CITY OF CHARLES TOWN

FINANCE COMMITEE
AGENDA • APRIL 4, 2023

Committee Meeting **CITY HALL COUNCIL CHAMBERS** **12:00 PM**
101 E Washington Street, Charles Town, WV 25414

1. CALL TO ORDER

2. UNFINISHED BUSINESS

3. NEW BUSINESS

3.1 : Finance Committee Chairman Report
BES Technology- Charles Town Police Department Budgetary Quote.pdf

3.2 : Travel Policy - Purchase Card Use and Per Diem Issuance
Travel Expense Form 2019.pdf
Travel Expense Policy.pdf

3.3 : B&O Penalty Waiver(s)

3.4 : Jefferson County Parks & Rec Funding Request - July 2023 Fireworks Event
Hotel Tax Analysis for Fireworks Contribution.pdf

3.5 : FY2022 Audit - Completed & Submitted to WVSAO and Federal Audit Clearinghouse
Charles_Town_22_Jefferson.pdf

4. ADJOURNMENT

5. NOTICE: The Public May View the Meeting Live by Clicking on the Event Link at:

https://www.charlestownwv.us/government/agendas-and-minutes/

NOTICE: THE PUBLIC MAY ALSO ATTEND THE MEETING BY ACCESSING THE FOLLOWING ZOOM LINK: (HTTPS://US02WEB.ZOOM.US/J/83343490756?PWD=L1PWTE43AZLIM3K0L3HAWK02RVRIUT09 AND ENTERING THE PASSCODE: 594379); OR BY CALLING (301) 715-8592 AND ENTERING THE MEETING ID (833 4349 0756) AND PASSCODE (594379)

Finance Commitee
101 East Washington Street
Charles Town, WV 25414

Meeting: 04/04/23
Department: Finance Commitee
Category: Report
Initiator:

SCHEDULED

AGENDA ITEM (ID #)

Finance Committee Chairman Report

A variety of updates from Chairman Trainor regarding:

- Capital Reserve Budget Status for FY2024
- Police Department Website Upgrades and Bid Procurement
- Police Department Promotions and Vacancies

ATTACHMENTS:

- BES Technology- Charles Town Police Department Budgetary Quote.pdf

Charles Town Police Department - Estimated Budgetary Quote

Presented by:
B.E.S. Technology, Inc.
February 10, 2023

Year 1- Website Development	
Design, development, licensing, training, hosting, and support.	
Total:	**$9,900**

Annual- Year 2 Projected Maintenance Cost	
Licensing, hosting, and maintenance.	
Total:	**$6,117**

**Quote is subject to change based on specific requirements*

Pricing Notes

- Development: Select standard theme design, collaborate with developer to define requirements, approve design, bi- weekly development approval, and deployment.
- Licensing: Software and 3rd-party plugins.
- Training: 3 hours in-person training to cover user roles, features, and functionality.
- Hosting: Cloud hosting and monitoring.
- Support: Email and/or phone general support 8am-4pm, disaster recovery, and training manuals.
- Maintenance: System and plugin updates as applicable.

This quote is valid for 60 days upon receipt.

B·E·S TECHNOLOGY inc

203 S. George St.
Charles Town, WV 25414
(304) 362-6262

Finance Commitee
101 East Washington Street
Charles Town, WV 25414

Meeting: 04/04/23
Department: Finance Commitee
Initiator:

SCHEDULED

AGENDA ITEM (ID #)

Travel Policy - Purchase Card Use and Per Diem Issuance

Finance Director is requesting feedback on the Per Diem Policy and procedures of issuing Per Diem check versus using purchase cards.

Proposed Motion:
Provide feedback on the travel policy as it relates to per diem and purchase card usage so Finance Director can request update to personnel policy addressing travel.

ATTACHMENTS:
- Travel Expense Form 2019.pdf
- Travel Expense Policy.pdf

City of Charles Town
PO Box 14, Charles Town, WV 25414

TRAVEL EXPENSE REPORT

Employee Name: _____ City Department: _____

Travel Location (City & State): _____ Travel Purpose: _____

Transportation Costs (Actual Expenses):

Description of Cost	Round Trip Mileage (If Applicable)	Payment Method	Reimbursement Requested (Yes / No)	Cost

Lodging Expenses (Actual Expenses):

Description of Cost	Payment Method	Reimbursement Requested (Yes/No)	Is Cost within Per Diem Limits? (If not, is authorization attached?)	Cost

Meals & Incidental Expenses (Per Diem, current rates can be confirmed www.gsa.gov): **Advance Requested (Yes/No: _____**

Day of Travel		Breakfast provided in the training / seminar?	Lunch provided in the training / seminar?	Dinner provided in the training / seminar?	Total Meals & Incidentals Calculation
1st Day (75% of Per Diem Rate)	1				
Full Travel Days					
Last Day (75% of Per Diem Rate)	1				
			M & I TOTAL:$		

Miscellaneous Expenses (Actual Expenses):

Description of Cost	Payment Method	Reimbursement Requested	Cost

The above submissions are accurate and accounted for by attached receipt to the best of my knowledge and ability. I understand that if any portion of the travel is cancelled or postponed after I have received an advance for per diem, the proportional share of per diem resulting from the cancellation or postponement must be repaid to the City within two weeks of the original travel date.

Employee Signature: _____ Date:_____

Supervisor Signature: _____ Date:_____

Finance Department Use Only

Advance Paid:$_____ Check #_____ Reimbursement Paid:$_____ Check#_____

Date:_____ Date:_____

Unforeseen Operations Interruption

During any period of time in which city operations are disrupted for a prolonged period of time, defined as more than one calendar week, City Council may, as defined and adopted by resolution, approve special emergency pay, which may or may not include compensation at one and one half times an employee's regular rate of pay, for personnel who are required to report to work during this period of time and who do not have the capability to productively telework.

Questions about this policy should be addressed to the department manager or the City Manager.

4.11 Travel Expenses

The purpose of this policy is to define employee travel rules and the authority for incurring and approving travel expenses.

Travel expenses are the reasonable and necessary expenses incurred by employees when traveling on approved City business trips. City travel is limited to business activities for which other means of communication are inadequate and for which prior approval of the employee's supervisor has been received.

Personal Vehicles

All employees using their own vehicle for City business must maintain insurance coverage as required by law and a valid driver's license. Travel between the employee's home and primary office is not considered to be City business. Employees are not authorized to use personal vehicles for City business travel without written authorization from the City Manager. Employees will be reimbursed for personal vehicle use at the standard IRS mileage rate. The City Manager or his/her designee must authorize any deviation from this policy.

Travel Expenses

The City Council sets parameters on the expenditure of City funds to ensure that public funds are spent in an appropriate manner. Advance written approval from your supervisor is required before travel arrangements are made. The City pays a per diem rate for meals and incidental expenses and the actual amounts incurred for all other appropriate expenses when employees are on travel assignments. The per diem rate for meals and incidental expenses will be based on the current US General Services Administration (GSA) rate schedule for the destination at the time of travel. Any travel that requires lodging that is more costly than the pre-approved GSA rate must receive written approval from the City Manager or his/her designee before scheduling the lodging. The employee must demonstrate that lodging in the area is not available at or below the pre-approved GSA rate. Employees may receive an advance payment of the per diem for meals and incidentals with the approval of the supervisor at least one week prior to the date of travel. If any portion of the travel is cancelled or postponed after the employee has received an advance for per diem, the

proportional share of per diem resulting from the cancellation or postponement must be repaid to the City within two weeks of the original travel date.

If you have any questions about appropriate expenses covered by the City, please discuss with the City Manager or his/her designee. Examples of typical expenses include the following:

- Airline tickets.
- Meals and incidentals.
- Lodging.
- Car rental, bus, taxi, parking.
- Associated gratuities.
- Other expenses necessary to achieve the business purposes.

Family Members

The City will pay the travel expenses of spouses or other family members only when their presence is deemed necessary to the business purpose of the trip and when approved in advance in writing by the City Manager.

4.12 Business Expenses

The purpose of this policy is to define approved non-travel employee business expenses and the authority for incurring and approving such expenses.

Approved business expenses are the reasonable and necessary expenses incurred by employees to achieve legitimate business purposes.

If you have any questions regarding approved expenses or the authority to incur such expenses, please discuss with the City Manager or his/her designee.

Technical and Training Seminars/Conferences

The City pays for expenses associated with attendance at work related classes and seminars that enhance job-related skills. Prior written approval must be obtained from the employee's supervisor. Please note that the City will not pay the employee the per diem meal rate for meals that are included as part of the conference, seminar, or training session.

Employee Reporting

Employees are to report their approved expenses on the standard Expense Report Form and must include a description of the expense, its business purpose, date, place, and the participants.

4.13 Use of City Credit and Purchase Cards

Every employee in the possession of a City credit or purchase card will adhere to the strictest guidelines of responsibility for the proper protection and use of that card. Employees must adhere to all relevant rules, regulations, and policies established for the use of such cards by the City and the WV State

DRAFT

Auditor's office. City card purchases under $250 do not require prior approval. City card purchases over this amount must receive prior approval from your supervisor or the City Manager.

All sales receipts generated by use of the City's card must be turned in monthly to the accounting department using the appropriate P-Card accounting form. City cards are not to be used for personal reasons. Use of the City card is restricted to approved, business-related expenses.

Any unauthorized purchases made with a City card will be the cardholder's responsibility. Any such purchase will be reimbursed to the City by the employee within 30 days.

Lost or stolen City cards must be reported immediately to your supervisor. Failure to follow this policy may result in disciplinary action up to and including termination. Infractions are also subject to other discipline as outlined in the WV Auditor's program rules.

4.14 Breaks and Meal Periods

The City strives to provide a safe and healthy work environment and complies with all federal and state regulations regarding rest and meal periods. Please check with your supervisor regarding procedures and schedules for breaks and meal periods.

4.15 Accommodations for Nursing Mothers

The City will provide nursing mothers reasonable unpaid break time to express milk for their infant children for up to one year following the child's birth.

To ensure privacy, nursing mothers will be provided a private room, other than a restroom, to express their milk. The room will be clearly designated and either have a lock or a sign on the door to indicate when the room is in use.

Nursing mothers will also be provided a refrigerator to store their breast milk. Employees are responsible for labeling their milk with their name and the date on which the milk was expressed.

Nursing mothers are encouraged to discuss the length and frequency of breastfeeding breaks with their supervisor.

Employees who have any questions or concerns regarding this policy should contact their supervisor.

DRAFT

Finance Commitee
101 East Washington Street
Charles Town, WV 25414

Meeting: 04/04/23
Department: Finance Commitee
Initiator:

SCHEDULED

AGENDA ITEM (ID #)

B&O Penalty Waiver(s)

Attached are waiver request(s) submitted by Business & Occupation delinquent taxpayers. These submissions are related to past due tax filings that resulted in penalty and interest assessments per Charles Town ordinance. The taxpayers are requesting the assessments be waived, and/or refunded as a credit on their tax account.

***ITEMS TABLE DROPPED

ATTACHMENTS:

Finance Commitee
101 East Washington Street
Charles Town, WV 25414

Meeting: 04/04/23
Department: Finance Commitee
Category: Referral
Initiator:

SCHEDULED

AGENDA ITEM (ID #)

Jefferson County Parks & Rec Funding Request - July 2023 Fireworks Event

Referral from the March 20th Council Meeting:

Council agreed to the partnership request submitted by Jefferson County Parks and Recreation Commission, and committed $4,000 in funding support for the event. The City Council has referred this item to Finance Committee to consider the funding source of the contribution.

Proposed Motion:

Recommend that the $4,000 contribution be funded by the Hotel/Motel Tax collections that are split 50/50 between Jefferson County CVB and the Charles Town Board of Parks & Recreation. These collections must be used to fund tourism, recreation, beautification, arts promotions, public parks, historic sites, etc., so this expenditure would be permissible.

ATTACHMENTS:

- Hotel Tax Analysis for Fireworks Contribution.pdf

Hotel Tax Contributions FY2023

FY23 Hotel Tax Collections Budget	**$**	**125,000.00**		
FY23 Hotel Tax Collections through March 2023	*$*	*128,670.00*		
FY23 Budgeted Distributions to JCCVB	**$**	**62,500.00**		
FY23 Actual Distributions to JCCVB	*$*	*69,471.00*		
FY23 Budgeted Distributions to CTBoP&R	**$**	**100,000.00**		
FY23 Actual Distributions to CTBoP&R	*$*	*107,241.00*		
March 2023 Hotel Tax Collections not yet distributed	$	11,910.00		
Approved Contribution to JCBoP&R	$	(4,000.00)		
Remaining March 2023 Hotel Tax Collections available for distribution	$	7,910.00	or	$3,955 per entity
Parks & Rec cash balance as of 03/31/2023	$	88,639.62		

Finance Commitee
101 East Washington Street
Charles Town, WV 25414

SCHEDULED

Meeting: 04/04/23
Department: Finance Commitee
Category: Information Only
Initiator:

AGENDA ITEM (ID #)

FY2022 Audit - Completed & Submitted to WVSAO and Federal Audit Clearinghouse

The FY2022 Single Audit has been completed and submitted to the State Auditor's Office as well as the Federal Audit Clearinghouse. The audit resulted in no findings, no material weaknesses or deficiencies, and no noncompliance reporting with state or federal requirements. Attached is the finalized single audit report; a copy will be available on the City's website as well.

