$ 18,070,311	\$ 1,487,846

City of Elkins, West Virginia
Balance Sheet
Governmental Funds
June 30, 2022

	General	Coal Severance	Financial Stabilization	American Rescue Plan	Capital Projects	Other Governmental	Total Governmental Funds
Assets:							
Cash and investments	\$ 1,392,874	\$ 152,056	\$ 1,188,244	\$ 2,052,892	\$ 855	\$ 41,517	\$ 4,828,438
Receivables (net of allowances for uncollectibles)							
Taxes	835,714	-	-	-	-	-	835,714
Accounts	10,380	-	-	-	-	-	10,380
Other receivables	28,467	9,151	-	-	-	-	37,618
Due from:							
Other funds	416,321	-	262,485	-	-	-	678,806
Component unit	765	-	-	-	-	-	765
Prepaid Services	72,319	-	-	-	-	-	72,319
<i>Total assets</i>	<u>2,756,840</u>	<u>161,207</u>	<u>1,450,729</u>	<u>2,052,892</u>	<u>855</u>	<u>41,517</u>	<u>6,464,040</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:							
Liabilities:							
Accounts payable	126,696	-	-	-	-	-	126,696
Contracts payable	-	-	-	-	2,037	-	2,037
Accrued wages and benefits	248,207	-	-	-	-	-	248,207
Interfund payable	174,671	-	-	-	-	-	174,671
Due to component unit	18,750	-	-	-	-	-	18,750
Notes payable	-	-	-	-	-	-	-
<i>Total liabilities</i>	<u>568,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,037</u>	<u>-</u>	<u>570,361</u>
Deferred Inflows of Resources:							
Property taxes not levied to finance current year operations	129,409	-	-	-	-	-	129,409
<i>Total deferred inflows of resources</i>	<u>129,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,409</u>
Fund Balances:							
Restricted for Capital Outlay	-	-	1,450,729	-	-	-	1,450,729
Restricted	-	161,207	-	2,052,892	-	41,517	2,255,616
Unassigned	2,059,107	-	-	-	(1,182)	-	2,057,925
<i>Total fund balances</i>	<u>2,059,107</u>	<u>161,207</u>	<u>1,450,729</u>	<u>2,052,892</u>	<u>(1,182)</u>	<u>41,517</u>	<u>5,764,270</u>
<i>Total liabilities, deferred inflows of resources and fund balances</i>	<u>\$ 2,756,840</u>	<u>\$ 161,207</u>	<u>\$ 1,450,729</u>	<u>\$ 2,052,892</u>	<u>\$ 855</u>	<u>\$ 41,517</u>	<u>\$ 6,464,040</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, 2022**

Total Governmental Fund Balances		\$ 5,764,270
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.		4,804,914
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes	129,409	
Total		129,409
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	987,054	
Deferred outflows of resources related to OPEB	76,823	
Deferred inflows of resources related to pensions	(2,409,930)	
Deferred inflows of resources related to OPEB	(503,740)	
Net Pension Assets	1,769,237	
Net Pension Liabilities	-	
Net OPEB Assets	13,622	
Net OPEB Liability	-	
Total		(66,934)
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	(870,862)	
Leases Payable	(628,477)	
Notes Payable	(124,351)	
Total		(1,623,690)
Net Position of Governmental Activities		<u>\$ 9,007,969</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 Balances
Governmental Funds
For the Year Ended June 30, 2022

	General	Coal Severance	Financial Stabilization	American Rescue Plan	Capital Projects	Other Governmental	Total Governmental Funds
Revenues:							
Taxes (including interest and penalties)							
Ad valorem	\$ 1,041,332	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,041,332
Business and occupation	1,492,421	-	-	-	-	-	1,492,421
Alcoholic beverage	94,445	-	-	-	-	-	94,445
Utility services	389,596	-	-	-	-	-	389,596
Animal control	1,507	-	-	-	-	-	1,507
Hotel occupancy	195,825	-	-	-	-	-	195,825
Gas and Oil Severance	12,793	-	-	-	-	-	12,793
Sales Tax	1,452,942	-	-	-	-	-	1,452,942
Licenses and permits	121,675	-	-	-	-	-	121,675
Franchise fees	78,675	-	-	-	-	-	78,675
Intergovernmental revenue							
Federal	25,523	-	-	3,089,844	-	-	3,115,367
State	26,138	27,094	-	-	-	-	53,232
Charges for services	362,264	-	-	-	-	-	362,264
Investment earnings	1,952	143	4,338	1,157	-	51	7,641
Fire service fees and penalties	791,781	-	-	-	-	-	791,781
Reimbursements	15,142	-	-	-	-	-	15,142
Rents and concessions	40,580	-	-	-	-	-	40,580
Parking revenues	7,763	-	-	-	-	-	7,763
Court costs and fees	79,148	-	-	-	-	-	79,148
Video lottery and gaming income	37,957	-	-	-	-	-	37,957
Miscellaneous revenue	48,621	-	-	-	-	7,224	55,845
<i>Total revenues</i>	<u>6,318,080</u>	<u>27,237</u>	<u>4,338</u>	<u>3,091,001</u>	<u>-</u>	<u>7,275</u>	<u>9,447,931</u>
Expenditures:							
Current:							
General government	1,658,339	-	-	-	-	-	1,658,339
Public safety	2,138,956	-	-	-	-	12,368	2,151,324
Highway and Streets	1,425,154	-	-	-	-	-	1,425,154
Culture and recreation	229,674	-	-	-	-	-	229,674
Health and Sanitation	14,377	-	-	79,950	-	-	94,327
Capital outlay	746,530	-	-	958,159	825,501	-	2,530,190
Debt service:							
Principal retirement	251,386	-	-	-	-	-	251,386
Interest and fiscal charges	43,694	-	-	-	-	-	43,694
<i>Total expenditures</i>	<u>6,508,110</u>	<u>-</u>	<u>-</u>	<u>1,038,109</u>	<u>825,501</u>	<u>12,368</u>	<u>8,384,088</u>
<i>Excess of revenues over (under) expenditures</i>	(190,030)	27,237	4,338	2,052,892	(825,501)	(5,093)	1,063,843
Other financing sources (uses):							
Issuance of debt	1,295,321	-	-	-	-	-	1,295,321
Proceeds from sale of capital assets	27,750	-	-	-	-	-	27,750
Transfers in	287,492	-	-	-	1,295,060	-	1,582,552
Transfers out	(1,096,561)	-	(485,991)	-	-	-	(1,582,552)
Contributions to Park Board	(305,796)	-	-	-	-	-	(305,796)
<i>Total other financing sources (uses)</i>	<u>208,206</u>	<u>-</u>	<u>(485,991)</u>	<u>-</u>	<u>1,295,060</u>	<u>-</u>	<u>1,017,275</u>
Net change in fund balance	18,176	27,237	(481,653)	2,052,892	469,559	(5,093)	2,081,118
Fund balance, January 1	2,040,931	133,970	1,932,382	-	(470,741)	46,610	3,683,152
Fund balance, December 31	<u>\$ 2,059,107</u>	<u>\$ 161,207</u>	<u>\$ 1,450,729</u>	<u>\$ 2,052,892</u>	<u>\$ (1,182)</u>	<u>\$ 41,517</u>	<u>\$ 5,764,270</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, 2022**

Net Change in Fund Balances - Total Governmental Funds		\$ 2,081,118
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	1,636,633	
Current Year Depreciation	<u>(446,582)</u>	
Total		1,190,051
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets.		
Proceeds from Disposal of Capital Assets	27,750	
Gain on Disposal of Capital Assets	<u>(27,750)</u>	
Total		-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes		21,645
The issuance of bonds in the statement of revenues, expenditures and changes in fund balances that are reported as other financing sources are not reported as revenues in the statement of activities.		
		(1,295,321)
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.		
		251,386
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		505,379
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.		
		765,090
Net Change in Net Position of Governmental Activities		<u>\$ 3,519,348</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, 2022

	Budgeted Amounts		Actual Modified Accrual Basis	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
	Revenues			
Taxes (including interest and penalties)				
General property tax	\$ 1,042,254	\$ 1,055,309	\$ 1,041,332	\$ (13,977)
Gas and oil severance tax	11,000	11,000	12,793	1,793
Sales Tax	1,200,000	1,406,000	1,452,942	46,942
Business and occupation tax	1,267,000	1,334,500	1,492,421	157,921
Alcoholic beverage tax	102,000	102,000	94,445	(7,555)
Utility services tax	355,000	355,000	389,596	34,596
Hotel occupancy tax	141,000	155,000	195,825	40,825
Animal control tax	1,500	1,500	1,507	7
Total taxes	4,119,754	4,420,309	4,680,861	260,552
Licenses and permits	121,700	121,700	121,675	(25)
Franchise fees	85,000	85,000	78,675	(6,325)
Intergovernmental:				
Federal	-	-	25,523	25,523
State	15,000	18,138	26,138	8,000
Charges for services	348,081	348,081	362,264	14,183
Interest	2,500	2,500	1,952	(548)
Fire service fees and penalties	913,000	913,000	791,781	(121,219)
Parking revenues	9,600	9,600	7,763	(1,837)
Court costs and fees	65,826	65,826	79,148	13,322
Video lottery and gaming income	27,000	27,000	37,957	10,957
Rents and concessions	26,500	26,500	40,580	14,080
Reimbursements	18,000	18,000	15,142	(2,858)
Miscellaneous	18,260	78,662	48,621	(30,041)
Total revenues	5,770,221	6,134,316	6,318,080	183,764
Expenditures				
General government	2,011,643	2,413,409	1,658,339	755,070
Public safety	2,315,957	3,009,894	2,138,956	870,938
Highways and streets	1,192,861	1,185,861	1,425,154	(239,293)
Health and sanitation	11,750	13,100	14,377	(1,277)
Culture and recreation	596,596	709,392	229,674	479,718
Debt service	99,500	94,500	295,080	(200,580)
Capital projects	-	-	746,530	(746,530)
Total expenditures	6,228,307	7,426,156	6,508,110	918,046
(Deficiency) excess of revenues				
(under) over expenditures	(458,086)	(1,291,840)	(190,030)	1,101,810

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, 2022

	Budgeted Amounts		Actual Modified Accrual Basis	Variance
	Original	Final		With Final Budget Favorable (Unfavorable)
Other Financing Sources (Uses):				
Issuances of Debt	-	-	1,295,321	1,295,321
Proceeds from sale of capital assets	-	-	27,750	27,750
Proceeds from Insurance	-	-	-	-
Transfers In	-	-	287,492	287,492
Transfers Out	-	-	(1,096,561)	(1,096,561)
Contributions to Park Board	-	-	(305,796)	(305,796)
Total other financing sources (uses)	-	-	208,206	208,206
Net change in fund balance	(458,086)	(1,291,840)	18,176	1,310,016
Fund balance at beginning of year	458,086	1,291,840	2,040,931	749,091
Fund balance at end of year	\$ -	\$ -	\$ 2,059,107	\$ 2,059,107

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, 2022

	Budgeted Amounts		Actual Modified Accrual Basis	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental:				
State	11,000	11,000	27,094	16,094
Interest	-	-	143	143
Total revenues	<u>11,000</u>	<u>11,000</u>	<u>27,237</u>	<u>16,237</u>
Expenditures				
Public safety	137,805	140,922	-	140,922
Total expenditures	<u>137,805</u>	<u>140,922</u>	<u>-</u>	<u>140,922</u>
Net change in fund balance	(126,805)	(129,922)	27,237	157,159
Fund balance at beginning of year	<u>126,805</u>	<u>129,922</u>	<u>133,970</u>	<u>4,048</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,207</u>	<u>\$ 161,207</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, 2022

	Business-Type Activities - Enterprise Funds				
	Sanitation	Landfill	Water	Sewer	Totals
Assets:					
Current assets:					
Equity in pooled cash and investments	\$ 1,259,472	\$ 127,478	\$ 36,021	\$ 763,845	\$ 2,186,816
Receivables (net of allowances for uncollectibles)	108,628	57	278,117	178,396	565,198
Due from other funds	-	-	22,875	-	22,875
Prepaid services	15,670	-	25,565	19,905	61,140
Materials and supplies inventory	-	-	210,550	93,698	304,248
<i>Total current assets</i>	<u>1,383,770</u>	<u>127,535</u>	<u>573,128</u>	<u>1,055,844</u>	<u>3,140,277</u>
Restricted assets:					
Reserve account	-	-	637,906	655,848	1,293,754
Revenue account	-	-	69,323	124,909	194,232
Depreciation account	-	-	54,474	139,209	193,683
Renewal and replacement account	-	-	184,310	201,899	386,209
Landfill escrow	-	1,804,492	-	-	1,804,492
<i>Total restricted assets</i>	<u>-</u>	<u>1,804,492</u>	<u>946,013</u>	<u>1,121,865</u>	<u>3,872,370</u>
Noncurrent assets:					
Right of Use Asset (Net of Accumulated Amortization)	-	-	31,051	45,802	76,853
Net Pension Asset	107,162	-	233,642	174,156	514,960
OPEB Asset	2,152	-	3,961	3,159	9,272
<i>Total Noncurrent assets</i>	<u>109,314</u>	<u>-</u>	<u>268,654</u>	<u>223,117</u>	<u>601,085</u>
Capital Assets					
Land	-	-	9,766	57,034	66,800
Structures and improvements	-	42,600	23,075,652	10,638,491	33,756,743
Treatment and distribution system	-	-	20,800,784	-	20,800,784
Collecting system	-	-	-	7,223,770	7,223,770
Pumping system	-	-	-	712,682	712,682
Treatment and disposal system	-	-	-	2,918,694	2,918,694
General plant	-	-	-	1,403,001	1,403,001
Machinery and equipment	1,941,162	1,276,683	1,121,183	-	4,339,028
Landfill cell	-	2,918,670	-	-	2,918,670
Construction in progress	55,026	-	-	4,703,992	4,759,018
Less: accumulated depreciation and amortization	<u>(1,335,544)</u>	<u>(4,231,416)</u>	<u>(10,870,127)</u>	<u>(14,533,937)</u>	<u>(30,971,024)</u>
<i>Total capital assets</i>	<u>660,644</u>	<u>6,537</u>	<u>34,137,258</u>	<u>13,123,727</u>	<u>47,928,166</u>
<i>Total assets</i>	<u>2,153,728</u>	<u>1,938,564</u>	<u>35,925,053</u>	<u>15,524,553</u>	<u>55,541,898</u>
Deferred Outflows of Resources:					
Pensions	59,043	-	128,730	95,955	283,728
OPEB	12,137	-	22,337	17,818	52,292
<i>Total deferred outflows of resources</i>	<u>71,180</u>	<u>-</u>	<u>151,067</u>	<u>113,773</u>	<u>336,020</u>
Liabilities:					
Current liabilities (payable from current assets):					
Accounts payable	67,733	11	75,551	87,290	230,585
Accrued wages, benefits and vacation	38,590	-	73,780	47,250	159,620
Due to other funds	440,091	-	86,919	-	527,010
Contracts payable	-	-	-	111,878	111,878
Notes payable - current portion	54,971	-	3,541	87,250	145,762
Current portion of financed purchase obligations	58,546	-	5,591	38,532	102,669
<i>Total current liabilities (payable from current assets)</i>	<u>659,931</u>	<u>11</u>	<u>245,382</u>	<u>372,200</u>	<u>1,277,524</u>
Current liabilities (payable from restricted assets):					
Revenue bonds payable	-	-	738,609	569,716	1,308,325
Accrued interest	-	-	29,773	-	29,773
<i>Total current liabilities (payable from restricted assets)</i>	<u>-</u>	<u>-</u>	<u>768,382</u>	<u>569,716</u>	<u>1,338,098</u>
Noncurrent liabilities:					
Financed purchase obligations-noncurrent	195,151	-	22,963	39,701	257,815
Revenue bonds payable-noncurrent	-	-	32,956,597	9,935,308	42,891,905
<i>Total noncurrent liabilities</i>	<u>195,151</u>	<u>-</u>	<u>32,979,560</u>	<u>9,975,009</u>	<u>43,149,720</u>
<i>Total liabilities</i>	<u>855,082</u>	<u>11</u>	<u>33,993,324</u>	<u>10,916,925</u>	<u>45,765,342</u>
Deferred Inflows of Resources:					
Pensions	151,498	-	309,619	246,236	707,353
OPEB	79,582	-	146,465	116,834	342,881
<i>Total deferred inflows of resources</i>	<u>231,080</u>	<u>-</u>	<u>456,084</u>	<u>363,070</u>	<u>1,050,234</u>
Net Position:					
Net investment in capital assets	351,976	6,537	409,957	2,341,342	3,109,812
Restricted:					
Debt service	-	-	-	780,757	780,757
Depreciation and replacement	-	-	54,474	341,108	395,582
Capital acquisition	-	-	184,310	-	184,310
Unrestricted	786,770	1,932,016	977,971	895,124	4,591,881
<i>Total net position</i>	<u>\$1,138,746</u>	<u>\$1,938,553</u>	<u>\$1,626,712</u>	<u>\$4,358,331</u>	<u>\$9,062,342</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, 2022

	Business-Type Activities - Enterprise Funds				
	Sanitation	Landfill	Water	Sewer	Totals
Operating revenues:					
Charges for services	\$ 1,483,626	\$ 6	\$ 3,386,779	\$ 2,214,858	\$ 7,085,269
Discounts and penalties	13,833	-	27,851	19,468	61,152
Lab analysis charges	-	-	-	188,778	188,778
Tap fees	-	-	16,666	4,800	21,466
Total operating revenues	<u>1,497,459</u>	<u>6</u>	<u>3,431,296</u>	<u>2,427,904</u>	<u>7,356,665</u>
Operating expenses:					
Personal services	265,574	-	636,279	503,596	1,405,449
Contractual services	676,331	1,124	207,842	207,550	1,092,847
Administrative and general	16,003	-	19,098	20,117	55,218
Rents	21,600	-	12,542	-	34,142
Miscellaneous	-	-	17,924	85,526	103,450
Fuel and oil	-	-	40,889	34,974	75,863
Liability insurance	19,685	5,409	16,825	18,031	59,950
Materials and supplies	109,617	-	483,251	99,447	692,315
Utilities	6,978	266	225,715	225,292	458,251
Depreciation	108,752	19,615	1,297,588	405,246	1,831,201
Maintenance	19,230	-	236,050	228,462	483,742
Total operating expenses	<u>1,243,770</u>	<u>26,414</u>	<u>3,194,003</u>	<u>1,828,241</u>	<u>6,292,428</u>
Operating income (loss)	<u>253,689</u>	<u>(26,408)</u>	<u>237,293</u>	<u>599,663</u>	<u>1,064,237</u>
Nonoperating revenues (expenses):					
Interest income	1,505	6,139	1,240	2,697	11,581
Miscellaneous income	14,850	7,672	95,040	20,358	137,920
Capital Grant	-	-	476,898	227,281	704,179
Sale of Fixed Asset	-	-	(363,981)	-	(363,981)
Interest expense	(6,478)	-	(667,567)	(141,213)	(815,258)
Total nonoperating revenues (expenses)	<u>9,877</u>	<u>13,811</u>	<u>(458,370)</u>	<u>109,123</u>	<u>(325,559)</u>
Changes in net position	<u>263,566</u>	<u>(12,597)</u>	<u>(221,077)</u>	<u>708,786</u>	<u>738,678</u>
Net position, beginning of the year	<u>875,180</u>	<u>\$ 1,951,150</u>	<u>1,847,789</u>	<u>3,649,545</u>	<u>8,323,664</u>
Net position, end of the year	<u>\$ 1,138,746</u>	<u>\$ 1,938,553</u>	<u>\$ 1,626,712</u>	<u>\$ 4,358,331</u>	<u>\$ 9,062,342</u>