ATTACHMENTS:

- Charles_Town_22_Jefferson.pdf

PERRY
& Associates CPAs
PASSION Beyond the Numbers

MUNICIPALITY OF CHARLES TOWN
JEFFERSON COUNTY

Single Audit
For The Year Ended June 30, 2022
RFP #22-186

Municipality of Charles Town, West Virginia
Table of Contents

TITLE	PAGE
Schedule of Funds Included in Report	iii
City Officials	iv
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Fiduciary Net Position	18
Statement of Changes in Fiduciary Net Position	19
Notes to the Financial Statements	20
Required Supplementary Information:	
Schedule of the Municipality's Proportionate Share of the Collective Net Pension Liability (Asset)	64
Schedule of the Municipality's Pension Plan Contributions	65
Schedule of Changes in Employer's Net Pension Liability and Related Ratios - Policemen's Pension and Relief Fund	66
Schedule of Employer Contributions - Policemen's Pension and Relief Fund	67
Schedule of the Municipality's Proportionate Share of the Net OPEB Liability (Asset)	68
Schedule of the Municipality's OPEB Plan Contributions	69

TITLE **PAGE**

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund 70

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Coal Severance Tax Fund 71

Notes to the Required Supplementary Information 72

Other Supplementary Information:

Combining Balance Sheet – Nonmajor Governmental Funds 75

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds 76

Schedule of Expenditures of Federal Awards 77

Notes to the Schedule of Expenditures of Federal Awards 78

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards* 79

Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance 81

Schedule of Audit Findings – 2 CFR § 200.515 84

GOVERNMENTAL FUND TYPES

Major Funds

General Fund

Coal Severance Fund

Capital Reserve Fund

Residual Fund

Sales Tax Fund

ARPA Fund

Bond Escrow Fund

Nonmajor Funds

Parks and Recreation Fund

Community Development Fund

Law Enforcement Fund

FIDUCIARY FUND TYPES

Policemen's Pension and Relief

COMPONENT UNITS

Municipality of Charles Town Building Commission

Charles Town Utility Board

Municipality of Charles Town, West Virginia
CITY OFFICIALS
June 30, 2022

Elected Officials:

Mayor	Robert M. Trainor	06/01/2021-06/012025
City Council	Micheal George	06/01/2021-06/01/2023
	Jeff Hynes	06/01/2021-06/01-2025
	Jean Petti	06/01/2019-06/01/2023
	James Kratovil	06/01/2019-06/01/2023
	Rikki Twyford	06/01/2021-06/01/2025
	Julie Philabaum	06/01/2021-06/01/2025
	Elizabeth Ricketts	06/01/2021-06/01/2025
	Kevin Tester	08/01/2021-06/01/2023

Appointed Officials:

City Clerk	Todd Wilt
City Manager	Vacant

PERRY
& Associates CPAs

INDEPENDENT AUDITOR'S REPORT

City of Charles Town
101 East Washington Street
Charles Town, West Virginia 25414

To the Members of Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component units**,** each major fund, and the aggregate remaining fund information of the Municipality of Charles Town, Jefferson County, West Virginia (Municipality), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Municipality'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 discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Charles Town, Jefferson County, West Virginia as of June 30, 2022, and the respective changes in financial position 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 Municipality, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2022, the Municipality adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases.* We did not modify our opinion regarding this matter.

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.

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 Municipality'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 Municipality'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 Municipality'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*, the required budgetary comparisons, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The supplementary information of the Combining Balance Sheet – Nonmajor Governmental Funds, the Combining Statement of Revenue, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds, and 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023, on our consideration of the Municipality's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

March 24, 2023

The discussion and analysis of the Municipality of Charles Town's financial performance provides an overview and analysis of the Municipality's financial activities for the fiscal year ended June 30, 2022. It should be read in conjunction with the accompanying financial statements. The Charles Town Utility Board, component unit of the Municipality of Charles Town, has presented a Management's Discussion and Analysis in its separately issued financial statements.

FINANCIAL HIGHLIGHTS

Net position of the governmental activities increased by $3.0 million to $15.0 million at June 30, 2022. Revenues increased $2.8 million and expenses increased $0.7 million compared to the previous year.

The COVID-19 pandemic depressed consumer based taxes and other revenues during 2021 compared to 2022. During 2022, business and occupation taxes increased by $0.6 million, hotel and motel tax increased by $0.05 million, licenses and permits increased by $0.1 million, and video lottery and table gaming revenues increased by $0.3 million. The Municipality was also able to offset a portion of the lost revenues due to the COVID-19 pandemic with grant revenues established by the American Rescue Plan Act (ARPA) in the amount of $1.3 million.

During the year, the Municipality had expenses for governmental programs that were $3.9 million more than the $1.6 million generated by governmental program revenues and intergovernmental aid. The remaining cost of governmental activities was financed with general revenues, which totaled $7.2 million this year.

The governmental funds ended the year with a fund balance of $11.7 million which is an increase of $3.0 million from 2021.

Municipality revenues increased because consumer based taxes and revenues increased as a result of COVID-19 restrictions being relaxed and also because of grant funding for COVID-19 revenue losses. Expenses increased approximately $0.7 million because of the resumption of cultural and recreational activities, capital project expenditures, and granting of funds to local non-profit and other entities. Contributions to other entities amounted to $0.4 million in 2022.

The Municipality's contractual payments to pension and other benefit plans remained constant at approximately $0.25 million for both 2022 and 2021. Unfunded liabilities (assets) of the plans are considered financially sustainable for both 2022 and 2021.

The Municipality had capital projects in the construction phase during 2022 consisting of the Star Lodge/Free School renovation project, the Skate Park renovation project and various stormwater projects with a cost incurred as of the end of 2022 of $0.4 million.

During 2022, the Municipality purchased vehicles and related outfitting for $0.1 million.

FINANCIAL HIGHLIGHTS (continued)

The Municipality adopted GASB No. 87, *"Leases"* as of July 1, 2021. The adoption had the following effect on Financial Position at July 1, 2021:

	Charles Washington Hall and Municipal Annex Leases (In Millions)	Utility Board Facility Lease (In Millions)
Increase in Assets	$ 5.0	$ 0.5
Increase in Liabilities	-	(0.5)
Increase in Deferred Inflows	5.3	-
Decrease in Net Position	$ (0.3)	$ 0.0

The 2021 comparative financial information contained in the Management Discussion and Analysis has not been restated for the effects of GASB No. 87.

MUNICIPALITY AS A WHOLE

One of the most important questions asked about the Municipality's finances is, "Is the Municipality as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Municipality as a whole and about its activities in a way that helps answer this question. These statements include all governmental assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Municipality's net position and changes to it. You can think of the Municipality's net position-the difference between assets and deferred outflows and liabilities and deferred inflows - as one way to measure the Municipality's financial health or financial position. Over time, increases or decreases in the Municipality's net position, is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Municipality's property tax base, debt structure and the condition of the Municipality's infrastructure, to assess the overall health of the Municipality.

In the Statement of Net Position and the Statement of Activities, the Municipality reports the Governmental Activities and Component Units. The business-type activities are found in the Municipality's component units, the Municipality of Charles Town Building Commission and the Charles Town Utility Board. The Charles Town Utility Board issues separate financial statements.

Governmental activities-Most of the Municipality's basic services are reported here, including the police, streets, culture and recreation, social services, and general administration. Taxes, licenses and permits, fees, fines and forfeits, lottery and table gaming revenues, and general revenues finance most of these activities.

MUNICIPALITY AS A WHOLE (continued)

Reporting the Municipality's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds-not the Municipality as a whole. Some funds are required to be established by State law and by bond covenants. However, the Municipality Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Municipality uses the governmental fund types.

Governmental funds -The majority of the Municipality's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Municipality's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Municipality's programs.

The Municipality as Trustee

The Municipality is the trustee for the policeman's pension and relief fund. The Municipality's fiduciary activities related to this pension fund are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the Municipality's other financial statements because the Municipality cannot use these assets to finance its operations. The Municipality is responsible for ensuring that the assets reported in this fund are used to provide pension benefits to eligible participants.

MUNICIPALITY AS A WHOLE (continued)

Net Position and Activities

The Municipality's combined net position increased $3.0 million ($15.0 million for 2022, $12.0 million for 2021) compared to the prior year. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased from $7.4 million at June 30, 2021, to $10.6 million at the end of this year. Reviewing the net position and net expenses of governmental activities provides more detail about this change. The analyses below focus on the net position and changes in net position of the Municipality's governmental activities.

Statements of Net Position
June 30, 2022 and 2021
(in Millions)

	Governmental Activities	
	2022	2021
Current and other assets	$ 18.8	$ 9.2
Capital assets	4.2	4.5
Deferred outflows of resources	0.7	0.7
Total assets and deferred outflows	$ 23.7	$ 14.4
Long-term liabilities	$ 5.8	$ 1.4
Other liabilities	0.7	0.5
Deferred inflows of resources	2.2	0.5
Total liabilities and deferred inflows	8.7	2.4
Net investment in capital assets	3.8	4.5
Restricted	0.1	0.1
Unrestricted	11.1	7.4
Total net position	15.0	12.0
Total liabilities, deferred inflows, and net position	$ 23.7	$ 14.4

MUNICIPALITY AS A WHOLE (continued)

Net Position and Activities (continued)

Statements of Activities
For the years ended June 30, 2022 and 2021
(in Millions)

	Governmental Activities	
	2022	2021
Revenues		
Program revenues:		
Charges for services	$ 0.2	$ 0.2
Operating grants and contributions	1.3	0.1
Capital grants and contributions	0.1	0.2
General revenues:		
Taxes	4.8	3.9
Licenses and permits	0.3	0.2
Fines, forfeits and confiscated property	0.3	0.3
Fees	0.3	0.2
Table gaming	0.3	0.2
Video lottery	0.8	0.6
Contribution from component unit	0.4	-
Other general revenues	0.2	0.3
Total revenues	9.0	6.2
Expenses		
General government	2.4	2.1
Public safety	2.1	1.9
Highways and streets	0.8	0.8
Culture and recreation/social services	0.3	0.1
Total expenses	5.6	4.9
Change in net position	$ 3.4	$ 1.3

Revenues for the Municipality's governmental activities increased by 45 percent ($2.8 million), while total expenses increased by $0.7 million or 14 percent. The factors driving these results include the following:

a) The Municipality's governmental revenue sources recovered as a result of the COVID-19 pandemic restrictions being relaxed and the receipt of ARPA grant funding.

b) The Municipality's governmental expenses increased ($0.7 million) because of the resumption of cultural and recreational activities and contributions to other entities.

MUNICIPALITY AS A WHOLE (continued)

Net Position and Activities (continued)

The cost of all governmental activities this year was $5.6 million. As shown in the Statement of Activities, the amount that taxpayers ultimately financed for these activities through general revenues was $3.9 million because some of the cost was paid by those who directly benefitted from the programs ($0.2 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($1.5 million).

Governmental Funds

As the Municipality completed the year, the governmental funds (as presented in the balance sheet) reported a combined fund balance of $11.7 million, which is an increase of $3.0 million from the previous year.

General Fund Budgetary Highlights

Over the course of the year, the Municipality's Council made occasional revisions to the Municipality budget. These budget amendments were made to reflect anticipated funding changes in the Municipality's operations.

Even with the effects of the COVID-19 pandemic, the Municipality's general fund actual revenues were $0.9 million over budgeted revenues. General fund expenditures were less than budgeted expenditures by $1.2 million.

CAPITAL ASSET AND DEBT AND LONG-TERM LIABILITY ADMINISTRATION (in Millions)

Capital Assets

Capital assets of the Governmental Activities consisted of the following:

	Governmental Activities	
	2022	2021
Land	$ 0.7	$ 0.7
Land improvements	4.6	4.6
Buildings and improvements	2.3	2.3
Leasehold improvements	0.1	0.1
Equipment and vehicles	3.2	3.1
Construction in progress	0.5	0.4
Total	11.4	11.2
Accumulated depreciation	(7.2)	(6.7)
Capital assets, net of accumulated depreciation	$ 4.2	$ 4.5

CAPITAL ASSET AND DEBT AND LONG-TERM LIABILITY ADMINISTRATION (in Millions) (continued)

This year's major additions included

Star Lodge/Free School renovation in progress	$ 0.1
Vehicles including outfitting	0.1
Total	$ 0.2

Capital assets of the Building Commission consisted of the following:

	Building Commission	
	2022	2021
Land	$ 1.7	$ 1.7
Buildings and improvements	5.1	5.1
Land improvements	0.1	0.1
Roads	1.0	1.0
Equipment	0.3	0.3
Total	8.2	8.2
Accumulated depreciation	(2.2)	(2.0)
Capital assets, net of accumulated depreciation	$ 6.0	$ 6.2

This year's major additions:

None

Debt and Long-Term Liabilities

The governmental activities had no fixed debt obligations at June 30, 2022 and 2021. Other long-term liabilities consisted of the following:

	2022	2021
Accrued compensated absences	$ 0.1	$ 0.1
Collective net pension liability	0.5	1.2
Net other post employment benefit liability	-	0.1
Leases payable	5.2	-
Total	$ 5.8	$ 1.4

CAPITAL ASSET AND DEBT AND LONG-TERM LIABILITY ADMINISTRATION (in Millions) (continued)

Debt and Long-Term Liabilities (continued)

The Charles Town Building Commission fixed debt consisted of the following at June 30, 2022 and 2021:

	Building Commission	
	2022	2021
Series 2015A and 2015B Lease Revenue Bonds (Charles Washington Hall)	$ 3.4	$ 3.4
Series 2017A Lease Revenue Bonds (Municipal Annex)	1.8	1.9
Total	$ 5.2	$ 5.3

The Charles Town Building Commission had no long-term liabilities except fixed debt.

ECONOMIC FACTORS

The Municipality's elected and appointed officials considered many factors when setting the fiscal-year 2022 budget and tax rates. Factors consisted of the economy and COVID-19 pandemic.. The County's population has a direct impact on the Municipality's economic growth.

The Municipality of Charles Town is optimistic about its potential for economic growth in the future. The increasing population, infrastructure improvements, annexations, and procurement of grants and other funding sources are all positive indicators for continued economic growth in the Municipality of Charles Town.

CONTACTING THE MUNICIPALITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the Municipality's finances and to show the Municipality's accountability for the money its receives. If you have questions about this report or need additional financial information, contact the City Manager at City Hall 101 E. Washington Street, Charles Town, West Virginia.