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, 2022

	Business-Type Activities - Enterprise Funds				
	Sanitation	Landfill	Water	Sewer	Totals
Cash flows from operating activities:					
Cash received from customers	\$ 1,499,269	\$ (49)	\$ 3,447,610	\$ 2,461,410	\$ 7,408,240
Cash received from tap fees	-	-	16,666	4,800	21,466
Cash paid to suppliers	(864,141)	(6,788)	(2,029,821)	(1,328,031)	(4,228,781)
Cash paid to employees and for fringe benefits	(389,321)	-	(820,116)	(639,541)	(1,848,978)
Net cash provided by (used for) operating activities	245,807	(6,837)	614,339	498,638	1,351,947
Cash flows from non-capital financing activities:					
Transfer of monies to/from restricted cash	-	(6,008)	53,121	180,778	227,891
Miscellaneous non-operating receipts	14,850	7,672	95,040	20,358	137,920
Net cash provided by non-capital financing activities	14,850	1,664	148,161	201,136	365,811
Cash flows from capital and related financing activities:					
Principal payments - capital lease	(55,275)	-	(1,927)	(37,126)	(94,328)
Interest paid	(6,478)	-	(666,204)	(141,213)	(813,895)
Proceeds from issuance of debt and purchase lease obligations	182,603	-	1,396,911	3,440,820	5,020,334
Purchases of assets	(381,093)	-	(710,650)	(3,178,103)	(4,269,846)
Cash Received Sale of Assets	-	-	11,597	-	11,597
Principal payments - bonds and notes payable	(10)	-	(798,227)	(585,501)	(1,383,738)
Net cash used for capital and related financing activities	(260,253)	-	(768,500)	(501,123)	(1,529,876)
Cash flows from investing activities:					
Interest received	1,505	6,139	1,240	2,697	11,581
Net cash provided by investing activities	1,505	6,139	1,240	2,697	11,581
Net increase (decrease) in cash and cash equivalents	1,909	966	(4,760)	201,348	199,463
Cash and cash equivalents, beginning of the year	1,257,563	126,512	40,781	562,497	1,987,353
Cash and cash equivalents, end of the year	<u>\$ 1,259,472</u>	<u>\$ 127,478</u>	<u>\$ 36,021</u>	<u>\$ 763,845</u>	<u>\$ 2,186,816</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating income (loss)	\$ 253,689	\$ (26,408)	\$ 237,293	\$ 599,663	\$ 1,064,237
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	108,752	19,615	1,297,588	405,246	1,831,201
(Increase) decrease in operating assets and deferred outflows:					
Accounts receivable	1,810	(55)	32,980	38,306	73,041
Inventory	-	-	(41,744)	(23,197)	(64,941)
Prepaid Services	(2,840)	-	(1,388)	(1,666)	(5,894)
Net OPEB Asset	(107,162)	-	(233,642)	(174,156)	(514,960)
Net Pension Asset	(2,152)	-	(3,961)	(3,159)	(9,272)
Deferred outflows - pension	20,648	-	5,412	34,304	60,364
Deferred outflows - OPEB	20,628	-	26,055	18,980	65,663
Increase (decrease) in operating liabilities and deferred inflows:					
Accounts payable	5,303	11	(39,092)	46,027	12,249
Retainage Payable	-	-	(111,385)	(120,135)	(231,520)
Contracts Payable	-	-	(577,464)	(311,327)	(888,791)
Accrued wages, benefits and vacation	5,115	-	15,413	3,297	23,825
Net pension liability	(88,180)	-	(152,243)	(146,341)	(386,764)
Net OPEB liability	(45,428)	-	(67,094)	(51,020)	(163,542)
Deferred inflows - pension	139,075	-	292,395	227,619	659,089
Deferred inflows - OPEB	(63,451)	-	(64,784)	(43,803)	(172,038)
Total adjustments	(7,882)	19,571	377,046	(101,025)	287,710
Net cash provided by (used for) operating activities	<u>\$ 245,807</u>	<u>\$ (6,837)</u>	<u>\$ 614,339</u>	<u>\$ 498,638</u>	<u>\$ 1,351,947</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, 2022

	Pension Trust Fund
Assets:	
Current assets:	
Segregated cash accounts	\$1,995,254
Segregated investments	4,221,816
<i>Total assets</i>	\$6,217,070
 Net Position:	
Held in trust for pension benefits	6,217,070
<i>Total net position</i>	\$6,217,070

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, 2022

	Pension Trust Fund
Additions	
Contributions:	
Employer	\$ 99,232
Employees	32,504
Premium surtax allocation	129,164
Total contributions	260,900
Investment income (loss)	(764,632)
Total additions	(503,732)
Deductions:	
General and administrative	17,387
Benefit payments	381,575
Total deductions	398,962
Changes in net position	(902,694)
Net position, beginning of the year	7,119,764
Net position, end of the year	\$ 6,217,070

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, 2022**

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, 2022.

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, 2022

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
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FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 \$22,500 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, 2022

(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, 2022

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 *American Rescue Plan Act Fund* accounts for monies acquired through the American Rescue Plan Act.

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.

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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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.

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
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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.

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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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:

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
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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, 2022

(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, 2022

(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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 \$1,270,782 and \$129,115, respectively, as of June 30, 2022. 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 2022, the City reported a total of \$3,117,283 and \$846,621 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, 2022

(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 (asset) 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.

**CITY OF ELKINS, WEST VIRGINIA
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, 2022. 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	Category			Carrying
	<u>Balance</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>
Primary Government	\$ 9,524,852	\$ 9,524,852	\$ -	\$ -	\$ 9,399,638
Component Unit	1,050,000	1,050,000	-	-	1,050,000
Total Deposits					<u>\$10,449,638</u>

	Bank	Category			Carrying
	<u>Balance</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>
Fiduciary Funds	\$ 105,238	\$ 105,238	\$ -	\$ -	\$ 105,238
Total Deposits					<u>\$ 105,238</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, 2022. 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, 2022**

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	\$ 1,487,986	\$ -	\$ -	\$ 1,487,986	\$ 1,487,986	\$ -
	<u>\$ 1,487,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,487,986</u>	<u>\$ 1,487,986</u>	<u>\$ -</u>

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

Total deposits	\$ 9,553,240
Investments - restricted	2,384,384
 Total deposits and investments	 <u>\$ 11,937,624</u>
 Statement of Net Position:	
Cash	\$ 8,065,254
Restricted Assets	3,872,370
 Total deposits and investments	 <u>\$ 11,937,624</u>

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

<u>Investment Type</u>	Category			Market		Unrecognized
	<u>1</u>	<u>2</u>	<u>3</u>	Value	Cost	Gain/(Loss)
Certificates of Deposit	\$ 1,890,016	\$ -	\$ -	\$ 1,890,016	\$ 1,970,000	\$ (79,984)
US Government Agencies	889,223	-	-	889,223	949,948	(60,725)
Mutual Funds	3,332,593	-	-	3,332,593	1,424,786	1,907,807
	<u>\$ 6,111,832</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,111,832</u>	<u>\$ 4,344,734</u>	<u>\$ 1,767,098</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, 2022, 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, 2022, the City had the following investments:

<u>Investment Type</u>	Fair Value	Credit Risk Rating	
		Standard & Poor's and Fitch	Moody's Investment Services
Certificates of Deposit	\$ 1,890,016	N/A	N/A
US Government Agencies	889,223	AA	AA
Mutual Funds	3,332,593	Not Rated	Not Rated
	<u>\$ 6,111,832</u>		

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Interest Rate Risk

As of June 30, 2022, the City had the following investments and maturities exposed to interest rate risk.

<u>Investment Type</u>	Fair Value	Less than 1	1-5	6-10	More than 10
Certificates of Deposit	\$ 1,890,016	\$ 995,985	\$ 894,031	\$ -	\$ -
US Government Agencies	889,223	889,223	-	-	-
	<u>\$ 2,779,239</u>	<u>\$1,885,208</u>	<u>\$ 894,031</u>	<u>\$ -</u>	<u>\$ -</u>

4. Accounts Receivable, Business-Type Activities

Accounts receivable and its allowance at June 30, 2022 are as follows:

	<u>Sanitation</u> <u>Fund</u>	<u>Landfill</u> <u>Fund</u>	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>
Accounts receivable	\$ 138,407	\$ 903	\$ 335,473	\$ 222,023
Less: Allowance for doubtful accounts	29,779	846	57,356	43,627
	<u>\$ 108,628</u>	<u>\$ 57</u>	<u>\$ 278,117</u>	<u>\$ 178,396</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
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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, 2022 were as follows:

<u>Class of Property</u>	<u>Assessed Valuations For Tax Purposes</u>	<u>Expense</u>	<u>Current</u>
Class I	\$	-	\$ 0.125
Class II	\$	115,856,332	\$ 0.250
Class IV	\$	169,773,990	\$ 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, 2020 and projected to the measurement date of June 30, 2021.

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, 2020 and projected to the measurement date of June 30, 2021.

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	1	12
Total	14	4	18

**CITY OF ELKINS, WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENTS
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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.
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, 2022**

Actuarial Assumptions and Rate of Return

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020 and projected to the June 30, 2021 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, 2021 are summarized in the following chart:

Inflation rate	2.5% 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, 2021, 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, 2022**

Changes in Net Pension Liability

	PPRF		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
Balances at June 30, 2020	\$ 4,803,097	\$ 3,893,791	\$ 909,306
Service Cost	47,481	-	47,481
Interest Cost	300,618	-	300,618
Difference in expected and actual experience	83,646	-	83,646
Assumption Changes	(352,503)	-	(352,503)
Contributions - Employer	-	224,531	(224,531)
Contributions - Employee	-	14,861	(14,861)
Net Investment Income	-	917,945	(917,945)
Benefits Paid	(356,405)	(356,405)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
Net Changes	(277,163)	800,932	(1,078,095)
Balances At June 30, 2021	\$ 4,525,934	\$ 4,694,723	\$ (168,789)

	FPRF		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
Balances at June 30, 2020	\$ 1,999,781	\$ 1,919,756	\$ 80,025
Service Cost	74,701	-	74,701
Interest Cost	119,323	-	119,323
Difference in expected and actual experience	(265,324)	-	(265,324)
Assumption Changes	(13,812)	-	(13,812)
Contributions - Employer	-	120,984	(120,984)
Contributions - Employee	-	14,045	(14,045)
Net Investment Income	-	392,377	(392,377)
Benefits Paid	(22,121)	(22,121)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
Net Changes	(107,233)	505,285	(612,518)
Balances At June 30, 2021	\$ 1,892,548	\$ 2,425,041	\$ (532,493)

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 FPRF and 6.25 percent for PPRF, 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 FPRF and 5.25 percent for PPRF) or 1 – percentage point higher (7.0 percent for FPRF and 7.25 percent for PPRF) than the current rate:

	<u>1% Decrease</u>		<u>Current Interest Rate</u>		<u>1% Increase</u>
	5.25% - PPRF		6.25% - PPRF		7.25% - PPRF
	5.0% - FPRF		6.0% - FPRF		7.0% - FPRF
Net Pension Liability (Asset) - PPRF	\$ 327,476	\$	(168,789)	\$	(581,371)
Net Pension Liability (Asset) - FPRF	\$ (251,034)	\$	(532,493)	\$	(760,370)

At June 30, 2022, 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	\$ 70,149	\$	91,803
Changes of assumptions		-	26,195
City contributions subsequent to the measurement date	170,414		57,982
Total	\$ 240,563	\$	175,980
 Deferred Inflows of Resources:			
Differences between expected and actual economic experience	\$ 53,913	\$	233,795
Differences between projected and actual investment earnings	547,748		215,335
Changes of assumptions	251,434		10,359
Total	\$ 853,095	\$	459,489

\$228,396 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, 2023. 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, 2022**

	PPRF	FPRF
Fiscal Year Ending June 30:		
2023	\$ (384,496)	\$ (41,027)
2024	(134,581)	(123,397)
2025	(130,137)	(122,306)
2026	(133,732)	(54,761)
Total	\$ (782,946)	\$ (341,491)

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, 2022, the City recognized a gain of (\$352,779) related to PPRF and pension expense of \$4,937 related to FPRF.

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Pension Trust Funds Financial Statements

	<u>Policeman's Pension Trust Fund</u>	<u>Fireman's Pension Trust Fund</u>
Assets:		
Segregated cash accounts	\$ 1,085,435	\$ 909,819
Segregated investments	<u>2,911,827</u>	<u>1,309,989</u>
Total assets	<u>\$ 3,997,262</u>	<u>\$ 2,219,808</u>
Net Position:		
Held in trust for pension benefits	<u>\$ 3,997,262</u>	<u>\$ 2,219,808</u>
Total net position	<u>\$ 3,997,262</u>	<u>\$ 2,219,808</u>
Additions		
Contributions:		
Employer	\$ 41,250	\$ 57,982
Employees	14,841	17,663
Premium surtax allocation	<u>129,164</u>	<u>-</u>
Total contributions	185,255	75,645
Investment income (loss)	<u>(512,475)</u>	<u>(252,157)</u>
Total additions	<u>(327,220)</u>	<u>(176,512)</u>
Deductions:		
General and administrative	10,874	6,513
Benefit payments	<u>359,367</u>	<u>22,208</u>
Total deductions	<u>370,241</u>	<u>28,721</u>
Changes in net position	(697,461)	(205,233)
Net position, beginning of the year	<u>4,694,723</u>	<u>2,425,041</u>
Net position, end of the year	<u>\$ 3,997,262</u>	<u>\$ 2,219,808</u>

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

7. Capital Assets and Capital Assets Net of Depreciation

Capital asset activity for the year ended June 30, 2022 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	894,274	825,501	744,051	975,724
Total nondepreciable assets	<u>975,274</u>	<u>825,501</u>	<u>744,051</u>	<u>1,056,724</u>
Right of Use Assets				
Vehicles	269,777 *	574,567	-	844,344
Totals at historical cost	<u>269,777</u>	<u>574,567</u>	<u>-</u>	<u>844,344</u>
Less: Accumulated Amortization :				
Vehicles	(47,989) *	(122,773)	-	(170,762)
Total Accumulated amortization	<u>(47,989)</u>	<u>(122,773)</u>	<u>-</u>	<u>(170,762)</u>
Right of Use assets - net	221,788	451,794	-	673,582
Depreciable Assets				
Buildings & Improvements	3,535,946	814,209	-	4,350,155
Machinery & Equipment	3,696,224	166,407	(30,550)	3,832,081
Totals at historical cost	<u>7,232,170</u>	<u>980,616</u>	<u>713,501</u>	<u>8,182,236</u>
Less: Accumulated depreciation:				
Buildings & Improvements	(2,043,176)	(97,617)	-	(2,140,793)
Machinery & Equipment	(2,771,195)	(226,192)	30,550	(2,966,837)
Total Accumulated depreciation	<u>(4,814,371)</u>	<u>(323,809)</u>	<u>30,550</u>	<u>(5,107,630)</u>
Total depreciable assets - net	2,417,799	656,807	744,051	3,074,606
Governmental Activities:				
Capital assets - net	<u>\$ 3,614,861</u>	<u>\$ 1,934,102</u>	<u>\$ 1,488,102</u>	<u>\$ 4,804,912</u>

* - As Restated-See Note 17

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>Component Unit - Parks & Recreation Fund</u>	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Nondepreciable Assets				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total nondepreciable assets	-	-	-	-
Depreciable Assets				
Buildings & Improvements	813,543	13,550	-	827,093
Machinery & Equipment	258,303	8,994	-	267,297
Totals at historical cost	1,071,846	22,544	-	1,094,390
Less: Accumulated depreciation:				
Buildings & Improvements	(400,106)	(49,348)	-	(449,454)
Machinery & Equipment	(183,822)	(13,393)	-	(197,215)
Total Accumulated depreciation	(583,928)	(62,741)	-	(646,669)
Total depreciable assets - net	487,918	(40,197)	-	447,721
Parks & Recreation Fund:				
Capital assets - net	\$ 487,918	\$ (40,197)	\$ -	\$ 447,721

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Business-Type Activities	<u>Beginning</u>			<u>Ending</u>
<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	1,276,683	-	-	1,276,683
Landfill Cell	2,918,670	-	-	2,918,670
Totals at historical cost	4,237,953	-	-	4,237,953
Less: Accumulated depreciation:				
Structures & Improvements	(42,600)	-	-	(42,600)
Machinery & Equipment	(1,250,531)	(19,615)	-	(1,270,146)
Landfill Cell	(2,918,670)	-	-	(2,918,670)
Total Accumulated depreciation	(4,211,801)	(19,615)	-	(4,231,416)
Total depreciable assets - net	26,152	(19,615)	-	6,537
Landfill Fund:				
Capital assets - net	\$ 26,152	\$ (19,615)	\$ -	\$ 6,537

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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	<u>55,026</u>	<u>-</u>	<u>-</u>	<u>55,026</u>
Depreciable Assets				
Structures & Improvements	-	-	-	-
Machinery & Equipment	1,560,069	381,093	-	1,941,162
Totals at historical cost	<u>1,560,069</u>	<u>381,093</u>	<u>-</u>	<u>1,941,162</u>
Less: Accumulated depreciation:				
Structures & Improvements	-	-	-	-
Machinery & Equipment	(1,226,792)	(108,752)	-	(1,335,544)
Total Accumulated depreciation	<u>(1,226,792)</u>	<u>(108,752)</u>	<u>-</u>	<u>(1,335,544)</u>
 Total depreciable assets - net	 333,277	 272,341	 -	 605,618
 Sanitation Fund:				
Capital assets - net	<u>\$ 388,303</u>	<u>\$ 272,341</u>	<u>\$ -</u>	<u>\$ 660,644</u>

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Business-Type Activities
Sewer