Municipality of Charles Town, West Virginia
STATEMENT OF NET POSITION
June 30, 2022

	PRIMARY GOVERNMENT	DISCRETELY PRESENTED COMPONENT UNITS	
	GOVERNMENTAL ACTIVITIES	BUILDING COMMISSION	UTILITY BOARD
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Cash and cash equivalents	$ 9,471,794	$ 181,553	$ 4,329,521
Restricted cash	276,321	352,481	8,670,804
Accounts receivable	1,575,218	-	224,940
Accrued interest receivable	-	12,095	-
Accrued revenue	-	-	866,343
Due from primary government/component units	-	70,912	-
Inventory	-	-	116,938
Investments	577,000	-	-
Loan to Charles Town Utility Board	499,819	-	-
Development fee receivable	-	718,615	-
Prepaid insurance	13,670	-	-
Capital assets not being depreciated	1,171,997	1,740,739	3,097,988
Capital assets being depreciated, net	3,061,720	4,262,274	71,594,612
Right to use assets, net	4,782,273	-	417,674
Leases receivable			
Due within one year	14,843	143,010	276,974
Due in more than one year	422,916	5,051,798	6,624,140
Prepaid bond insurance	-	-	192,188
Collective net pension asset	1,158,489	-	1,011,874
Net OPEB asset	8,714	-	8,922
Total assets	23,034,774	12,533,477	97,432,918
Deferred outflows of resources:			
Defined benefit pension plan contributions	207,987	-	189,341
Other post employment plan contributions	23,453	-	30,384
Collective deferred outflows related to pensions	407,320	-	329,636
Collective deferred outflows related to other post post employment plan	46,190	-	84,018
Unamortized amounts from refunding of debt	-	-	251,003
Total deferred outflows	684,950	-	884,382
Total assets and deferred outflows	$ 23,719,724	$ 12,533,477	$ 98,317,300
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Liabilities:			
Accounts payable	$ 269,460	$ 1,225	$ 155,059
Accrued expenses	146,073	-	43,768
Accrued interest	12,095	12,095	129,242
Customer advances for construction	-	-	10,598,076
Due to primary government/component units	70,912	-	-
Customer deposits	23,836	-	282,008
Developer bonds held	177,757	-	-
Compensated absences	127,570	-	110,021
Loan from City of Charles Town	-	-	499,819
Net pension liabilities	489,693	-	-
Financed purchases:			
Due within one year	-	-	5,387
Due in more than one year	-	-	5,714
Leases payable:			
Due within one year	143,010	-	14,842
Due in more than one year	5,051,798	-	422,916
Long-term debt:			
Due within one year	-	143,010	2,098,454
Due in more than one year	-	5,051,798	35,491,061
Total liabilities	6,512,204	5,208,128	49,856,367
Deferred inflows of resources:			
Collective deferred inflows related to other post employment benefit plan	307,446	-	389,886
Collective deferred inflows related to pensions	1,502,205	-	1,338,140
Deferred inflows related to leases receivable	417,674	4,782,273	6,389,408
Total deferred inflows	2,227,325	4,782,273	8,117,434
Total liabilities and deferred inflows	8,739,529	9,990,401	57,973,801
NET POSITION			
Net investment in capital assets	3,821,182	808,205	26,109,605
Restricted by debt/construction	-	340,386	8,541,562
Restricted by regulations	112,234	-	-
Unrestricted	11,046,779	1,394,485	5,692,332
Total net position	14,980,195	2,543,076	40,343,499
Total liabilities, deferred inflows and net position	$ 23,719,724	$ 12,533,477	$ 98,317,300

See accompanying notes.

Municipality of Charles Town, West Virginia
STATEMENT OF ACTIVITIES
For the year ended June 30, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION: PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION: DISCRETELY PRESENTED COMPONENT UNITS: BUILDING COMMISSION	NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION: DISCRETELY PRESENTED COMPONENT UNITS: UTILITY BOARD
PRIMARY GOVERNMENT							
Governmental activities:							
General government	$ 2,447,270	$ -	$ 1,332,522	$ -	$ (1,114,748)	$ -	$ -
Public safety	2,094,232	-	14,490	-	(2,079,742)	-	-
Streets and transportation	752,608	173,661	-	-	(578,947)	-	-
Culture and recreation	300,754	47,582	5,940	127,381	(119,851)	-	-
Total governmental activities	$ 5,594,864	$ 221,243	$ 1,352,952	$ 127,381	(3,893,288)	-	-
DISCRETELY PRESENTED COMPONENT UNITS							
Building Commission	$ 787,210	$ 192,270	$ -	$ -	-	(594,940)	-
Utility Board	9,795,592	10,293,437	-	3,918,618	-	-	4,416,463
Total discretely presented component units	$ 10,582,802	$ 10,485,707	$ -	$ 3,918,618		(594,940)	4,416,463
General revenues:							
Taxes					4,792,323	-	-
Licenses and permits					270,057	-	-
Fines, forfeits and confiscated property					290,154	-	-
Fees					275,259	-	-
Lease revenues					20,971	-	340,320
Interest and investment earnings (loss)					(16,829)	186,021	201,075
Table gaming					260,183	-	-
Video lottery					782,893	-	-
Reimbursements					84,734	-	-
Short-term rentals and concessions					18,511	-	134,722
Contribution from component unit					419,091	-	-
Gain (loss) on sale of property					-	170,804	(153,496)
Miscellaneous					50,293	-	50,908
Total general revenues					7,247,640	356,825	573,529
Change in net position					3,354,352	(238,115)	4,989,992
Net position at beginning of year, as adjusted (See Note 21)					11,625,843	2,781,191	35,353,507
Net position at end of year					$ 14,980,195	$ 2,543,076	$ 40,343,499

See accompanying notes.

Municipality of Charles Town, West Virginia
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	GENERAL FUND	COAL SEVERANCE FUND	CAPITAL RESERVE FUND	RESIDUAL FUND	SALES TAX FUND	ARPA FUND	BOND ESCROW FUND	OTHER GOVERNMENTAL FUNDS	TOTALS
ASSETS									
Cash	$ 3,013,732	$ 94,112	$ 3,193,996	$ 678,945	$ 2,355,630	$ 4,607	$ -	$ 130,772	$ 9,471,794
Restricted cash	-	-	-	-	-	-	181,998	94,323	276,321
Investments	-	-	-	577,000	-	-	-	-	577,000
Receivables, net of allowances:									
Taxes	844,239	8,623	-	-	467,088	-	-	-	1,319,950
Accounts	57,478	-	-	-	-	-	-	500	57,978
Grants	3,840	-	166,034	-	-	-	-	-	169,874
Due from other funds	33,468	-	292,863	33,232	-	-	-	-	359,563
Prepaid expenses	13,670	-	-	-	-	-	-	-	13,670
Loan to Charles Town Utility Board	-	-	-	499,819	-	-	-	-	499,819
Total assets	$ 3,966,427	$ 102,735	$ 3,652,893	$ 1,788,996	$ 2,822,718	$ 4,607	$ 181,998	$ 225,595	$ 12,745,969
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	$ 184,364	$ -	$ 79,800	$ -	$ -	$ -	$ -	$ 5,295	$ 269,459
License fees and deposits	23,836	-	-	-	-	-	-	-	23,836
Other accrued expenses	130,002	-	-	-	-	-	-	16,071	146,073
Developer bonds held	-	-	-	-	-	-	177,757	-	177,757
Due to other funds	326,096	-	33,291	-	-	-	-	176	359,563
Due to component units	70,912	-	-	-	-	-	-	-	70,912
Total liabilities	735,210	-	113,091	-	-	-	177,757	21,542	1,047,600
Fund balances:									
Nonspendable	13,670	-	-	-	-	-	-	-	13,670
Restricted	-	-	-	-	-	-	4,241	94,323	98,564
Committed	-	-	3,539,802	1,788,996	2,822,718	-	-	-	8,151,516
Assigned	2,226,685	102,735	-	-	-	4,607	-	109,730	2,443,757
Unassigned	990,862	-	-	-	-	-	-	-	990,862
Total fund balances	3,231,217	102,735	3,539,802	1,788,996	2,822,718	4,607	4,241	204,053	11,698,369
Total liabilities and fund balances	$ 3,966,427	$ 102,735	$ 3,652,893	$ 1,788,996	$ 2,822,718	$ 4,607	$ 181,998	$ 225,595	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital and right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds.	9,015,990
Other long-term assets are not available to pay for current period expenditures and therefore not reported in the funds.	1,632,378
Deferred inflows and outflows of resources related to pension activity are not required to be reported in the funds but are required to be reported at the government-wide level.	307,860
Deferred inflows and outflows of resources related to other post employment benefit plan activity are not required to be reported in the funds but are required to be reported at the government-wide level.	(1,432,562)
Deferred outflows related to leases receivable are not required to be reported in the funds but are required to be reported at the government-wide level.	(417,674)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(5,824,166)
Net position of governmental activities.	$ 14,980,195

See accompanying notes.

Municipality of Charles Town, West Virginia

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended June 30, 2022

	GENERAL FUND	COAL SEVERANCE FUND	CAPITAL RESERVE FUND	RESIDUAL FUND	SALES TAX FUND	ARPA FUND	BOND ESCROW FUND	OTHER GOVERNMENTAL FUNDS	TOTALS
REVENUES									
Taxes (including interest and penalties)	$ 3,173,034	$ -	$ -	$ -	$ 1,626,378	$ -	$ -	$ -	$ 4,799,412
Licenses and permits	270,057	-	-	-	-	-	-	-	270,057
Intergovernmental:									
Federal	14,490	-	97,050	-	-	1,332,522	-	-	1,444,062
State	5,940	25,531	-	-	-	-	-	-	31,471
Grants and contributions	-	-	-	-	-	-	-	4,800	4,800
Charges for services	92,338	-	-	-	-	-	-	47,582	139,920
Fines and forfeits	282,257	-	-	-	-	-	-	-	282,257
Street paving fees	130,434	-	-	-	-	-	-	-	130,434
Franchise fees	79,800	-	-	-	-	-	-	-	79,800
Interest	10,768	252	11,100	9,428	10,889	4,607	623	637	48,304
Dividends	-	-	-	6,281	-	-	-	-	6,281
Gain (loss) on investments	-	-	-	(86,383)	-	-	-	-	(86,383)
Video lottery	782,893	-	-	-	-	-	-	-	782,893
Gaming income	260,183	-	-	-	-	-	-	-	260,183
Fees	99,359	-	96,100	-	-	-	-	-	195,459
Reimbursements	84,734	-	-	-	-	-	-		84,734
Confiscated property	-	-	-	-	-	-	-	7,897	7,897
Contribution from component unit	-	-	-	419,091	-	-	-	-	419,091
Miscellaneous	49,611	-	-	-	-	-	-	64	49,675
Total revenues	5,335,898	25,783	204,250	348,417	1,637,267	1,337,129	623	60,980	8,950,347
EXPENDITURES									
General government	2,329,854	-	336,281	7,150	-	-	-	20	2,673,305
Public safety	2,229,994	-	183,274	-	-	-	-	5,391	2,418,659
Streets and transportation	511,438	-	63,079	-	-	-	-	-	574,517
Culture and recreation	118,853	-	9,980	-	-	-	-	169,287	298,120
Total expenditures	5,190,139	-	592,614	7,150	-	-	-	174,698	5,964,601
Excess (deficiency) of revenues over expenditures	145,759	25,783	(388,364)	341,267	1,637,267	1,337,129	623	(113,718)	2,985,746
Other financing sources (uses):									
Transfers from other funds	2,890,137	-	1,198,541	-	-	-	-	128,400	4,217,078
Transfers to other funds	(1,326,941)	-	-	-	(1,557,615)	(1,332,522)	-	-	(4,217,078)
Total other financing sources (uses)	1,563,196	-	1,198,541	-	(1,557,615)	(1,332,522)	-	128,400	-
Net change in fund balance	1,708,955	25,783	810,177	341,267	79,652	4,607	623	14,682	2,985,746
Fund balance at beginning of year	1,522,262	76,952	2,729,625	1,447,729	2,743,066	-	3,618	189,371	8,712,623
Fund balance at end of year	$ 3,231,217	$ 102,735	$ 3,539,802	$ 1,788,996	$ 2,822,718	$ 4,607	$ 4,241	$ 204,053	$ 11,698,369

See accompanying notes.

Municipality of Charles Town, 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 balance - total governmental funds		$2,985,746
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 these assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	$ 274,201	
Depreciation expense	(502,911)	
Amount depreciation expense exceeded capital assets in the current period.		(228,710)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. Deferred revenues decreased by this amount in the current period.		(7,089)
Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB No. 68		
Amount of pension expenditures at fund modified level	265,545	
Amount of pension expenses (offset) recognized at government-wide level	(190,384)	
Amount contractual retirement payments exceeded pension expense in the current period.		455,929
Certain other post employment benefit expense in the statement of activities is recognized on the accrual basis of accounting in accordance with GASB No. 75		
Amount of other post employment benefits expenditures at fund level	23,453	
Amount of other post employment benefit expense (offset) recognized at government -wide level	(156,143)	
Amount that other post employment benefit payments exceeded other post employment benefit expense (offset) in the current period		179,596
Expenses in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds. Accrued compensated absences decrease by this amount in current period.		16,835
Certain leases in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB No. 87		
Amount of lease revenues (including interest) recognized on the accrual basis of accounting in accordance with GASB No. 87	35,942	
Amount of lease revenues recognized on the modified accrual basis	30,600	
Amount that lease revenues under the accrual basis exceeded lease revenues under the modified accrual basis		5,342
Amount of lease expenses (including interest) recognized on the accrual basis of accounting in accordance with GASB No. 87	324,696	
Amount of lease expenses recognized under the modified accrual basis	377,993	
Amount that lease expenses under the modified accrual basis exceeded lease expenses under the accrual basis of accounting		(53,297)
Change in net position of governmental activities.		$3,354,352

See accompanying notes.

Municipality of Charles Town, West Virginia
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2022

	Policemen's Pension and Relief
ASSETS	
Cash	$ 131,343
Investments	392,230
State allocation receivable	-
Total assets	$ 523,573
LIABILITIES AND NET POSITION	
Liabilities:	$ -
Net position:	
Restricted for pension benefits	523,573
Total liabilities and net position	$ 523,573

See accompanying notes.

Municipality of Charles Town, West Virginia

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2022

	Policemen's Pension and Relief
ADDITIONS	
Contributions:	
Employer	$ 57,558
State of West Virginia	11,327
Total contributions	68,885
Investment income:	
Realized and unrealized gains (losses)	(45,329)
Interest and dividends	12,728
Investment expense	(4,814)
Net investment income	(37,415)
Other income:	
Accident reports	5,330
Total other income	5,330
Total additions	36,800
DEDUCTIONS	
Benefits	87,652
Administrative expense	1,014
Total deductions	88,666
Change in net position	(51,866)
Net position restricted for pension benefits:	
Beginning of year	575,439
End of year	$ 523,573

See accompanying notes.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Municipality of Charles Town, West Virginia ("Municipality") is a municipal corporation in which citizens elect the mayor at large and eight council members. The Municipality engages in a comprehensive range of services, including general government administration, public safety, administration of justice, water and sewer services, transportation, planning, community development, recreation, cultural and historic activities, and social services.

The accounting policies and the presentation of the financial report of the Municipality has been designed to conform to generally accepted accounting principles as applicable to government units, in accordance with the Governmental Accounting Standards Board (GASB).

The Municipality follows the Governmental Accounting Standards Board (GASB) Standards for financial reporting. Certain significant components of the Standards include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Municipality's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Municipality's activities.
- Fund financial statements that focus on major funds.

These financial statements present all fund types of the City and its discretely presented component units.

Individual Component Unit Disclosure

The criteria for including component units consists of identification of legally separate organizations for which the elected officials of the Municipality are financially accountable. This criteria also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

The Municipality had no blended component units as of and for the year ended June 30, 2022.