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Nondepreciable Assets				
Land	57,034	-	-	57,034
Construction in Progress	1,750,656	2,953,336	-	4,703,992
Total nondepreciable assets	1,807,690	2,953,336	-	4,761,026
Right of Use Assets (Vehicles)	31,199 *	31,889	-	63,088
Less Accumulated Amortization:	(5,200) *	(12,086)	-	(17,286)
Total Right of Use Assets (Net)	25,999	19,803	-	45,802
Structures and Improvements	10,625,991	12,500	-	10,638,491
Collecting System	7,143,495	80,275	-	7,223,770
Pumping System	712,682	-	-	712,682
Treatment and Disposal System	2,617,308	301,386	-	2,918,694
General Plant	1,403,001	-	-	1,403,001
Totals at historical cost	22,502,477	394,161	-	22,896,638
Less: Accumulated depreciation				
Structures and Improvements	(6,721,053)	(160,564)	-	(6,881,617)
Collecting System	(3,153,340)	(167,628)	-	(3,320,968)
Pumping System	(616,803)	(16,819)	-	(633,622)
Treatment and Disposal System	(2,424,870)	(26,478)	-	(2,451,348)
General Plant	(1,224,711)	(21,671)	-	(1,246,382)
Totals Accumulated depreciation	(14,140,777)	(393,160)	-	(14,533,937)
Total depreciable assets - net	8,361,700	1,001	-	8,362,701
Sewer Fund:				
Capital assets - net	10,195,389	2,974,140	-	13,169,529

* - As Restated-See Note 17

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	1,245,267	679,599	1,924,866	-
Total nondepreciable assets	<u>1,255,033</u>	<u>679,599</u>	<u>1,924,866</u>	<u>9,766</u>
Right of use Assets				
Vehicles	-	32,685	-	32,685
Totals:	<u>-</u>	<u>32,685</u>	<u>-</u>	<u>32,685</u>
Less accumulated amortization:				
Vehicles	-	(1,634)	-	(1,634)
Total accumulated amortization	<u>-</u>	<u>(1,634)</u>	<u>-</u>	<u>(1,634)</u>
Total Right of use assets- net	-	31,051	-	31,051
Depreciable Assets				
Structures & Improvements	21,150,786	1,924,866	-	23,075,652
Treatment & Distribution System	21,766,635	111,837	1,077,689	20,800,783
Machinery & Equipment	796,247	365,062	40,125	1,121,184
Totals at historical cost	<u>43,713,668</u>	<u>2,401,765</u>	<u>1,117,814</u>	<u>44,997,619</u>
Less: Accumulated depreciation:				
Structures & Improvements	(4,045,908)	(450,294)	-	(4,496,202)
Treatment & Distribution System	(5,509,093)	(805,017)	(702,133)	(5,611,977)
Machinery & Equipment	(761,430)	(40,643)	(40,125)	(761,948)
Total Accumulated depreciation	<u>(10,316,431)</u>	<u>(1,295,954)</u>	<u>(742,258)</u>	<u>(10,870,127)</u>
Total depreciable assets - net	33,397,237	1,105,811	375,556	34,127,492
Water Fund:				
Capital assets - net	<u>\$ 34,652,270</u>	<u>\$ 1,816,461</u>	<u>\$ 2,300,422</u>	<u>\$ 34,168,309</u>

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Business-Type Activities

Total Enterprise

	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable Assets				
Land	66,800	-	-	66,800
Construction in Progress	3,050,949	3,632,935	(1,924,866)	4,759,018
Total nondepreciable assets	<u>3,117,749</u>	<u>3,632,935</u>	<u>(1,924,866)</u>	<u>4,825,818</u>
Right of Use Assets				
Vehicles	31,199 *	64,574	-	95,773
Total Right of Use Assets	<u>31,199</u>	<u>64,574</u>	<u>-</u>	<u>95,773</u>
Less Accumulated Amortization				
Vehicles	(5,200) *	(13,720)	-	(18,920)
Total accumulated amortization	<u>(5,200)</u>	<u>(13,720)</u>	<u>-</u>	<u>(18,920)</u>
Total Right of Use Assets	25,999	50,854	-	76,853
Depreciable Assets				
Structures and Improvements	31,819,377	1,937,366	-	33,756,743
Collecting System	7,143,495	80,275	-	7,223,770
Pumping System	712,682	-	-	712,682
Treatment and Distribution System	21,766,635	111,837	(1,077,689)	20,800,783
Treatment and Disposal System	2,617,308	301,386	-	2,918,694
General Plant	1,403,001	-	-	1,403,001
Machinery and Equipment	3,633,000	746,155	(40,125)	4,339,030
Landfill Cell	2,918,670	-	-	2,918,670
Totals at historical cost	<u>72,014,168</u>	<u>3,177,019</u>	<u>(1,117,814)</u>	<u>74,073,373</u>
Less: Accumulated depreciation				
Structures and Improvements	(10,809,562)	(610,858)	-	(11,420,420)
Collecting System	(3,153,340)	(167,628)	-	(3,320,968)
Pumping System	(616,803)	(16,819)	-	(633,622)
Treatment and Distribution System	(5,509,093)	(805,017)	702,133	(5,611,977)
Treatment and Disposal System	(2,424,870)	(26,478)	-	(2,451,348)
General Plant	(1,224,711)	(21,671)	-	(1,246,382)
Machinery and Equipment	(3,238,753)	(169,010)	40,125	(3,367,638)
Landfill Cell	(2,918,670)	-	-	(2,918,670)
Total Accumulated depreciation:	<u>(29,895,802)</u>	<u>(1,817,481)</u>	<u>742,258</u>	<u>(30,971,025)</u>
Total depreciable assets - net	42,118,366	1,359,538	(375,556)	43,102,348
Total Business-Type Activities:				
Capital assets - net	<u>45,262,114</u>	<u>5,043,327</u>	<u>(2,300,422)</u>	<u>48,005,019</u>

* - As Restated-See Note 17

CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Depreciation and amortization expense were charged to governmental activities as follows:

	Depreciation	Amortization
General Government	\$ 47,059	\$ 5,337
Public Safety	194,820	94,413
Highways & Streets	59,641	23,023
Culture & Recreation	22,289	-
Total Depreciation Expense	<u>\$ 323,809</u>	<u>\$ 122,773</u>

8. Long-Term Debt

The following is a summary of long-term debt for the year ended June 30, 2022:

	Balance at 06/30/21	Additions	Reductions	Balance at 06/30/22	Amounts Due in One Year	Amounts Due after One Year
Governmental Activities:						
Notes Payable	\$ 199,898	\$ -	\$ (75,547)	\$ 124,351	\$ 49,059	\$ 75,292
Right of Use Obligations (1)	\$ 181,978	\$ 551,270	\$ (104,771)	\$ 628,477	\$ 146,594	\$ 481,883
Revenue Bonds Payable	921,737	764,244	(815,119)	870,862	79,409	791,453
Net Pension Liabilities *	1,375,061	-	(1,375,061)	-	-	-
Other Post-employment Benefit (OPEB) Liabilities	185,906	-	(185,906)	-	-	-
Subtotal Governmental Activities	<u>2,864,580</u>	<u>1,315,514</u>	<u>(2,556,404)</u>	<u>1,623,690</u>	<u>275,062</u>	<u>1,348,628</u>
Business-type Activities:						
Purchase Lease Obligations	185,703	182,603	(81,269)	287,037	85,141	201,896
Right of Use Obligations (1)	25,999	60,507	(13,059)	73,447	17,528	55,919
Notes Payable	178,730	-	(32,968)	145,762	145,762	-
Revenue Bonds Payable	40,797,847	4,753,153	(1,350,770)	44,200,230	1,519,242	42,680,988
Net Pension Liabilities *	386,764	-	(386,764)	-	-	-
Other Post-employment Benefit (OPEB) Liabilities *	163,542	-	(163,542)	-	-	-
Subtotal Business-type Activities	<u>41,738,585</u>	<u>4,996,263</u>	<u>(2,028,372)</u>	<u>44,706,476</u>	<u>1,767,673</u>	<u>42,938,803</u>
Total	<u>\$44,603,165</u>	<u>\$6,311,777</u>	<u>(\$4,584,776)</u>	<u>\$46,330,166</u>	<u>\$2,042,735</u>	<u>\$44,287,431</u>

(1) These balances were restated. See Note 17.

* During 2022 changes in actuarial calculations resulted in a net pension asset for the pension systems in the amount of \$2,284,197 and net OPEB Asset of \$22,894 which are not included in the above schedule but are reported on the Statement of Net Position.

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Purchasing Obligations:

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 purchasing obligation 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 payments required under this agreement at June 30, 2022:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 27,081	\$ 26,595	\$ 485
2024	6,770	6,745	26
	<u>\$ 33,851</u>	<u>\$ 33,340</u>	<u>\$ 511</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 purchasing obligation 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 payments required under this agreement at June 30, 2022:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 31,152	\$ 28,773	\$ 2,379
2024	31,152	29,494	1,658
2025	31,152	30,235	917
2026	9,769	9,528	241
	<u>\$ 103,225</u>	<u>\$ 98,030</u>	<u>\$ 5,195</u>

BB & T Governmental Finance

The Sanitation Fund of the City of Elkins entered into a lease agreement during 2022 to finance the acquisition of a garbage truck. This lease qualifies as a purchasing obligation for accounting purposes. The maturity of this obligation is detailed below:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 29,773	\$ 1,946	\$ 31,719
2024	30,183	1,536	31,719
2025	30,600	1,120	31,720
2026	31,021	698	31,719
2027	31,449	270	31,719
2028	2,641	2	2,643
Totals	<u>\$ 155,667</u>	<u>\$ 5,572</u>	<u>\$ 161,239</u>

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Lease Revenue Bond, Series 2006

3.50%, Lease Revenue Bond due 7/10/2027. Monthly payments are \$3,484. Secured by real estate. Paid from General Fund.+1

\$ 162,443

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>			
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	11,024	4,108
2028			-
	<u>\$ 182,352</u>	<u>\$ 162,443</u>	<u>\$ 19,909</u>

Lease Revenue Bond, Series 2019

2.13%, Lease Revenue Bond effective 11/20/2019 (Reissued 8/15/2021). Monthly payments are \$4,833. Secured by real estate. Paid from General Fund.

\$ 708,419

Reissued the amount of the bond during FY 2022. Future debt maturity retirement is as follows:

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
<u>Fiscal Year Ending June 30.</u>			
2023	\$ 57,998	\$ 43,325	\$ 14,673
2024	57,998	44,219	13,779
2025	57,998	45,208	12,790
2026	57,998	46,180	11,818
2027	57,998	47,173	10,825
2028-2032	289,992	198,812	91,180
2033-2037	241,660	283,502	(41,842)
	<u>\$ 821,642</u>	<u>\$ 708,419</u>	<u>\$ 113,223</u>

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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.

\$
536,803

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2023	29,444	29,444	\$ -
2024	29,444	29,444	-
2025	29,444	29,444	-
2026	29,444	29,444	-
2027	29,444	29,444	-
2028-2032	147,220	147,220	-
2033-2037	147,220	147,220	-
2038-2041	95,143	95,143	-
0	-	-	-
	<u>\$ 536,803</u>	<u>\$ 536,803</u>	<u>\$ -</u>

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.

\$ 3,045,500

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
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	522,027	502,912	19,115
2028-2029	640,563	628,333	12,230
	<u>\$ 3,250,878</u>	<u>\$ 3,045,500</u>	<u>\$ 205,378</u>

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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.

\$ 51,700

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2023	12,925	12,925	-
2024	12,925	12,925	-
2025	12,925	12,925	-
2026	12,925	12,925	-
	<u>\$ 51,700</u>	<u>\$ 51,700</u>	<u>\$ -</u>

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.

\$ 2,304,825

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
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	87,058	65,574	21,484
2028-2032	435,287	337,875	97,412
2033-2037	435,291	355,180	80,111
2038-2042	435,288	373,364	61,924
2043-2047	435,288	392,482	42,806
2048-2052	435,288	412,579	22,709
2053-2055	115,480	111,927	3,553
	<u>\$ 2,727,211</u>	<u>\$ 2,304,825</u>	<u>\$ 422,386</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.

\$ 4,566,196

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.

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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.

\$ 7,412,298

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 333,120	\$ 140,219	\$ 192,901
2024	333,120	143,425	189,695
2025	333,120	147,755	185,365
2026	333,120	151,681	181,439
2027	333,120	155,711	177,409
2028-2032	1,665,600	841,896	823,704
2033-2037	1,665,600	960,409	705,191
2038-2042	1,665,600	1,095,005	570,595
2043-2047	1,665,600	1,248,468	417,132
2048-2052	1,665,600	1,423,353	242,247
2053-2055	1,156,710	1,104,376	52,334
	<u>\$ 11,150,310</u>	<u>\$ 7,412,298</u>	<u>\$ 3,738,012</u>

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.

\$6,949,020

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 312,300	\$ 131,456	\$ 180,844
2024	312,300	134,461	177,839
2025	312,300	138,521	173,779
2026	312,300	142,201	170,099
2027	312,300	145,979	166,321
2028-2032	1,561,500	789,279	772,221
2033-2037	1,561,500	900,385	661,115
2038-2042	1,561,500	1,026,569	534,931
2043-2047	1,561,500	1,170,441	391,059
2048-2052	1,561,500	1,334,396	227,104
2053-2055	1,060,665	1,035,332	25,333
	<u>\$ 10,429,665</u>	<u>\$ 6,949,020</u>	<u>\$ 3,480,645</u>

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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.

\$5,352,308

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 252,888	\$ 113,747	\$ 139,141
2024	252,888	116,395	136,493
2025	252,888	119,861	133,027
2026	252,888	123,046	129,842
2027	252,888	126,315	126,573
2028-2032	1,264,440	683,059	581,381
2033-2037	1,264,440	779,161	485,279
2038-2042	1,264,440	888,357	376,083
2043-2047	1,264,440	1,012,860	251,580
2048-2052	1,261,440	1,154,790	106,650
2053-2055	237,894	234,717	3,177
	<u>\$ 7,821,534</u>	<u>\$ 5,352,308</u>	<u>\$ 2,469,226</u>

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.

\$13,981,580

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 491,681	\$ 353,187	\$ 138,494
2024	491,680	356,731	134,949
2025	491,680	360,312	131,368
2026	491,681	363,929	127,752
2027	491,682	367,583	124,099
2028-2032	2,458,408	1,894,005	564,403
2033-2037	2,458,408	1,990,987	467,421
2038-2042	2,458,408	2,092,939	365,469
2043-2047	2,458,408	2,200,107	258,301
2048-2052	2,458,408	2,312,766	145,642
2053-2055	1,720,768	1,689,034	31,734
	<u>\$ 16,471,212</u>	<u>\$ 13,981,580</u>	<u>\$ 2,489,632</u>

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2022 was \$87,250.

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, 2022 was \$3,541.

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, 2022 was \$54,971.

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 note was paid off during 2022.

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 note was paid off during 2022.

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, 2022 was \$124,351.

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 note was paid off during 2022.

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 note was paid in full during 2022.

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 note was paid off during 2022.

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Right of Use Obligations

During FY2022, Governmental Activities and Business Activities had \$628,477 and \$73,447 outstanding Obligations from Enterprise for various vehicles. The maturity of this activity is as follows:

Governmental Activities			
	Principal	Interest	Total
2023	\$ 146,594	\$ 28,543	\$ 175,137
2024	150,837	21,116	171,953
2025	153,055	13,607	166,662
2026	129,389	6,252	135,641
2027	48,602	643	49,245
Totals	\$ 628,477	\$ 70,161	\$ 698,638

Business Activities			
	Principal	Interest	Total
2023	\$ 17,528	\$ 2,713	\$ 20,241
2024	18,253	1,989	20,242
2025	19,008	1,475	20,483
2026	13,615	541	14,156
2027	5,043	83	5,126
Totals	\$ 73,447	\$ 6,801	\$ 80,248

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, 2022**

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, 2022**

**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, 2021, 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, 2022, the City reported the following proportions and increase/decreases from its proportion measured as of June 30, 2021:

	PERS
Proportionate Share of the Net Pension Liability (Asset)	\$ (1,287,853)
Proportion of the Net Pension Liability (Asset) - Current Year	0.146691%
Proportion of the Net Pension Liability (Asset)- Prior Year	0.146120%
% Change in Proportion of the Net Pension Liability (Asset)	0.000571%
Pension Expense	\$ (247,144)

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PERS
Deferred Outflows of Resources:	
Differences between expected and actual economic experience	\$ 146,977
Changes of assumptions	245,034
Changes in proportion and differences between City contributions and proportionate share of contributions	35,241
City contributions subsequent to the measurement date	317,558
Total	\$ 744,810

	PERS
Deferred Inflows of Resources:	
Differences between expected and actual economic experience	\$ 4,882
Differences between projected and actual	
Differences between projected and actual investment earnings	1,649,530
Deferred difference in assumptions	10,439
Differences between City contributions and	
Changes in proportion	41,646
Total	\$ 1,706,497

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\$317,588 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, 2023. 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:	
2023	(243,054)
2024	(210,154)
2025	(340,185)
2026	(485,852)
	\$ (1,279,245)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2020 and rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement.

Public Employees Retirement System

Inflation rate	2.75%
Projected salary increases:	
State	2.75% - 5.55%
Non-state	3.60%-6.75%
Investment rate of return	7.25%
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 – 117% 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, 2021 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
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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	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.25%. 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 7.25 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 (6.25 percent) or 1 – percentage point higher (8.25 percent) than the current rate:

	1% Decrease	Current Interest Rate	1% Increase
	6.25%	7.25%	8.25%
Proportionate Share of Net Pension Liability	\$14,716	(\$1,287,853)	(\$2,387,285)

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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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.

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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, 2020 rolled forward to June 30, 2021, 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, 2022, 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)	\$ (295,062)
Proportion of the Net Pension Liability - Current Year	2.703520000%
Proportion of the Net Pension Liability - Prior Year	3.018089000%
% Change in Proportion of the Net Pension Liability	-0.314569%
Pension Expense (Gain)	\$ (22,057)

At June 30, 2022, 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	\$ 19,492
Differences between projected and actual investment earnings	-
Changes of assumptions	32,253
Changes in proportion and differences between City contributions and proportionate share of contributions	29,640
City contributions subsequent to the measurement date	28,045
Total	<u>\$ 109,430</u>

	<u>MPFRS</u>
Deferred Inflows of Resources:	
Differences between expected and actual economic experience	\$ 6,840
Differences between projected and actual investment earnings	\$ 73,833
Deferred difference in assumptions	1,757
Differences between City contributions and Changes in proportion	15,772
Total	<u>\$ 98,202</u>

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\$28,045 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, 2023. 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:	
2023	\$ (11,378)
2024	(7,864)
2025	(7,263)
2026	(12,984)
2027	8,634
Thereafter	<u>14,038</u>
	<u>\$ (16,817)</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2020 and rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement.