The Municipality of Charles Town Building Commission ("Building Commission") and the Charles Town Utility Board ("Utility Board") are governed by boards appointed by the Municipality's Council. While legally separate from the Municipality, they are reported as part of the reporting entity under the discretely presented method because the Municipality's elected officials are financially accountable for the Building Commission and the Utility Board. The Municipality Council has the power to approve, disapprove, or modify budgets and financial operations of the Building Commission and the Utility Board. Separate financial information can be obtained from the Building Commission and the Utility Board.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Parks and Recreation Fund

The Parks and Recreation fund is not a legally separate organization but does have a separate board of directors and federal employer identification number. The fund relies on financial support from the City and daily operations are managed by City employees. The fund does not meet the criteria to be considered a component unit.

Related Organizations

The Municipality's officials are also responsible for appointing the members of the boards of various organizations, but the Municipality's accountability for these organizations does not significantly extend beyond making the appointments. The Municipality is not financially accountable for the organizations to which these appointments are made.

Government-wide and Fund Financial Statements

The financial statements include both government-wide (based on the Municipality as a whole) and fund financial statements. Under this reporting model, the focus is on both the Municipality as a whole and the fund financial statements, including the major funds of the governmental and business-type categories, as well as the fiduciary funds, (by fund type) and the component units. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type, as applicable. In the government-wide Statement of Net Position, both the governmental and business-type activities columns, as applicable, (a) are presented on a consolidated basis by column, and (b) are reflected in a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (general government, public safety, highways and streets, culture and recreation, etc.) that are otherwise being supported by general government revenues (property, business and occupation 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 and contributions. The program revenues must be directly associated with the function (general government, public safety, highways and streets, culture and recreation, etc.) or a business-type activity, as applicable. Program revenues include 1) charges to customers for applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues. The Municipality does not allocate indirect expenses. The operating grants include operating - specific and discretionary (either operating or capital) grants while the capital grants column reflects capital - specific grants and contributions.

In the fund financial statements, financial transactions and accounts of the Municipality are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resources and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

The emphasis in fund financial statements is on major funds in the governmental categories. Non-major funds by category are summarized into a single column. GASB Standards set forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental categories combined) for the determination of major funds.

Municipality management may electively add funds as major funds, when it is determined the funds have specific community or management focus. The coal severance fund has been electively added as a major fund.

The Municipality's fiduciary funds are presented in the fund financial statements by type (pension). Since, by definition, these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government - wide statements.

The following is a brief description of the specific funds used by the Municipality:

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds are reported using the current financial resource 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 collected within a current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Municipality considers revenues to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

General Fund

The general fund is the primary operating fund of the Municipality. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, interest, and other income.

Special Revenue Funds

Special revenue funds account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities. The special revenue funds, except for the coal severance fund, capital reserve fund, residual fund, sales tax fund, ARPA fund, and bond escrow fund are considered non-major funds for reporting purposes. The coal severance fund is used to account for the funds received from the State of West Virginia that are derived from the coal severance tax. The capital reserve fund is used to administer the capital grant and bond and loan monies received for capital improvements. The sales tax fund is used to account for the Municipality's 1% sales tax including allowable uses of sales tax revenue. The ARPA fund is used to administer American Rescue Plan Act (ARPA) grant funds awarded to the Municipality. The bond escrow fund is used to administer developer bonds held. The residual fund is used for municipal stabilization purposes.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Municipality in a trustee capacity for individuals, private organizations and other governments. The fiduciary fund of the Municipality is a pension trust fund. For accounting measurement purposes, the pension trust fund accounts for the assets of the Municipality's police pension plan. Fiduciary funds are not included in the government-wide financial statements.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e. revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements of net position and statements of activities and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the statement of net position or on the statement of activities as increases (e.g. revenues) decreases (e.g. expenses) in net position.

The statement of net position, statement of activities, and financial statements of the fiduciary funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned, and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

When both restricted and unrestricted resources are available for use, it is the Municipality's policy to use restricted resources first, and then the unrestricted resources as needed.

Budgets and Budgetary Accounting

All municipalities within West Virginia are required by statute to prepare annual budgets (levy estimates) on prescribed forms and submit these for approval to the West Virginia State Auditor's office. 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 West Virginia State Auditor's office 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.

The annual budget for the General Fund is prepared on a basis generally consistent with U.S. generally accepted accounting principles.

Revisions are authorized only with the prior written approval of the West Virginia State Auditor's office. The budgeted amounts reflected in the accompanying financial statements represent those adopted by the Municipality's Council and approved by the West Virginia State Auditor's office.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Encumbrances

Encumbrance accounting, under which purchase orders are issued but are not considered expenditures until liabilities for payments are incurred, is not employed as an extension of the formal budgetary process.

Cash and Cash Equivalents

Cash and cash equivalents of the primary government, fiduciary fund, and component units at June 30, 2022 include deposits of $22,611,366 at seven financial institutions (excludes investments and funds held at the West Virginia Municipal Bond Commission). Deposits are FDIC insured and deposits in excess of FDIC limits are 100% collateralized with securities held by the financial institutions.

Restricted Cash

Restricted cash of the primary government consists of the following:

Law enforcement funds held in investigation and evidence accounts whose use is limited by state law and regulation.	$ 92,587
Developer bonds held in accordance with Municipality requirements to assure development project completion.	181,998
Contributions to Parks & Recreation restricted as to purpose.	1,736
Total	$ 276,321

Restricted cash of the Utility Board consists of the following:

Debt service funds and debt service reserve funds represent funds required by debt covenants under the various debt ordinances. These funds are to be used to pay bond interest and principal.	$ 650,431
Construction funds represent funds held by banks under the bond ordinances or developer agreements. These funds are to be used solely for payment of costs associated with the Utility Board's ongoing construction projects.	115,516
Capacity improvement funds are established by ordinance and subject to regulatory commission oversight. The capacity improvement fund is to be kept apart from all other funds and shall be invested and reinvested in accordance with applicable regulation. Withdrawals and disbursements may be made for replacements, emergency repairs, improvements, and upgrades to the system.	6,422,904
The repair and replacement fund represents funds held by a bank under the Utility Board's bond ordinances. Withdrawals may be made for replacement and emergency repairs.	1,481,953
Total	$ 8,670,804

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Cash (continued)

Restricted cash of Building Commission consists of the following:

Debt service funds and debt service reserve funds represent funds required by debt covenants under the various debt ordinances. These funds are to be used to pay bond interest and principal.	$ 352,481

Investment Securities - Policemen's Pension and Relief Fund and Residual Fund

Investments are carried at fair value. Realized gains and losses on sales of securities are recognized based on the cost of specified securities sold and are included in revenue. Fair values are determined by quoted market prices. Changes in fair values are included in the determination of changes in net position.

Market Risks - Policemen's Pension and Relief Fund and Residual Fund

Investments are exposed to various risks, such as interest rate, market, currency and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would affect investment assets reported in the financial statements.

Accounts Receivable

Primary Government

The Municipality uses the reserve method of providing for possible losses in the collection of its accounts receivable. Management believes all accounts are materially collectible and the allowance of $15,000 is adequate at June 30, 2022.

Utility Board

The Utility Board's management periodically analyzes delinquent accounts of the water and sewer funds and uses the allowance method for accounting for bad debts. No allowance was deemed necessary by management at June 30, 2022. At June 30, 2022, accounts receivable amounted to $224,940. Revenue accrued but not billed amounted to $866,343 at June 30, 2022.

Building Commission

The Building Commission's management considers all accounts receivable to be collectible. Amounts due from the primary government amounted to $70,912 at June 30, 2022.

Inventories

Primary Government

The Municipality considers inventories of materials and supplies utilized in governmental fund type operations as expended at the time of purchase. Therefore, they do not appear in the Municipality's financial statements.

Utility Board

Inventories consist of expendable supplies and are accounted for on a first-in first-out basis. Inventories are valued at cost and approximate fair market value at June 30, 2022.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital outlays are recorded as expenditures of the general and special revenue funds and as assets in the government-wide financial statements including the component units. The capitalization threshold is $5,000 for the governmental funds and Building Commission and $15,000 for the Utility Board. Depreciation is recorded using the straight-line method and the following estimated useful lives:

Primary Government	
Buildings	25-50 years
Improvements	10-20 years
Equipment	3-10 years
Utility Board	
Utility Plant	5-50 years
Building Commission	
Buildings	40 years
Improvements	40 years
Roads	20 years

All assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their acquisition value on the date donated.

Expenditures for repairs and upgrading which materially add to the value or life of an asset are capitalized. Other maintenance and repair costs are expensed as incurred.

The depreciation/amortization of assets acquired under capital leases or in excess of predecessor book value are included in depreciation expense.

Bond Issue Costs

Bond issue costs are expensed as incurred except for those costs related to prepaid insurance.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position and or balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred amounts resulting from advance refunding of debt and elements of the Municipality's defined benefit pension plans and other post employment benefit plan qualifies for reporting in this category.

In addition to liabilities, the statements of net position and or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows related to lease receivables and elements of the Municipality's defined benefit pension plans and other post employment benefit plans qualify for reporting in this category.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advance Refunding of Debt

Deferred amounts resulting from advance refunding of debt are being amortized by the straight-line method over the life of the new debt.

Compensated Absences

Employees are permitted to accumulate earned but unused vacation benefits. The liability related to compensated absences is fully recognized in the government-wide financial statements without modification.

Interfund Charges

All interfund services provided and used are reported as due to/due from asset and liability accounts.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Nonexchange Transactions

GASB Standards establish accounting and reporting guidelines for government entities that gives (or receives) value without directly receiving (or giving) equal value in return is followed. Voluntary nonexchange transactions from developer and customer donations of cash, property, lines and improvements are received. In addition, various capital grants are received from federal and state agencies. These donations are considered capital contributions in the government-wide financial statements.

Customer Utility Deposits

Customer utility deposits are refunded after bills for service have been paid on time for twelve consecutive months.

Fund Balances

In accordance with GASB Standards, the Municipality classifies governmental fund balances within the following categories: Nonspendable fund balance, which includes amounts that cannot be spent because it is not in spendable form; restricted fund balance, which includes amounts constrained for specific purposes that are externally imposed by the resource providers; committed fund balance, which includes amounts constrained for specific purposes that are internally imposed through formal action of the City Council; assigned fund balance, which includes amounts intended to be used for specific purposes that are neither restricted or committed, however, assigned by non-formal action of City Council or finance department; and unassigned fund balance, which is the residual classification for amounts in the general fund that have not been classified within the other categories and special revenue funds with deficit fund balances.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

Net Position is classified as follows:

Net investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted net position - This amount is net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

Pension

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

Postemployment Benefits Other Than Pensions (OPEB)

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

NOTE 2: NEW ACCOUNTING PRONOUNCEMENT ADOPTED

The Municipality has adopted the following GASB Pronouncement during the fiscal year ended June 30, 2022:

GASB Statement No. 87, *Leases*, aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

NOTE 3: NEW ACCOUNTING PRONOUNCEMENTS

The Municipality will adopt the following new accounting standards issued by GASB by the required effective dates:

GASB Statement No. 91, *Conduit Debt Obligations* seeks to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement 91 will be effective for fiscal year ending June 30, 2023.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* aims to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. Statement 94 will be effective for fiscal year ending June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. Statement 96 will be effective for fiscal year ending June 30, 2023.

GASB Statement No. 100, *Summary of Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*, aims to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions of assessing accountability. Statement 100 will be effective for fiscal year ending June 30, 2024.

GASB Statement No. 101, *Compensated Absences*, aims to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement 101 will be effective for fiscal year ending June 30, 2025.

The Municipality has not yet determined the effect these Statements will have on its financial statements.

NOTE 4: 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: 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 due, 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 maximum levies per $100 of assessed valuation. 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.

The rates levied by the Municipality per $100 of

Class of Property	Assessed Valuations For Tax Purposes	Current Expense
Class I	$ -	12.30¢
Class II	$ 252,928,400	24.60¢
Class IV	$ 146,388,245	49.20¢

NOTE 5: CASH

Unrestricted cash and cash equivalents at June 30, 2022 were as follows:

	Primary Government	Utility Board	Building Commission
Cash in checking and savings accounts	$ 9,470,644	$4,329,221	$ 181,553
Cash on hand	1,150	300	-
Total cash and cash equivalents	$ 9,471,794	$4,329,521	$ 181,553

NOTE 6: INVESTMENTS - POLICEMEN'S PENSION AND RELIEF FUND AND RESIDUAL FUND

The Municipality uses a fair value hierarchy established by GAAP that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the assets or liabilities.

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (that is, the inputs are supported by little or no market activity).

- A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Policemen's Pension and Relief Fund

The Plan's investments are as follows at June 30, 2022:

	Fair Value	Cost	Appreciation (Depreciation)	Hierarchy
Stocks and bonds	$ 392,230	$ 351,864	$ 40,366	Level 1

The components of investment income for the year ended June 30, 2022 are as follows:

Interest and dividends	$ 12,728
Realized and unrealized gain (loss)	(45,329)
Investment expense	(4,814)
Net investment income	$ (37,415)

NOTE 6: INVESTMENTS - POLICEMEN'S PENSION AND RELIEF FUND AND RESIDUAL FUND (continued)

Residual Fund

The Fund's investments are as follows at June 30, 2022:

	Fair Value	Cost	Appreciation (Depreciation)	Hierarchy
Stocks, bonds, core account	$ 577,000	$ 505,312	$ 71,688	Level 1

The components of investment income for the year ended June 30, 2022 are as follows:

Interest and dividends	$ 15,709
Realized and unrealized gain (loss)	(86,383)
Investment expenses	(7,150)
Net investment income (loss)	$ (77,824)

NOTE 7: INTERNAL BALANCES AND INTERFUND TRANSFERS

The composition of internal balances as of June 30, 2022 is as follows:

Governmental funds/component units:

Receivable Fund/CU	Payable Fund/CU	Amount	Nature
Residual Fund	CT Utility Board	$ 499,819	Loan (loan to CT Utility Board)
Capital Reserve Fund	General Fund	292,863	Table gaming and video lottery revenue (due to/from)
CT Building Commission	General Fund	70,912	Charles Washington Hall rental income (due to/from)
Residual Fund	General Fund	33,232	CT Utility Board loan repayment (due to/from)
General Fund	Parks and Recreation Fund	177	Expense reimbursement
General Fund	Capital Reserve Fund	33,291	Expense reimbursement
		$ 930,294	

These balances represent timing differences due to routine transfers and capital contributions. Internal receivables and payables are expected to be paid by year end except for the Utility Board to Residual Fund, which represents financing of water and sewer assets.

The Residual Fund advanced the Utility Board $640,795 to finance certain construction projects. The advance bears no interest and is generally being repaid over a 50 year term. For the year ended June 30, 2022, $12,816 was repaid.

Interfund transfers and transactions for the year ended June 30, 2022, consisted of the following:

Transfer to (Fund)	Transfer from (Fund)	Amount	Nature
General Fund	Sales Tax Fund	$ 1,557,615	Annual budgeted contribution
General Fund	ARPA Fund	1,332,522	Revenue loss subsidy
Capital Reserve Fund	General Fund	1,198,541	Lottery and table gaming revenue transfers
Parks and Recreation Fund	General Fund	128,400	Hotel and motel tax allocation
		$ 4,217,078	

NOTE 8: CHANGES IN CAPITAL ASSETS

The following is a summary of the changes in capital assets of governmental activities during the year:

	Balance at June 30, 2021	Additions	Reductions	Balance at June 30, 2022
Capital assets not being depreciated:				
Land	$ 727,662	$ -	$ -	$ 727,662
Construction in progress	319,292	125,043	-	444,335
Total capital assets not being depreciated	1,046,954	125,043	-	1,171,997
Capital assets being depreciated:				
Buildings and improvements	2,297,108	-	-	2,297,108
Leasehold improvements	109,375	-	-	109,375
Land improvements	4,612,882	31,614	-	4,644,496
Equipment	1,604,559	-	-	1,604,559
Vehicles	1,489,871	117,542	-	1,607,413
Total	10,113,795	149,156	-	10,262,951
Less accumulated depreciation	(6,698,321)	(502,910)	-	(7,201,231)
Total capital assets being depreciated, net	3,415,474	(353,754)	-	3,061,720
Governmental activities capital assets, net	$ 4,462,428	$ (228,711)	$ -	$ 4,233,717

Depreciation was charged to functions as follows:

Governmental activities:	
General government	$ 49,856
Public safety	170,564
Highways and streets	260,956
Culture and recreation	21,534
Total government activities depreciation expense	$ 502,910

NOTE 8: CHANGES IN CAPITAL ASSETS (continued)

The following is a summary of the changes in capital assets of the Utility Board during the year:

	Balance at June 30, 2021	Other Additions	Reductions	Balance at June 30, 2022
Capital Assets Not Depreciated				
Land and land rights	$ 1,690,921	$ 374,688	$ -	$ 2,065,609
Construction in progress	506,872	526,707	(1,200)	1,032,379
Total Capital Assets Not Depreciated	2,197,793	901,395	(1,200)	3,097,988
Capital Assets Depreciated				
Utility plant in service	112,237,196	2,200,536	(752,453)	113,685,279
Less accumulated depreciation	(39,611,764)	(3,077,860)	598,957	(42,090,667)
Net Capital Assets Depreciated	72,625,432	(877,324)	(153,496)	71,594,612
Total Capital Assets	$74,823,225	$ 24,071	$ (154,696)	$ 74,692,600
Depreciation Expense	$ 3,077,860			

NOTE 8: CHANGES IN CAPITAL ASSETS (continued)

The following is a summary of changes in capital assets of the Building Commission during the year:

	Balance at June 30, 2021	Additions	Reductions	Balance at June 30, 2022
Capital assets not being depreciated:				
Land	$ 1,771,066	$ -	$ 30,327	$ 1,740,739
Total capital assets not being depreciated	1,771,066	-	30,327	1,740,739
Capital assets being depreciated:				
Buildings and improvements	5,122,977	-	34,223	5,088,754
Roads and improvements	979,119	-	-	979,119
Land improvements	93,052	-	10,860	82,192
Equipment and furnishings	284,492	-	-	284,492
Total capital assets being depreciated	6,479,640	-	45,083	6,434,557
Less accumulated depreciation	(2,016,344)	(178,060)	22,121	(2,172,283)
Total capital assets being depreciated, net	4,463,296	(178,060)	22,962	4,262,274
Building Commission capital assets, net	$ 6,234,362	$ (178,060)	$ 53,289	$ 6,003,013
Depreciation expense	$ 178,060			

NOTE 9: RIGHT TO USE ASSETS

Changes in right to use assets as of June 30, 2022 are as follows:

Municipality

	Balance 6/30/2021	Increase	Decrease	Balance 6/30/2022
Right to use assets				
Office facility	$ 2,100,000	$ -	$ -	$ 2,100,000
Charles Washington Hall	3,893,350	-	-	3,893,350
Total right to use assets	5,993,350	-	-	5,993,350
Less: accumulated amortization	(1,018,929)	(192,148)	-	(1,211,077)
Total net right to use assets	$ 4,974,421	$ (192,148)	$ -	$ 4,782,273

Amortization expense amounted to $192,148 for the year ended June 30, 2022.

NOTE 9: RIGHT TO USE ASSETS (continued)

Utility Board

	Balance 6/30/2021	Increase	Decrease	Balance 6/30/2022
Right to use asset - office facility	$ 484,082	$ -	$ -	$ 484,082
Less: accumulated amortization	(45,437)	(20,971)	-	(66,408)
Total net right to use asset	$ 438,645	$ (20,971)	$ -	$ 417,674

Amortization expense amounted to $20,971 for the year ended June 30, 2022.

NOTE 10: PERFORMANCE BONDS

Bond Escrow Fund

The Municipality periodically holds developer performance bonds based on Municipality requirements. The performance bonds are refunded to the developers based on satisfactory completion of related developer project construction.

NOTE 11: LONG-TERM LIABILITIES

Primary Government - Governmental Activities

Governmental Activities Changes in Long-Term Liabilities (Assets)

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
Accrued compensated absences	$ 144,405	$ -	$ 16,835	$ 127,570
Leases payable	5,332,312	-	137,504	5,194,808
Collective net pension liability (asset) -PERS	688,250	305,180	2,151,919	(1,158,489)
Collective net pension liability -PPRF	460,859	103,050	74,216	489,693
Net other post employment benefit liability (asset)	123,233	142,560	274,507	(8,714)
	$ 6,749,059	$ 550,790	$ 2,654,981	$ 4,644,868

Building Commission (Component Unit)

Series 2015A and Series 2015B Lease Revenue Bonds

The Series 2015A and Series 2015B Lease Revenue Bonds were issued to the United States Department of Agriculture (USDA) on March 4, 2015 in the aggregate amount of $3,893,950 to finance improvements and renovations to Charles Washington Hall. The term of the bonds is for 36 years at 3.75% interest per annum. . The 2015 Series A Lease Revenue Bonds were issued for $2,999,950 and had an outstanding balance of $2,554,819 at June 30, 2022. The 2015 Series B Lease Revenue Bonds were issued for $894,000 and had an outstanding balance of $799,591 at June 30, 2022. Monthly interest and principal payments are $12,840 for the 2015 Series A Bonds and $3,827 for the Series B Bonds. The bonds are secured by a Credit Line Leasehold Deed of Trust, Security Agreement and a lease assignment made to the bondholder by the Building Commission.

Scheduled maturities of the bonds for the years succeeding June 30, 2022 are as follows:

Year	Principal	Interest	Total
2023	$ 75,503	$ 124,501	$ 200,004
2024	78,383	121,621	200,004
2025	81,373	118,631	200,004
2026	84,478	115,526	200,004
2027	87,701	112,303	200,004
2028-2032	491,320	508,700	1,000,020
2033-2037	592,472	407,548	1,000,020
2038-2042	714,449	285,571	1,000,020
2043-2047	861,538	138,482	1,000,020
2048-2051	287,193	11,919	299,112
	$ 3,354,410	$ 1,944,802	$ 5,299,212

NOTE 11: LONG-TERM LIABILITIES (continued)

Building Commission (Component Unit) (continued)

Series 2017A Lease Revenue Bonds

The Series 2017A Lease Revenue Bonds were issued to a financial institution on May 30, 2017, in the aggregate amount of $2,100,000 to purchase land and finance the construction of a municipal annex at 661 South George Street. The term of the bonds is for 25 years at 3.16% interest per annum. Monthly interest and principal payments of $10,391 are required to bond maturity. The outstanding balance of the bonds was $1,840,398 at June 30, 2022. The bonds are secured by a credit line deed of trust and a lease assignment made to the bondholder by the Building Commission.

Scheduled maturities of the bonds for the years succeeding June 30, 2022 are as follows:

Year	Principal	Interest	Total
2023	$ 67,507	$ 57,185	$ 124,692
2024	69,672	55,020	124,692
2025	71,906	52,786	124,692
2026	74,211	50,481	124,692
2027	76,590	48,102	124,692
2028-2032	421,399	202,060	623,459
2033-2037	493,426	130,033	623,459
2038-2042	565,687	45,700	611,387
	$ 1,840,398	$ 641,367	$ 2,481,765

Changes in Long-Term Liabilities

Building Commission changes in long-term debt for the year ended June 30, 2022 are as follows:

	Balance June 30, 2021	Additions	Payments	Balance June 30, 2022	Due Within One Year
2015A Bond	$ 2,611,923	$ -	$ 57,104	$ 2,554,819	$ 59,287
2015B Bond	815,210	-	15,619	799,591	16,216
2017A Bond	1,905,179	-	64,781	1,840,398	67,507
Total	$ 5,332,312	$ -	$ 137,504	$ 5,194,808	$ 143,010

NOTE 11: LONG-TERM LIABILITIES (continued)

Utility Board (Component Unit)

Bonds Payable - Water Fund

Issue	Maturity Date	Interest Rates	Balance June 30, 2021	Additions	Payments	Balance June 30, 2022	Due Within One Year
1987B	2026	0.00%	$ 65,309	$ -	$ 10,885	$ 54,424	$ 10,885
1988B	2028	0.00%	114,452	-	14,308	100,144	14,308
1989B	2029	0.00%	27,110	-	3,011	24,099	3,013
2002A	2039	5.80%	825,681	-	24,956	800,725	26,403
2002B	2042	0.00%	1,963,636	-	93,507	1,870,129	93,506
2010A	2031	2.00%	490,230	-	46,007	444,223	46,933
2010B	2031	2.00%	53,727	-	5,042	48,685	5,144
2015A	2030	1.50%-3.50%	1,297,800	-	1,297,800	-	-
2015B	2029	1.50%-4.00%	2,215,350	-	2,215,350	-	-
2016A	2046	1.60%-4.50%	6,890,000	-	175,000	6,715,000	180,000
2018A-7	2046	0.50%	807,754	-	31,411	776,343	31,568
2020A	2043	2.00%-2.25%	2,068,000	-	77,550	1,990,450	164,500
2022A	2033	.63%-1.63%	-	3,188,000	-	3,188,000	372,000
Total Bonds Payable			$ 16,819,049	$ 3,188,000	$ 3,994,827	16,012,222	$ 948,260
				Unamortized Premiums/ Discounts, Net		12,801	
						$ 16,025,023	

Maturities of water bonds payable for years succeeding June 30, 2022, are as follows:

Year	Principal	Interest	Total
2023	$ 948,260	$ 397,680	$ 1,345,940
2024	1,008,349	375,482	1,383,831
2025	1,023,898	357,089	1,380,987
2026	1,029,215	342,155	1,371,370
2027	1,014,400	326,200	1,340,600
2028-2032	3,797,629	1,363,923	5,161,552
2033-2037	2,643,250	932,915	3,576,165
2038-2042	2,787,702	530,384	3,318,086
2043-2046	1,759,519	151,855	1,911,374
	$ 16,012,222	$ 4,777,683	$ 20,789,905

NOTE 11: LONG-TERM LIABILITIES (continued)

Utility Board (Component Unit) (continued)

Bonds Payable - Sewer Fund

Issue	Maturity Date	Interest Rates	Balance June 30, 2021	Additions	Payments	Balance June 30, 2022	Due Within One Year
1988B	2028	0.00%	$ 60,688	$ -	$ 7,588	$ 53,100	$ 7,588
2010C	2041	0.00%	833,320	-	41,668	791,652	41,668
2010D	2041	0.00%	333,320	-	16,668	316,652	16,668
2011A	2041	0.00%	5,007,455	-	250,373	4,757,082	250,373
2013A	2044	0.50%	466,409	-	18,964	447,445	19,060
2014A	2046	0.50%	3,391,792	-	129,065	3,262,727	129,712
2015A	2030	1.50%-3.50%	762,200	-	762,200	-	-
2015B	2030	1.50%-4.00%	519,650	-	519,650	-	-
2016B	2046	1.50%-4.00%	3,840,000	-	130,000	3,710,000	50,000
2018A-1	2029	0.00%	87,340	-	10,917	76,423	10,917
2018A-3	2038	1.00%	598,118	-	32,443	565,675	32,768
2018A-4	2030	0.00%	110,355	-	12,612	97,743	12,612
2018A-5	2032	0.00%	404,208	-	38,496	365,712	38,496
2018A-6	2039	0.00%	1,169,560	-	66,832	1,102,728	66,832
2018B	2033	2.25%-3.50%	2,715,000	-	180,000	2,535,000	185,000
2020A	2043	2.00%-2.25%	2,332,000	-	87,450	2,244,550	185,500
2022A	2033	.63%-1.63%	-	1,192,000	-	1,192,000	103,000
Total Bonds Payable			$ 22,631,415	$ 1,192,000	$ 2,304,926	$ 21,518,489	$ 1,150,194
				Unamortized Premiums/ Discounts, Net		46,003	
						$ 21,564,492	

Maturities of sewer bonds payable for years succeeding June 30, 2022, are as follows:

Year	Principal	Interest	Total
2023	$ 1,150,194	$ 293,889	$ 1,444,083
2024	1,198,918	279,327	1,478,245
2025	1,212,299	265,584	1,477,883
2026	1,231,037	252,706	1,483,743
2027	1,205,033	238,106	1,443,139
2028-2032	6,078,040	942,349	7,020,389
2033-2037	4,359,630	515,564	4,875,194
2038-2042	3,495,041	293,909	3,788,950
2043-2046	1,588,297	77,866	1,666,163
	$ 21,518,489	$ 3,159,300	$ 24,677,789

NOTE 11: LONG-TERM LIABILITIES (continued)

Utility Board (Component Unit) (continued)

Certain of the water and sewer revenue bonds require administrative fees to be paid to the governmental issuers. Administrative fees amounted to $2,545 and $48,321 for the water and sewer funds, respectively, for the year ended June 30, 2022. Administrative fees are not considered interest expense for rate establishment purposes and are not included in the above maturity schedules.

The water and sewer bond issues are secured by a lien on the revenues derived from the system and a statutory mortgage lien on the system.