Public Employees Retirement System

Inflation rate	2.75%
Salary increases	By age – from 4.75% at age 30 declining to 3.25% at age 65
Investment rate of return	7.25%
Withdrawal rate	3.00% - 21.00%
Disability rate	0.03% - 0.40%
Retirement rate	25% - 100%
Mortality Rates	

Active – 100% of Pub-2010 Safety Employee Table, Amount weighted, projected generationally with Scale MP-2020
 Retired Healthy Males – 98% of Pub-2010 Safety Retiree Male Table, Amount Weighted, projected generationally with MP-2020
 Retired Healthy Females – 99% of Pub-2010 Safety Retiree Female Table, Amount Weighted, projected generationally with MP-2020
 Disabled Males – 124% of Pub—2010 Male Disable Annuitant table, Scale MP-2020 fully generational
 Disabled Females – 100% of Pub-2010 Female Disabled Annuitant table, Scale MP-2020 fully generational

The actuarial assumptions used in the June 30, 2021 MPFRS valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

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.

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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 7.25%. 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 7.25 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 (6.25 percent) or 1 – percentage point higher (8.25 percent) than the current rate:

	1% Decrease	Current Interest Rate	1% Increase
	6.25%	7.25%	8.25%
Proportionate Share of MPFRS Net Pension Asset (Liability)	\$ 198,736	\$ 295,062	\$ 367,544

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, 2021. 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 \$137 million for the fiscal year ended June 30, 2021.

Contributions to the OPEB plan from the City were \$98,082 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,

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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 (Asset)	(\$ 22,894)
State's proportionate share of the net OPEB Liability (Asset) associated with the government	<u>(3,766)</u>
	<u><u>(\$ 26,660)</u></u>

The net OPEB liability reported as of June 30, 2022 was measured as of June 30, 2021, 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	0.076994725%
Proportionate Share of the Net OPEB – Prior Year	0.079116065%
Change in Proportionate Share Proportion of the Net OPEB	(0.002121340%)
Liability(Asset)	(\$22,894)
OPEB Expense (Gain)	(\$438,937)

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At June 30, 2022, 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	31,033
1 City contributions subsequent to the measurement date	<u>98,082</u>
Total	<u>\$129,115</u>
 Deferred Inflows of Resources	
Differences between expected and actual economic experience	\$157,707
Difference between projected and actual investment earnings	157,999
Difference from a change in proportion	46,464
Changes of assumptions	<u>484,451</u>
Total	<u>\$ 846,621</u>

\$98,082 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, 2023. 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:	
2023	\$ (389,331)
2024	(316,748)
2025	(65,668)
2026	<u>(43,841)</u>
Total	<u>\$ (815,588)</u>

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, 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

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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 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, 2021 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	TRS: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females. 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. 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.
Mortality Pre-Retirement	TRS: Pub-2010 General Employee Mortality Tables projected with MP-2019. PERS: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP- 2019. Troopers A and B: Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2019.

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The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020.

There were no assumption changes from the actuarial valuation as of June 30, 2020 measured at June 30, 2020 to a roll-forward date of June 30, 2021.

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	4.8%
Core Plus Fixed Income	2.1%
Core Real Estate	4.1%
Hedge Fund	2.4%
Private Equity	6.8%

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

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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 (Asset)	\$122,853	(\$22,894)	(\$143,906)

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	(\$169,038)	(\$22,894)	\$155,126

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10. Interfund Balances

Individual fund interfund receivable and payable balances at June 30, 2022 are as follows:

	<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	\$ 1,293,754
Revenue account	194,232
Depreciation account	193,683
Renewal and replacement account	386,209
Landfill escrow	1,804,492
	<u>\$ 3,872,370</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 \$1,755,853 and \$48,639, respectively at June 30, 2022 are reported as restricted assets until a final determination has been made regarding the disposition of these assets.

**CITY OF ELKINS, WEST VIRGINIA
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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..."

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The following schedule summarizes the provisions for the fiscal year ended June 30, 2022.

<u>Net Gross Revenues</u>	<u>Amount of Annual Debt Service</u>	<u>Percentage</u>	<u>Maximum Percentage Required</u>
\$ 967,391	\$ 1,086,553	89%	110%

As of June 30, 2022, the City was not in compliance with the provisions of the Series 2009 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.

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, 2022**

The following schedule summarizes the provisions for the fiscal year ended June 30, 2022.

<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>
\$ 1,555,225	\$ 1,393,530	112%	110%

As of June 30, 2022, the City was 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 January 9, 2023, 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>American</u> <u>Rescue Plan</u>	<u>Capital</u> <u>Projects</u>
Restricted for:					
Capital Projects	\$ -	\$ -	\$ 1,450,729	\$ 2,052,892	\$ -
Committed for:					
Safety	-	161,207	-	-	-
Unassigned	2,059,107	-	-	-	(1,182)
	\$ 2,059,107	\$ 161,207	\$ 1,450,729	\$ 2,052,892	\$ (1,182)

**CITY OF ELKINS, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

17. New Accounting Principles

For the fiscal year ended June 30, 2022, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases and related guidance from (GASB) Implementation Guide No.'s 2019-3, Leases and 2021-1, Implementation Guidance Update-2021. The implementation of GASB Statement No. 87 and the associated implementation guides resulted in a restatement of beginning net position for governmental activities, business-type activities and the Sewer Enterprise Fund. Below are the changes in beginning net position:

	Governmental Activities	Business-Type Activities	Sewer Fund
Net position July 1, 2021 – As previously stated	\$5,448,809	\$8,323,664	\$3,649,545
Restatements:			
Additional right of use assets net of accumulated amortization	221,788	25,999	25,999
Additional right of use obligations	<u>(181,976)</u>	<u>(25,999)</u>	<u>(25,999)</u>
Net position July 1, 2021 – As Restated	<u>\$5,488,621</u>	<u>\$8,323,664</u>	<u>\$3,649,545</u>

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 Eight Years **

	<u>2022</u>	<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	\$ 1,892,548	\$ 1,999,781	\$ 1,585,062	\$ 1,498,344	\$ 1,420,338	\$ 1,704,797	\$ 1,388,824	\$ 1,441,318
Plan net position	2,425,041	1,919,756	1,788,546	1,658,046	1,489,384	1,307,000	1,244,804	1,163,258
Net pension liability (asset)	(532,493)	80,025	(203,484)	(159,702)	(69,046)	397,797	144,020	278,060
Plan net position as a % of total pension liability	128.14%	96.00%	112.84%	110.66%	104.86%	76.67%	89.63%	80.71%
Covered payroll	\$ 188,194	\$ 192,149	\$ 145,017	\$ 167,273	\$ 163,492	\$ 163,506	\$ 161,535	\$ 164,553
Net pension liability (asset) as a % of Covered Payroll	-282.95%	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 2022 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 (Asset)
West Virginia Policemen's Pension and Relief Fund
*Last Eight Years **

	<u>2022</u>	<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	\$ 4,525,934	\$ 4,803,097	\$ 4,933,354	\$ 5,152,162	\$ 5,296,956	\$ 5,239,162	\$ 5,065,118	\$ 5,041,872
Plan net position	4,694,723	3,893,791	3,691,416	3,520,541	3,273,105	3,004,879	2,794,044	2,383,232
Net pension liability (Asset)	(168,789)	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	103.73%	81.07%	74.83%	68.33%	61.79%	57.35%	55.16%	47.27%
Covered payroll	\$ 168,436	\$ 134,849	\$ 230,738	\$ 220,641	\$ 336,918	\$ 336,918	\$ 489,755	\$ 479,174
Net pension liability as a % of Covered Payroll	-100.21%	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 2022 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 (Asset)
West Virginia Public Employees Retirement System
*Last Nine Years **

	<u>2021</u>	<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	\$ 7,927,948,000	\$ 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>8,805,884,000</u>	<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 (asset)	\$ (877,936,000)	\$ 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	0.14669100%	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 (asset)	\$ (1,287,853)	\$ 772,494	\$ 320,286	\$ 403,106	\$ 681,611	\$ 1,424,164	\$ 831,229	\$ 564,503	\$ 544,024
City's covered payroll	\$ 3,175,580	\$ 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	-40.60%	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 (asset)	111.07%	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 Four Years **

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net pension liability (asset)	\$ (10,914,000)	\$ (6,254,000)	\$ (4,585,000)	\$ (3,698,000)
City's proportion of the net pension liability (asset)	2.70352000%	3.01808900%	3.15517993%	3.45924824%
City's proportionate share of the net pension liability (asset)	\$ (295,062)	\$ (188,751)	\$ (144,665)	\$ (127,923)
City's covered payroll	\$ 329,941	\$ 314,565	\$ 530,871	\$ 442,565
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-89.40%	-60.00%	-27.30%	-28.90%
Plan fiduciary net position as a percentage of the total pension liability (asset)	-168.31%	-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 Nine Years **

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 121,032	\$ 45,969	\$ 45,411	\$ 45,372	\$ 89,861	\$ 52,661	\$ 75,772	\$ 94,403	\$ 85,238
Employer contribution	50,000	50,000	53,382	44,283	57,179	26,198	67,062	58,219	63,000
State contribution	61,484	-	-	49,028	31,901	60,020	30,087	33,026	32,992
Percentage contributed	92%	109%	118%	206%	99%	164%	128%	97%	113%
Covered payroll	\$ 188,194	\$ 192,149	\$ 145,017	\$ 167,273	\$ 163,492	\$ 163,506	\$ 161,535	\$ 164,553	\$ 146,628
Actual contribution as a % of covered payroll	59%	26%	37%	56%	54%	53%	60%	55%	65%

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

(1) Information for 2022 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 Nine Years **

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 160,314	\$ 210,482	\$ 250,298	\$ 320,403	\$ 322,452	\$ 343,902	\$ 364,511	\$ 359,070	\$ 320,736
Employer contribution	100,000	200,000	207,335	207,074	239,857	247,173	503,484	258,043	153,086
State contribution	124,531	119,469	108,209	104,185	85,605	179,859	65,549	97,618	76,378
Percentage contributed	140%	152%	126%	97%	101%	124%	156%	99%	72%
Covered payroll	\$ 168,436	\$ 134,849	\$ 230,738	\$ 220,641	\$ 359,239	\$ 336,918	\$ 489,755	\$ 479,174	\$ 419,287
Actual contribution as a % of covered payroll	133%	237%	137%	141%	91%	127%	116%	74%	55%

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

(1) Information for 2022 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 Nine Years **

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 317,558	\$ 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>(317,558)</u>	<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>	<u>\$ -</u>
City covered payroll	\$ 3,175,580	\$ 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%	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%	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 Four Years **

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 28,045	\$ 26,738	\$ 45,124	\$ 37,618
Contributions in relation to the contractually required contribution	<u>(28,045)</u>	<u>(26,738)</u>	<u>(45,124)</u>	<u>(37,618)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 329,941	\$ 314,565	\$ 530,871	\$ 442,565
Contributions as a percentage of covered payroll	8.50%	8.50%	8.50%	8.50%
* - Information for years prior to 2019 was not available.				
Pension Allocation	8.50%	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 Eight Years **

	<u>2022</u>	<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	\$ 74,701	\$ 74,423	\$ 57,067	\$ 56,451	\$ 62,148	\$ 43,854	\$ 48,141	\$ 48,630
Interest on the total pension liability	119,323	94,224	96,187	90,841	85,450	95,832	90,602	90,062
Benefit changes	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(265,324)	275,409	(134,236)	(32,739)	(292,745)	(7,827)	(36,801)	-
Assumption changes	(13,812)	-	104,783	-	(101,401)	251,893	(85,025)	-
Benefit payments	(22,121)	(29,337)	-	(36,547)	(37,911)	(67,779)	(69,411)	(68,625)
Refunds	-	-	-	-	-	-	-	-
Net change in total pension liability	(107,233)	414,719	123,801	78,006	(284,459)	315,973	(52,494)	70,067
Total pension liability - beginning	<u>1,999,781</u>	<u>1,585,062</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>	<u>1,371,251</u>
Total pension liability - ending	<u>\$ 1,892,548</u>	<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								
Employee contributions	120,984	50,000	53,382	93,311	89,080	86,218	97,149	91,245
Pension plan net investment income	14,045	13,421	13,565	13,684	11,438	11,227	12,407	10,346
Benefit payments	392,377	97,141	105,679	103,069	124,235	36,712	45,475	126,826
Refunds	(22,121)	(29,337)	-	(36,547)	(37,911)	(67,779)	(69,411)	(68,625)
Pension plan administrative expense	-	-	-	-	-	-	-	-
Other	-	(15)	-	(4,855)	(4,458)	(4,182)	(4,074)	(3,901)
Net change in total pension liability	505,285	131,210	167,583	168,662	182,384	62,196	81,546	155,891
Plan fiduciary net position - beginning	<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>	<u>1,007,367</u>
Plan fiduciary net position - ending	<u>\$ 2,425,041</u>	<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	<u>(532,493)</u>	<u>80,025</u>	<u>(203,484)</u>	<u>(159,702)</u>	<u>(69,046)</u>	<u>397,797</u>	<u>144,020</u>	<u>278,060</u>
Plan fiduciary net position as a percentage of total pension liability	128.14%	96.00%	112.54%	110.66%	104.86%	76.67%	89.63%	80.71%
Covered employee payroll	\$ 188,194	\$ 192,149	\$ 145,017	\$ 167,273	\$ 163,492	\$ 163,506	\$ 161,535	\$ 164,553
Net pension liability as a percentage of covered employee payroll	-282.95%	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 2022 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 Eight Years **

	<u>2022</u>	<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	\$ 47,481	\$ 38,209	\$ 70,807	\$ 75,761	\$ 126,132	\$ 105,989	\$ 142,861	\$ 140,829
Interest on the total pension liability	300,618	309,202	297,150	299,227	306,843	287,160	290,680	293,785
Benefit changes	-	-	-	-	-	-	-	-
Differences between expected and actual experience	83,646	(124,881)	113,310	(175,666)	(1,159)	(169,907)	(126,966)	-
Assumption changes	(352,503)	-	(300,732)	-	-	275,217	-	-
Benefit payments	(356,405)	(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	(277,163)	(130,257)	(218,808)	(144,794)	57,794	174,044	23,246	137,947
Total pension liability - beginning	<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>	<u>4,903,925</u>
Total pension liability - ending	<u>\$ 4,525,934</u>	<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	224,531	319,469	315,544	311,259	325,462	427,032	569,033	355,661
Pension plan net investment income	14,861	14,397	14,994	19,671	28,137	29,621	40,855	37,341
Benefit payments	917,945	221,356	248,531	269,320	296,717	86,343	90,698	219,471
Refunds	(356,405)	(352,787)	(399,343)	(344,116)	(334,747)	(324,415)	(278,704)	(269,200)
Refunds	-	-	-	-	(39,275)	-	(4,625)	(27,467)
Pension plan administrative expense	-	(60)	-	(8,698)	(8,068)	(7,746)	(6,445)	(6,675)
Other	-	-	(8,851)	-	-	-	-	-
Net change in total pension liability	800,932	202,375	170,875	247,436	268,226	210,835	410,812	309,131
Plan fiduciary net position - beginning	<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>	<u>2,074,101</u>
Plan fiduciary net position - ending	<u>\$ 4,694,723</u>	<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 - Ending	(168,789)	909,306	1,241,938	1,631,621	2,023,851	2,234,283	2,271,074	2,658,640
Plan fiduciary net position as a percentage of total pension liability	103.73%	81.07%	74.83%	68.33%	61.79%	57.35%	55.16%	47.27%
Covered employee payroll	\$ 168,436	\$ 134,849	\$ 230,738	\$ 220,641	\$ 359,239	\$ 336,918	\$ 489,755	\$ 479,174
Net pension liability as a percentage of covered employee payroll	-100.21%	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 2022 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 (Asset)
West Virginia Retiree Health Benefit Trust Fund
*Last Six Years **

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total plan OPEB liability (Asset)	\$ 1,643,289,292	\$ 1,666,333,746	\$ 2,750,793,325	\$ 3,108,550,896	\$ 3,282,900,408	\$ 3,168,993,251
Plan net position	<u>1,673,024,000</u>	<u>1,224,642,000</u>	<u>1,091,661,000</u>	<u>963,115,000</u>	<u>823,911,315</u>	<u>685,668,000</u>
Net OPEB liability (Asset)	\$ (29,734,708)	\$ 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 (Asset)	0.076994725%	0.079116065%	0.079993417%	0.078509651%	0.072173901%	0.085178536%
City's proportionate share of the net OPEB liability (Asset)	\$ (22,894)	\$ 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	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	N/A
Plan fiduciary net position as a percentage of the total OPEB liability (Asset)	101.81%	73.49%	39.69%	30.98%	25.10%	21.64%

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

- Information for 2022 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 Seven Years **

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 98,082	\$ 153,484	\$ 166,872	\$ 165,206	\$ 160,454	\$ 148,244	\$ 112,209
Contributions in relation to the contractually required contribution	<u>(98,082)</u>	<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>	<u>\$ -</u>
City covered payroll (1)	N/A	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	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, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>West Virginia Development Office</u> USDA Rural Community Development Initiative	10.446	N/A	\$ 25,523
Total Department of Housing Urban Development			\$ 25,523
<u>West Virginia Development Office</u> USDA Water & Waste Disposal	10.760	N/A	\$ 1,084,387
Total Department of the Interior			\$ 1,084,387
<u>West Virginia Development Office</u> Urban and Community Forestry Program	10.675	N/A	\$ 11,933
Total Department of Housing Urban Development			\$ 11,933
Department of Treasury			
<u>West Virginia Governor's Office</u> State and Local Fiscal Recovery Funds	21.027	N/A	\$ 1,020,050
Total Department of Treasury			\$ 1,020,050
Total Expenditures of Federal Awards			\$ 2,141,893

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, 2022

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, 2022. 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*

City 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 City of Elkins, Randolph County, West Virginia (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 13, 2023.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City'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 City'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 City'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.

Mayor and Members of Council
City of Elkins
Randolph County, West Virginia
Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by Government Auditing Standards
Page 2

Compliance and Other Matters

As part of reasonably assuring whether the City'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 City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City'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 somewhat stylized.

BHM CPA Group Inc.
Huntington, West Virginia
March 13, 2023



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

City 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 Program

Opinion on the Major Federal Program

We have audited the City of Elkins’ (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City’s major federal program for the year ended June 30, 2022. The City’s major federal program is identified in the *Summary of Auditor’s Results* section of the accompanying schedule of findings.

In our opinion, the City of Elkins complied, in all material respects with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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 Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City’s and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Management's Responsibility

The City's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



BHM CPA Group, Inc
Huntington, West Virginia
March 13, 2023

CITY OF ELKINS
Schedule of Findings
 2 CRT § 200.515
 June 30, 2022

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):	State and Local Fiscal Recovery Funds ALN# 21.027
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

CITY OF ELKINS
Schedule of Findings
2 CFR § 200.515
June 30, 2022

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

None noted

3. FINDINGS FOR FEDERAL AWARDS

None noted