The covenants contained in the water and sewer bond issues include a required debt service coverage ratio of 115%. The Utility Board met the required coverage for the year ended June 30, 2022.

The water and sewer bond issues require monthly deposits to the renewal and replacement fund equal to 2-1/2% of monthly gross revenues. The Utility Board's deposits, including necessary expenditures for renewals and replacements, exceeded this requirement for the year ended June 30, 2022.

Changes in Long-Term Liabilities Other Than Bonds

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
Financed purchases payable	$ 57,871	$ -	$ 46,770	$ 11,101
Leases	453,388	-	15,630	437,758
Loan from Charles Town	512,635	-	12,816	499,819
Accrued compensated absences	124,131	-	14,110	110,021
Collective net pension liability (asset)	606,914	287,953	1,906,741	(1,011,874)
Net other post employment benefit liability (asset)	127,840	186,219	322,981	(8,922)
Total	$ 1,882,779	$ 474,172	$2,319,048	$ 37,903

NOTE 12: FINANCED PURCHASES

Utility Board (Component Unit)

The Charles Town Utility Board financed various equipment and vehicles under financed purchase agreements expiring at various times. The assets and liabilities under the financed purchases are recorded at their present value of the minimum purchase payments.

The financed purchase obligations are secured by the purchased equipment and vehicles. Depreciation of financed purchases is included in depreciation expense for the year ended June 30, 2022.

Financed Purchases	Expiration	Water Fund Remaining Minimum (net of interest) Payments	Sewer Fund Remaining Minimum (net of interest) Payments	Total
Various utility improvements, equipment, and vehicles	2023-2024			
Total financed purchases payable at June 30, 2022		$ 4,448	$ 6,653	$ 11,101
Less: Current portion due in upcoming year		(2,192)	(3,195)	(5,387)
Long-term financed purchases payable at June 30, 2022 (net of current portion)		$ 2,256	$ 3,458	$ 5,714

Estimated minimum future water financed purchase payments as of June 30, 2022 are as follows:

Year	Principal	Interest	Total
2023	$ 2,192	$ 148	$ 2,340
2024	2,256	83	2,339
	$ 4,448	$ 231	$ 4,679

Estimated minimum future sewer financed purchase payments as of June 30, 2022 are as follows:

Year	Principal	Interest	Total
2023	$ 3,195	$ 549	$ 3,744
2024	3,458	286	3,744
	$ 6,653	$ 835	$ 7,488

NOTE 13: LEASE COMMITMENTS

Municipality of Charles Town (Lessor) and Charles Town Utility Board (Lessee)

The Utility Board entered into a facility lease with the Municipality on April 1, 2019, which expires on June 1, 2042. Monthly rental payments of $2,550 are required during the term of the lease including principal and interest at 3.5%. The Municipality lease asset and Utility Board lease liability were $437,758 at June 30, 2022. The Utility Board recognized $20,971 of amortization of right to use assets and $14,970 of interest expense during the year ended June 30, 2022. The Municipality recognized $20,971 of lease revenue and $14,970 of interest income during the year ended June 30, 2022.

The following is a schedule of future minimum lease payments under the lease:

Year	Principal	Interest	Total
2023	$ 14,842	$ 15,758	$ 30,600
2024	16,054	14,546	30,600
2025	16,625	13,975	30,600
2026	17,216	13,384	30,600
2027	17,828	12,772	30,600
2028-2032	99,117	53,883	153,000
2033-2037	118,043	34,957	153,000
2038-2042	138,033	12,418	150,451
	$ 437,758	$ 171,693	$ 609,451

Building Commission (Lessor) and Municipality of Charles Town (Lessee)

The Municipality and the Building Commission entered into a lease agreement dated March 2, 2015, whereby the Municipality leases from the Building Commission the Charles Washington Hall facilities. The lease is for a 36 year term reflecting the same term as the bond financing used to fund the Charles Washington Hall improvements and renovation. The Municipality is required to pay sufficient lease rentals to accumulate sums necessary to promptly pay principal and interest due on the Building Commission's Series 2015A and Series 2015B Lease Revenue Bonds. The lease is a net lease therefore the Municipality is responsible for all operation and maintenance costs associated with the leased property.

Monthly rental payments of $16,667 are required during the term of the lease including principal and interest at 3.75%. The Building Commission lease asset and Municipality lease liability were $3,354,410 at June 30, 2022. The Municipality recognized $108,149 of amortization of right to use assets and $126,398 of interest expense during the year ended June 30, 2022. The Building Commission recognized $108,149 of lease revenue and $126,398 of interest income during the year ended June 30, 2022. Building Commission collective deferred inflows related to the lease amounted to $3,109,273 at June 30, 2022. The deferred inflows are being recognized on a straight-line basis over the term of the lease.

NOTE 13: LEASE COMMITMENTS (continued)

Building Commission (Lessor) and Municipality of Charles Town (Lessee) (continued)

The following is a schedule of future minimum lease payments under the lease:

Year	Principal	Interest	Total
2023	$ 75,503	$ 124,501	$ 200,004
2024	78,383	121,621	200,004
2025	81,373	118,631	200,004
2026	84,478	115,526	200,004
2027	87,701	112,303	200,004
2028-2032	491,320	508,700	1,000,020
2033-2037	592,472	407,548	1,000,020
2038-2042	714,449	285,571	1,000,020
2043-2047	861,538	138,482	1,000,020
2048-2051	287,193	11,919	299,112
	$ 3,354,410	$ 1,944,802	$ 5,299,212

The Municipality and the Building Commission entered into a lease agreement dated May 30, 2017, whereby the Municipality leases from the Building Commission the Municipal Annex Facilities. The lease is for a 25 year term reflecting the same term as the bond financing used to fund the Municipal Annex land purchase and building construction. The Municipality is required to pay sufficient rentals to accumulate sums necessary to promptly pay principal and interest due on the Building Commission's Series 2017A Lease Revenue Bonds. The lease is a net lease therefore the Municipality is responsible for all operation and maintenance costs associated with the leased property.

Monthly rental payments of $10,391 are required during the term of the lease including principal and interest at 3.16%. The Building Commission lease asset and Municipality lease liability were $1,840,398 at June 30, 2022. The Municipality recognized $84,000 of amortization of right to use assets and $59,446 of interest expense during the year ended June 30, 2022. The Building Commission recognized $84,000 of lease revenue and $59,446 of interest income during the year ended June 30, 2022. Building Commission collective deferred inflows related to the lease amount to $1,673,000 at June 30, 2022. The deferred inflows are being recognized on a straight-line method over the term of the lease.

The following is a schedule of future minimum lease payments under the lease:

Year	Principal	Interest	Total
2023	$ 67,507	$ 57,185	$ 124,692
2024	69,672	55,020	124,692
2025	71,906	52,786	124,692
2026	74,211	50,481	124,692
2027	76,590	48,101	124,692
2028-2032	421,399	202,060	623,459
2033-2037	493,426	130,033	623,459
2038-2042	565,687	45,700	611,387
	$ 1,840,398	$ 641,367	$ 2,481,765

NOTE 13: LEASE COMMITMENTS (continued)

Utility Board Cellular Leases

Beginning in the year ended June 30, 2016, the Utility Board has entered into multiple cellular equipment right to use agreements for space on the Utility Board's water standpipes. The remaining terms of the lease agreements range from 2022-2050. Payments required under the lease agreements are variable based on the specific terms contained in the agreements. Minimum payments due the Utility Board for the next five years are as follows:

Year	Amount
2023	$ 518,513
2024	$ 520,379
2025	$ 511,597
2026	$ 509,787
2027	$ 524,967

Leases receivable were calculated using a discount rate of 3.5%. Leases receivable amounted to $6,901,114 at June 30, 2022. Collective deferred inflows related to the leases amount to $6,389,408 at June 30, 2022. The deferred inflows are being based on the terms of the leases using the straight-line method. The Utility Board recognized $340,320 of lease revenue and $186,987 of interest income on leases during the year ended June 30, 2022.

NOTE 14: EMPLOYEES' RETIREMENT SYSTEM AND PLAN

Plan Description, Contribution Information, and Funding Policies

The Municipality participates in the West Virginia Public Employees Retirement System (PERS), a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of Municipality 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.

PERS is administered by the Consolidated Public Retirement Board (CPRB), which acts as a common investment and administrative agent for all of the participating employers. CPRB issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CPRB website at www.wvretirement.com.

The following is a summary of eligibility factors, contribution methods, and benefit provisions:

Eligibility to participate:	All Municipality full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions:	West Virginia Code Section 5-10d
Tier 1 Plan member's contribution rate:	4.50% (Employees hired before July 1, 2015)
Tier 2 Plan member's contribution rate:	6.00% (Employees hired after July 1, 2015)
Municipality's contribution rate:	10.00% for fiscal year 2022 (Effective July 1, 2022 the Municipality is required to contribute 9%)
Period required to vest:	5 years for Tier 1 and 10 years for Tier 2
Benefits and eligibility for distribution:	
	Tier 1 A member 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. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.
	Tier 2 Qualification for normal retirement is age 62 with 10 years of service or at least age 55 plus service years equal to 80 or greater. The final average salary is the average of the five consecutive highest annual earnings years out of the last fifteen years. The final average salary times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion:	No
Provisions for:	
Cost of living	No
Death benefits	Yes

NOTE 14: EMPLOYEES' RETIREMENT SYSTEM AND PLAN (continued)

Plan Description, Contribution Information, and Funding Policies (continued)

Trend Information

Fiscal Year	Annual Pension Cost	Percentage Contributed
2022	$ 207,987	100%
2021	216,177	100%
2020	202,135	100%

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.

Pension Liability (Asset), Pension Expense (Offset), Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension

At June 30, 2022, the Municipality reported the following asset for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2020, rolled forward to the measurement date of June 30, 2021. The Municipality's proportion of the net pension asset was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined.

At June 30, 2022, the Municipality reported the following proportion:

Amount for proportionate share of net pension asset	$1,158,489
Percentage for proportionate share of net pension asset	0.131956%
Increase/(decrease) % from prior proportion measured	0.001771%

For the year ended June 30, 2022, the Municipality recognized $(226,354) of pension expense (offset).

NOTE 14: EMPLOYEES' RETIREMENT SYSTEM AND PLAN (continued)

Pension Liability (Asset), Pension Expense (Offset), Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 220,421	$ 9,390
Net difference between project and actual earnings on pension plan investments	-	1,483,836
Difference between expected and actual experience	132,213	4,391
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	8,908	4,588
Municipality contributions subsequent to the measurement date	207,987	-
	$ 569,529	$ 1,502,205

The amount reported as deferred outflows of resources related to the pension plan resulting from Municipality contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in pension expense (offset) as follows:

Year ended June 30	
2023	$ (240,442)
2024	(224,354)
2025	(311,974)
2026	(363,893)
Total	$ (1,140,663)

NOTE 14: EMPLOYEES' RETIREMENT SYSTEM AND PLAN (continued)

Actuarial Assumptions

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

Actuarial cost method	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value
Amortization method	Level dollar, fixed period
Amortization period	Through Fiscal Year 2035
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	3.60-6.75%%, including inflation
Inflation rate	2.75%
Discount rate	7.50%
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 Male 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 Male table, below-median headcount weighted, projected with scale MP-2018
Withdrawal rates	
State	2.28-45.63%%
Non-state	2.500-35.880%%
Disability rates	0.005-0.0540%%
Retirement rates	12 - 100%%
Date range in most recent experience study	2015-2020 - Economic assumptions; 2013-2018 - All other assumptions

NOTE 14: EMPLOYEES' RETIREMENT SYSTEM AND PLAN (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments was 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. Rates summarized in the following table as of June 30, 2021, include the inflation component and were used for the defined benefit plan:

Asset Class	Long-Term Expected Rate of Return	PERS Target Asset Allocation
U.S. Equity	5.5%	27.50%
International Equity	7.0%	27.50%
Private Equity	8.5%	10.00%
Fixed Income	2.2%	15.00%
Real Estate	6.6%	10.00%
Hedge Funds	4.0%	10.00%
		100.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent for the defined benefit plan. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position for the defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability of the plan.

The following chart presents the sensitivity of the net pension liability (asset) to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Municipality's proportionate share of PERS's net pension liability (asset)	$ 13,238	$ (1,158,489)	$ (2,147,483)

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

NOTE 14: EMPLOYEES' RETIREMENT SYSTEM AND PLAN (continued)

Utility Board (Component Unit)

Information regarding the Utility Board's West Virginia Public Employee pension benefits can be found in the separately issued Utility Board audited financial statements.

Policemen's Pension and Relief Fund

The Municipality participates in one single employer, public employee retirement system. Assets are held separately and may be used only for the payment of benefits to the members of the plan.

The Policemen's Pension Relief Fund (PPRF) provides retirement benefits for certain retired police employees and their beneficiaries. The PPRF's Board consists of a chairman which is the Mayor and four members from the municipal police department. The Municipality is authorized in accordance with State Code §8-22 to establish and maintain this plan. 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, 2022.

Actuarial valuations are required to be performed once every year.

The investment policies of the PPRF are restricted by State Code and may be restricted further as determined by the Board. For additional information relating to basis of accounting and reported investment values, see Notes 1 and 5. There were no significant changes in the investment policies for the current year.

Membership of the plan is as follows:

Group	Participants
Active Employees	0
Inactive, Non-Retired Members	0
Retirees and Beneficiaries Currently Receiving Benefits	4
Total	4

This plan is a defined benefit plan. The following is a summary of funding policies, contribution methods, and benefit provisions.

Determination of Contribution Requirements	Actuarially determined
Employer	Contributes annually an amount which, together with contributions from the members and others, and the allocable portion of the State premium tax fund, will be sufficient to meet the normal cost of the fund and amortize any actuarial deficiency over a period of not more than forty years in accordance with West Virginia State code §8-22-10.
Plan Members	7% of covered payroll (currently no applicable)
Period Required to Vest	No vesting occurs. If separation from employment occurs the member is entitled to a refund of his/her contributions only.

NOTE 14: EMPLOYEES' RETIREMENT SYSTEM (continued)

Policemen's Pension and Relief Fund (continued)

Post-Retirement Benefit Increases	Cost of living adjustment after two years of retirement. Adjustment calculated on the first $15,000 of the total annual benefit in the first year and then the cumulative index for the preceding year. The supplemental pension benefit shall not exceed four percent.
Eligibility for Distribution	20 years of credited service or age 65; whichever comes first. Must be at least age 50.
Provisions for:	
Disability Benefits	Yes
Death Benefits	Yes

Actuarial Assumptions and Rate of Return

The total pension liability was determined by an actuarial valuation as of July 1, 2020 and projected to the measurement date of June 30, 2022, 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 June 30, 2014.

Actuarial Assumptions:

Inflation	2.50%
Salary increases	Rates vary by years of service
Single discount rate (BOY)	5.75%
Single discount rate (EOY)	5.75%
Investment rate of return (BOY)	5.75% , net of pension plan investment expense, including inflation
Investment rate of return (EOY)	5.75% , net of pension plan investment expense, including inflation
Long-term municipal bond rate (BOY)	1.92%
Long-term municipal bond rate (EOY)	3.69%
Mortality	SOA PubS-2010(B) with generational projection using Scale MP-2019
Year Fund is project to be fully funded	2030
Year assets are expected to be depleted for a closed plan	N/A

Investment Rate of Return

For the year ended June 30, 2022, the annual investment rate of return on pension plan investments (excluding cash equivalents), net of pension plan investment expense including inflation was (9.76%).

NOTE 14: EMPLOYEES' RETIREMENT SYSTEM (continued)

Policemen's Pension and Relief Fund (continued)

Rate of Return (continued)

The long-term expected rate of return on pension plan investments is 5.75% and target asset allocation as of June 30, 2022, is summarized in the following chart:

Asset Class	Target Allocation
U.S. Large Cap Growth	10.00%
U.S. Large Cap Value	10.00%
U.S. Mid-Cap Blend	5.00%
U.S. Small Value Blend	3.00%
International Equity	7.00%
Taxable Blend	60.00%
Money Market	5.00%
	100.00%

Net Pension Liability, Reserves and Discount Rate

The current year net pension liability is shown below. The annual required contributions were made in accordance with State Code.

Reserves

There are no assets legally reserved for purposes other than the payment of plan members benefits.

Net Pension Liability

The Municipality's net pension liability is as follows:

Total pension liability	$1,013,266
Plan fiduciary net position	(523,573)
Net pension liability	$ 489,693
Plan fiduciary net position as a percentage of the total pension liability	51.67%

NOTE 14: EMPLOYEES' RETIREMENT SYSTEM (continued)

Policemen's Pension and Relief Fund (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2022, The Municipality reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 45,778	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2023	$ 12,687
2024	10,764
2025	8,311
2026	14,016
Total	$ 45,778

Discount Rate

The discount rate used to measure the total pension liability was 5.75% and the municipal bond rate used was 1.92% (BOY) and 3.69% (EOY). The projection of cash flows used to determine these discount rates assumed that the plans sponsor would make the statutory required contribution as defined by the funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the single discount rate of 5.75% was applied to all periods of projected benefit payments to determine the total pension liability.

The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease 4.75%	Current Discount Rate 5.75%	1% Increase 6.75%
PPRF's net pension liability	$ 580,036	$ 489,693	$ 411,517

NOTE 15: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan Description

The Municipality 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. For the year ended June 30, 2022, contributions to the OPEB plan from the Municipality were $23,453.

OPEB Liabilities (Assets), OPEB Expense (Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the Municipality reported an asset of $8,714 for its proportionate share of the net OPEB asset. The net OPEB asset, deferred inflows and outflows of resources, and OPEB expense (offset) were determined by an actuarial valuation date as of June 30, 2020, rolled forward to June 30, 2021, which is the measurement date. The Municipality's proportion of the net OPEB asset was based on a projection of the Municipality's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2021, the Municipality's proportionate share was 0.029304950%, which was an increase of 0.0014064 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Municipality recognized OPEB expense (offset) of $(149,481).

NOTE 15: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

OPEB Liabilities (Assets), OPEB Expense (Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

The Municipality reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	$ 46,190	$ -
Net difference between projected and actual investment earnings on OPEB plan investments	-	60,136
Reallocation of opt-out employer change in proportionate share	-	2,898
Difference between expected and actual experience	-	60,025
Change in assumptions	-	184,387
Municipality contributions subsequent to the measurement date	23,453	-
	$ 69,643	$ 307,446

The amount reported as deferred outflows of resources related to OPEB resulting from Municipality contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset 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 as follows:

Year ended June 30	
2023	$ (129,212)
2024	(98,699)
2025	(14,638)
2026	(18,707)
Total	$ (261,256)

NOTE 15: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

OPEB Liabilities (Assets), OPEB Expense (Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Actuarial Assumptions

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

Inflation rate	2.25%
Wage inflation	2.75%
Salary increases	Dependent upon pension system, ranging from 2.75% to 5.18%, including inflation.
Investment rate of return	6.65%, net of OPEB plan investment expense, including inflation.
Healthcare cost trend rates	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.50% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 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
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20 year closed period as of June 30, 2017
Mortality Rates	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.

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

NOTE 15: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

OPEB Liabilities (Assets), OPEB Expense (Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Actuarial Assumptions (continued)

The long-term rates of return on OPEB plan investments are determined using a building-block method in which estimates of future real rates of returns (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTI. Best estimates of long-term geometric rates are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Global Equity	4.80%
Core Plus Fixed Income	2.10%
Core Real Estate	4.10%
Hedge Fund	2.40%
Private Equity	6.80%
Cash and Cash Equivalents	0.00%

Discount Rate

A single discount rate of 6.65% was used to measure the OPEB liability (asset). This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with prefunding and investment policies. Based on those assumptions, 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.

NOTE 15: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

OPEB Liabilities (Assets), OPEB Expense (Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Sensitivity of the Municipality's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following chart presents the Municipality's proportionate share of the net OPEB liability (asset), as well as what the proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease 5.65%	Discount Rate 6.65%	1% Increase 7.65%
Net OPEB Liability (Asset)	$ 46,760	$ (8,714)	$ (54,773)

Sensitivity of the Municipality's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following chart presents the Municipality's proportionate share of the net OPEB liability (asset), as well as what the proportionate share of the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates described in the actuarial assumptions:

	1% Decrease	Cost Trend Rates	1% Increase
Net OPEB Liability (Asset)	$ (64,340)	$ (8,714)	$ 59,044

OPEB Plan Fiduciary Net Position

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

Utility Board (Component Unit)

Information regarding the Utility Board's postemployment benefits other than pensions can be found in the separately issued Utility Board audited financial statements.

NOTE 16: RISK MANAGEMENT

The Municipality is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries umbrella (general liability) insurance for these various risks.

The Municipality provides insurance coverage to employees for job-related injuries through Travelers Insurance Company and offers health insurance to all eligible employees through Public Employees Insurance Agency (PEIA).

Liabilities are reported when it is probable a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 17: COMMITMENTS AND CONTINGENCIES

Litigation

The Municipality is routinely a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the Municipality, when considered in relation to insurance coverage in force.

Federal and State Grants

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

NOTE 18: CHARLES WASHINGTON HALL HISTORIC TAX CREDITS

Improvements were made in prior years to the Charles Washington Hall facility representing qualified rehabilitation expenditures for purposes of claiming Federal And State Historic Tax Credits. The Federal and State Historic Tax Credits represent 20% and 10% of qualified rehabilitation expenditures, respectively. Because the Municipality and Building Commission are tax exempt entities, the Municipality entered into a partnership, Charles Washington Hall Landlord, LLC, with a private investor to enable the Building Commission to receive a financial benefit from the federal and state tax credits. During the year ended June 30, 2017, tax credits were sold at a discount to the private investor through Charles Washington Hall Landlord, LLC. The Building Commission, as the property owner and developer, is due a $718,616 developer fee from the partnership. The developer fee has not been paid as of June 30, 2022 and is contingent on Charles Washington Hall Landlord, LLC cash flows as defined by the Charles Washington Hall Landlord, LLC operating agreement. The Building Commission received, through a wholly owned Municipal entity (Charles Washington Hall Manager, LLC), $395,717 from the sale of State Historic Tax Credits during the year ended June 30, 2017.

Both the developer fee and the proceeds from the sale of state tax credits were offset against the book value of the Charles Washington Hall facility.

There are various rights and restrictions contained in lease agreements, operating agreements, a developer agreement, contribution agreements, and other agreements that pertain to the leasing operations of Charles Washington Hall during the existence of Charles Washington Hall Landlord, LLC which is generally for a 40 year period.

NOTE 19: FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Municipality 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 and all other governmental funds are presented below:

Fund Balance	General	Coal Severance	Capital Reserve Fund	Sales Tax Fund	Residual Fund	ARPA Fund	Bond Escrow Fund	Other
Nonspendable:								
Insurance	$ 13,670	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted for:								
Law enforcement	-	-	-	-	-	-	-	92,587
Developer bond repayment	-	-	-	-	-	-	4,241	-
Parks and recreation	-	-	-	-	-	-	-	1,736
Committed for:								
Capital outlays/debt service on capital projects	-	-	3,539,802	2,822,718	1,788,996	-	-	-
Assigned for:								
Carryover in fiscal year June 30, 2023 budget	2,226,685	-	-	-	-	-	-	-
Revenue loss	-	-	-	-	-	4,607	-	-
Community development	-	-	-	-	-	-	-	63,223
Law enforcement	-	-	-	-	-	-	-	959
Parks and Recreation	-	102,735	-	-	-	-	-	45,548
Unassigned	990,862	-	-	-	-	-	-	-
Total fund balance	$ 3,231,217	$ 102,735	$ 3,539,802	$ 2,822,718	$ 1,788,996	$ 4,607	$4,241	$ 204,053

NOTE 20: AMERICAN RESCUE PLAN ACT GRANT

The Municipality was awarded an American Rescue Plan Act (ARPA) grant on August 19, 2021,in the amount of $1,330,405. The Municipality received a second ARPA award on October 27, 2021 in the amount of $2,117. The ARPA funds are being used to replace lost revenue during the COVID-19 Pandemic.

NOTE 21: PRIOR PERIOD ADJUSTMENT

Net position required restatement at the beginning of the year as follows:

	Primary Government Governmental Activities	Building Commission (Component Unit)	Utility Board (Component Unit)
Net position, as previously stated	$ 11,982,434	$ 2,409,857	$ 34,994,970
Implementation of GASB No. 87, Leases	(356,591)	371,334	358,537
Net position, as restated	$ 11,625,843	$ 2,781,191	$ 35,353,507

NOTE 22: SUBSEQUENT EVENTS

The Municipality has evaluated all subsequent events through March 24, 2023, the date the financial statements were available to be issued.

The Municipality received $1,332,522 of additional ARPA grant proceeds in July, 2022, which was used to replace lost revenues during the COVID-19 Pandemic. Management has elected to use these grants to replace lost revenues due to the COVID-19 Pandemic.

REQUIRED SUPPLEMENTAL INFORMATION

Municipality of Charles Town, West Virginia
SCHEDULE OF THE MUNICIPALITY'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY (ASSET)
June 30, 2022

Public Employees Retirement System
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Municipality's proportionate share of the net pension liability (asset) (%)	0.131956%	0.130185%	.133383%	.123702%	.135038%	.130821%	.123718%	.120059%	.116021%
Municipality's proportionate share of the net pension liability (asset) ($)	$ (1,158,489)	$ 688,250	$ 286,791	$ 319,464	$ 582,885	$ 1,202,400	$ 690,846	$ 443,096	$ 1,057,685
Municipality's covered payroll	$ 2,079,870	$ 2,161,770	$ 2,021,340	$ 1,904,760	$ 1,935,009	$ 1,853,925	$ 1,706,834	$ 1,693,143	$ 1,606,497
Municipality's proportionate share of net pension liability (asset) as a % of its employee payroll	-55.70%	31.84%	14.19%	16.77%	30.12%	64.86%	40.48%	26.17%	65.84%
Plan fiduciary net position as a percentage of the total pension liability	111.07%	92.89%	96.99%	96.33%	99.56%	86.11%	91.29%	93.98%	79.70%

Note: This data will be presented prospectively until ten years is accumulated.
The amounts presented for each fiscal year were determined as of June 30th.

Municipality of Charles Town, West Virginia
SCHEDULE OF THE MUNICIPALITY'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY (ASSET)
June 30, 2022

Public Employees Retirement System
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 207,987	$ 216,177	$ 202,135	$ 190,476	$ 212,851	$ 222,471	$ 243,364	$ 237,040	$ 232,942	$ 218,397
Contributions in relation to the contractually required contribution	(207,987)	(216,177)	(202,135)	(190,476)	(212,851)	(222,471)	(243,364)	(237,040)	(232,942)	(218,397)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Municipality's covered payroll	$ 2,079,870	$ 2,161,770	$ 2,021,340	$ 1,904,760	$ 1,935,009	$ 1,853,925	$ 1,802,696	$ 1,693,143	$ 1,606,497	$ 1,559,979
Contributions as a percentage of covered payroll	10.0%	10.0%	10.0%	10.0%	11.0%	12.0%	13.5%	14.0%	14.5%	14.0%

Note: The amounts presented for each fiscal year were determined as of June 30th.

SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	57,067	58,317	61,494	61,897	63,310	72,157	73,313	74,674	76,052
Changes of benefit items	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	7,553	36,391	(39,065)	17,892	(150,063)	(8,200)	9,315	6,054	-
Changes of assumptions	-	(181,402)	-	-	-	-	152,520	-	-
Benefit payments, including refunds of member contributions	(87,652)	(86,681)	(85,250)	(90,457)	(92,708)	(105,358)	(109,553)	(107,918)	(106,408)
Net change in total pension liability	(23,032)	(173,375)	(62,821)	(10,668)	(179,461)	(41,401)	125,595	(27,190)	(30,356)
Total pension liability - beginning	1,036,298	1,209,673	1,272,494	1,283,162	1,462,623	1,504,024	1,378,429	1,405,619	1,435,975
Total pension liability - ending (a)	$ 1,013,266	$ 1,036,298	$ 1,209,673	$ 1,272,494	$ 1,283,162	$ 1,462,623	$ 1,504,024	$ 1,378,429	$ 1,405,619
Plan fiduciary net position									
Contributions - employer (including Premium Tax Allocation)	$ 74,215	$ 85,666	$ 91,540	$ 90,338	$ 98,960	$ 98,049	$ 85,871	$ 93,468	$ 111,388
Contributions - members	-	-	-	-	-	-	-	-	-
Net investment income	(37,415)	54,622	13,087	14,901	17,325	17,191	5,562	6,065	19,050
Benefits payment, including refunds of member contributions	(87,652)	(86,681)	(85,250)	(90,457)	(92,708)	(105,358)	(109,553)	(107,918)	(106,408)
Administrative expenses	(1,014)	(987)	(993)	-	(920)	(4,793)	(2,478)	(4,056)	(3,145)
Other			-	(1,212)	5,219	11,119	5,390	-	5,680
Net change in plan fiduciary net position	(51,866)	52,620	18,384	13,570	27,876	16,208	(15,208)	(12,441)	26,565
Plan fiduciary net position - beginning	575,439	522,819	504,435	490,865	462,989	490,535	462,469	474,910	448,345
Plan fiduciary net position - ending (b)	$ 523,573	$ 575,439	$ 522,819	$ 504,435	$ 490,865	$ 506,743	$ 447,261	$ 462,469	$ 474,910
Employer's net pension liability - ending (a) - (b)	$ 489,693	$ 460,859	$ 686,854	$ 768,059	$ 792,297	$ 955,880	$ 1,056,763	$ 915,960	$ 930,709
Plan fiduciary net position as a percentage of the total pension liability	51.67%	55.53%	43.22%	39.64%	38.25%	34.65%	29.74%	33.55%	33.79%
Covered payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Expected average remaining service years of all participants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Only nine years are presented due to the availability of the information. The application of the reporting requirements will be prospective to cover ten years.

Notes to Schedule:

Benefit changes: There were no changes for FY2022

Changes in assumptions: There were no changes for FY2022

SCHEDULE OF EMPLOYER CONTRIBUTIONS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 68,885	$ 81,636	$ 85,216	$ 84,833	$ 98,960	$ 98,048	$ 85,057	$ 86,746	$ 112,230	$ 124,337
Contributions in relation to the actuarially determined contribution										
Employer provided	62,888	73,691	80,081	80,229	85,506	83,965	73,086	79,204	100,741	110,655
State provided	11,327	11,975	11,459	10,109	13,454	14,084	12,785	14,264	12,549	15,148
Contribution deficiency (excess)	$ (5,330)	$ (4,030)	$ (6,324)	$ (5,505)	$ -	$ (1)	$ (814)	$ (6,722)	$ (1,060)	$ (1,466)
Covered payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

NOTES TO SCHEDULE

Valuation date

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year. The assumptions below are those used in the 7/1/2020 actuarial valuation to calculate the FY2022 ADC. Assumptions used to determine all contributions in the past would not have been the same.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	10 to 15 years
Asset valuation method	4-year smoothed market
Inflation	2.50 percent
Salary increases	Rates vary by years of service
Investment rate of return	5.75%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by age
Mortality	SOA PubS-2010(B) with generational projection using Scale MP-2019

Municipality of Charles Town, WestVirginia
SCHEDULE OF THE MUNICIPALIITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
For the year ended June 30, 2022
Public Employees Insurance Agency

	2022	2021	2020	2019	2018	2017
Municipality's proportion of the net OPEB liability (asset)	0.029304950%	0.027900310%	0.025465208%	0.025465208%	0.024077117%	0.030681644%
Municipality's proportionate share of the net OPEB liability (asset)	$ (8,714)	$ 123,233	$ 546,340	$ 546,340	$ 592,054	$ 761,925
Municipality's covered payroll	$ 2,079,870	$ 2,161,770	$ 2,021,340	$ 1,817,062	$ 1,806,825	$ 1,996,927
Municipality's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-0.42%	5.70%	27.03%	30.07%	32.77%	38.15%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	101.81%	73.49%	30.98%	30.98%	25.10%	21.64%

*Applicable information was available for six years for this schedule.
The amounts presented for each fiscal year were determined as of June 30th.

Municipality of Charles Town, West Virginia
SCHEDULE OF THE MUNICIPALITY'S OPEB PLAN CONTRIBUTIONS
For the year ended June 30, 2022
Public Employees Insurance Agency

	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 23,453	$ 45,424	$ 55,248	$ 55,248	$ 52,038	$ 49,454
Contributions in relation to the contractually required contribution	(23,453)	(45,424)	(55,248)	(55,248)	(52,038)	(49,454)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Municipality's covered payroll	$ 2,079,870	$ 2,161,770	$ 2,021,340	$ 1,817,062	$ 1,806,825	$ 1,996,927
Contributions as a percentage of covered payroll	1.13%	2.10%	2.73%	3.04%	2.88%	2.48%

*Applicable information was available for six years for this schedule.
The amounts presented for each fiscal year were determined as of June 30th.

Municipality of Charles Town, West Virginia

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the year ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
REVENUES				
Taxes (including interest and penalties):				
General property tax	$ 1,280,619	$ 1,280,619	$ 1,294,395	$ 13,776
Business and occupation tax	750,000	750,000	1,384,233	634,233
Alcoholic beverages tax	10,000	10,000	23,477	13,477
Utility services tax	250,000	250,000	246,464	(3,536)
Hotel/motel tax	95,000	135,000	183,960	48,960
Other taxes	12,800	12,800	40,505	27,705
Total taxes	2,398,419	2,438,419	3,173,034	734,615
Licenses and permits	75,000	225,000	270,057	45,057
Intergovernmental:				
Federal	15,000	15,000	14,490	(510)
State	6,000	6,000	5,940	(60)
Charges for services	130,000	130,000	92,338	(37,662)
Fines and forfeits	320,000	320,000	282,257	(37,743)
Street paving fees	100,000	100,000	130,434	30,434
Franchise fees	65,000	65,000	79,800	14,800
Interest	3,000	3,000	10,768	7,768
Video lottery	650,000	650,000	782,893	132,893
Gaming income	250,000	250,000	260,183	10,183
Fees	58,000	58,000	99,359	41,359
Reimbursements	100,000	100,000	84,734	(15,266)
Miscellaneous	35,000	35,000	49,611	14,611
Total revenues	4,205,419	4,395,419	5,335,898	940,479
EXPENDITURES				
General government	1,877,866	3,326,105	2,329,854	996,251
Public safety	2,329,860	2,329,860	2,229,994	99,866
Streets and transportation	545,442	545,442	511,438	34,004
Culture and recreation	174,000	229,000	118,853	110,147
Total expenditures	4,927,168	6,430,407	5,190,139	1,240,268
Excess (deficiency) of revenues over expenditures	(721,749)	(2,034,988)	145,759	2,180,747
Other financing sources (uses):				
Transfers from other funds	1,174,249	2,890,137	2,890,137	-
Transfers to other funds	(952,500)	(1,275,000)	(1,326,941)	(51,941)
Total other financing sources (uses)	221,749	1,615,137	1,563,196	(51,941)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(500,000)	(419,851)	1,708,955	2,128,806
Fund balance at beginning of year	500,000	419,851	1,522,262	1,102,411
Fund balance at end of year	$ -	$ -	$ 3,231,217	$ 3,231,217

See accompanying notes.

Municipality of Charles Town, West Virginia

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND

For the year ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
State	$ 10,000	$ 10,000	$ 25,531	$ 15,531
Interest	-	-	252	252
Total revenues	10,000	10,000	25,783	15,783
EXPENDITURES				
Culture and Recreation	83,000	83,959	-	83,959
Total expenditures	83,000	83,959	-	83,959
Excess (deficiency) of revenues over expenditures	(73,000)	(73,959)	25,783	99,742
Fund balance at beginning of year	73,000	73,959	76,952	2,993
Fund balance at end of year	$ -	$ -	$ 102,735	$ 102,735

See accompanying notes.

PERS

A. Change in Benefit Terms

Legislation passed during the 2015 Legislative session created a second tier of retirement benefits for those hired for the first time and first becoming a member of PERS on or after July 1, 2015 (Tier II). For tier II employees, normal retirement is a member who has attained age 62 and has earned 10 years or more of contributing service. The final average salary (five highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.

B. Change in Assumptions

The actuarial assumptions for mortality, withdrawal rates, salary scales, and non-contributory service loads that were used in the total Pension liability calculation were changed from June 30, 2019 to June 30, 2020, to reflect the most recent experience study for July 1, 2013 through June 30, 2018.

C. Actuarial Revisions

Total Pension Liability	$ 7,927,948
Plan Fiduciary Net Position	(8,805,884)
Net Pension (Asset) Liability	$ (877,936)
Plan Fiduciary Net Position as a percentage of the total pension liability	111.07%

PPRF

No changes in benefits or changes in assumptions.

OPEB

A. Subsequent Events

The OPEB valuation measured at June 30, 2021, does not reflect the recent and still developing impact of COVID-19, which is likely to influence healthcare claims experience, demographic experience and economic expectations.

B. Actuarial Revisions

Total OPEB Liability	$ 1,643,289,292
Plan Fiduciary Net Position	(1,673,024,000)
Net OPEB (Asset) Liability	$ (29,734,708)
Plan Fiduciary Net Position as a percentage of the total OPEB liability	101.81%

OPEB (continued)

C. Changes in Assumptions

- General/price inflation - Decrease price inflation rate from 2.75% to 2.25%..
- Discount rate - Decrease discount rate from 7.15% to 6.65%.
- Wage inflation - Decrease wage inflation from 4.00% to 2.75%.
- OPEB retirement - Develop explicit retirement rates for members who are eligible to retire with health care benefits and elect health care coverage.
- Waived annuitant termination - Develop explicit waived termination rates for members who are eligible to retire with health care benefits but waive health coverage.
- SAL conversion - Develop explicit SAL conversion rates for members who are eligible to convert sick and annual leave (SAL) balances at retirement and convert SAL balances into OPEB benefits.
- Lapse/re-entry - Develop net lapse/re-entry rates for members who either lapse coverage after electing health care coverage or elect health care coverage after waiving coverage.
- Other demographic assumptions - Develop termination, disability, and mortality rates based on experience specific to OPEB covered group.
- Salary increase - Develop salary increase assumptions based on experience specific to the OPEB covered group.

Budgets and Budgetary Accounting

All municipalities within West Virginia are required by statute to prepare annual budgets (levy estimates) on prescribed forms and submit these for approval to the West Virginia State Auditor's office. 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 West Virginia State Auditor's office 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.

The annual budget for the General Fund is prepared on a basis generally consistent with U.S. generally accepted accounting principles.

Revisions are authorized only with the prior written approval of the West Virginia State Auditor's office. The budgeted amounts reflected in the accompanying financial statements represent those adopted by the Municipality's Council and approved by the West Virginia State Auditor's office.

OTHER SUPPLEMENTAL INFORMATION

Municipality of Charles Town, West Virginia
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	Parks and Recreation Fund	Community Development Fund	Law Enforcement Fund	Totals
ASSETS				
Cash	$ 66,590	$ 63,223	$ 959	$ 130,772
Restricted cash	1,736	-	92,587	94,323
Accounts receivable	500	-	-	500
Due from other funds	-	-	-	-
Total assets	$ 68,826	$ 63,223	$ 93,546	$ 225,595
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 5,295	$ -	$ -	$ 5,295
Other accrued expenses	16,071	-	-	16,071
Due from other funds	176	-	-	176
Total liabilities	21,542	-	-	21,542
Fund balances:				
Nonspendable	-	-	-	-
Restricted	1,736	-	92,587	94,323
Committed	-	-	-	-
Assigned	45,548	63,223	959	109,730
Unassigned	-	-	-	-
Total fund balances	47,284	63,223	93,546	204,053
Total liabilities and fund balances	$ 68,826	$ 63,223	$ 93,546	$ 225,595

Municipality of Charles Town, West Virginia
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the year ended June 30, 2022

	Parks and Recreation Fund	Community Development Fund	Law Enforcement Fund	Totals
REVENUES				
Charges for services	$ 47,582	$ -	$ -	$ 47,582
Interest	186	171	280	637
Grants and contributions	4,800	-	-	4,800
Confiscated property	-	-	7,897	7,897
Other	64	-	-	64
Total revenues	52,632	171	8,177	60,980
EXPENDITURES				
General government	-	20	-	20
Public safety	-	-	5,391	5,391
Streets and transportation	-	-	-	-
Culture and recreation	169,287	-	-	169,287
Total expenditures	169,287	20	5,391	174,698
Excess (deficiency) of revenues over expenditures	(116,655)	151	2,786	(113,718)
Other financing sources (uses):				
Transfers from other funds	128,400	-	-	128,400
Transfer to other funds	-	-	-	-
Total other financing sources (uses)	128,400	-	-	128,400
Net change in fund balance	11,745	151	2,786	14,682
Fund balance at beginning of year	35,539	63,072	90,760	189,371
Fund balance at end of year	$ 47,284	$ 63,223	$ 93,546	$ 204,053

Municipality of Charles Town, 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 ALN Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Treasury			
Pass-Through Program from West Virginia Governor's Office			
Coronavirus State and Local Fiscal Recovery Fund	21.027	ARPA-2021-07-10485	$ 1,332,522
Total U.S. Department of Treasury			1,332,522
U.S. Department of Interior			
Pass-Through National Park Service State, Tribal, Local Plans and Grants			
Historic Preservation Fund	15.904	2022	71,343
Pass-Through West Virginia Development Office			
Outdoor Recreation Acquisition, Development, and Planning	15.916	2022	25,707
Total U.S. Department of Interior			97,050
U.S. Department of Justice			
Direct			
Public Safety Partnership and Community Policing Grants	16.710	N/A	14,490
Total U.S. Department of Justice			14,490
Total expenditures of federal awards			$ 1,444,062

See accompanying notes to the Schedule of Expenditures of Federal Awards.

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Municipality of Charles Town under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Municipality of Charles Town, it is not intended to and does not present either the financial position or changes in net position of the Municipality of Charles Town.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting in accordance with U.S. Generally Accepted Accounting Principles. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - PASS-THROUGH ENTITIES

Certain federal awards are received through the West Virginia Governor's Office and WV State Agencies.

NOTE D - INDIRECT COST RATE

The Municipality of Charles Town has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance. The Municipality does not charge indirect expenses to federal grants.

PERRY
& Associates CPAs

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Municipality of Charles Town
101 East Washington Street
Charles Town, West Virginia 25414

To the 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 **Municipality of Charles Town,** Jefferson County (the Municipality) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements and have issued our report dated March 24, 2023, wherein we noted the Municipality adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipality's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

March 24, 2023

PERRY
& Associates CPAs

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Municipality of Charles Town
101 East Washington Street
Charles Town, West Virginia 25414

To the Members of Council:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

In our opinion, the Municipality of Charles Town 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 Municipality 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 Municipality's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Municipality'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 Municipality'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 Municipality'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 Municipality's compliance with the requirements of the 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 Municipality'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 Municipality'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 Municipality'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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

March 24, 2023

MUNICIPALITY OF CHARLES TOWN
JEFFERSON COUNTY, WEST VIRGINIA
SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515
FOR THE YEAR ENDED 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 other significant deficiencies in internal control 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 weaknesses in internal control 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 Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	AL# 21.027 American Rescue Plan Act
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None