



AUDITED FINANCIAL STATEMENTS

CITY OF PHILIPPI

YEAR ENDED JUNE 30, 2024



CITY OF PHILIPPI

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Year Ended June 30, 2024

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CITY OF PHILIPPI

MUNICIPAL OFFICIALS

Year Ended June 30, 2024

Office	Name	Term
	<i>Elected Positions</i>	
Mayor	Philip Bowers	07/01/20 - 06/30/24
City Clerk	Tammy Stemple	07/01/20 - 06/30/24
Council Members:	Vacant	07/01/20 - 06/30/24
	Terrence Boyd	07/01/20 - 06/30/24
	Amy Mick	07/01/20 - 06/30/24
	Clint Newman	07/01/20 - 06/30/24
	Tony Wilson	07/01/20 - 06/30/24
	<i>Appointed Positions</i>	
City Manager	Jermery D. Drennen	

CITY OF PHILIPPI

INDEX OF FUNDS

Year Ended June 30, 2024

GOVERNMENTAL FUND TYPES

Major Funds

General Fund
Coal Severance Tax Fund
American Rescue Plan Act Fund

Nonmajor Funds

Parks and Recreation
Infrastructure
Wetlands
Fire Service Fee
Opioid Settelement

PROPRIETARY FUND TYPES

Major Funds

Water Fund
Sewer Fund
Electric Fund
Industrial Park Fund

Nonmajor Funds

Natural Gas Fund
City Garage Fund
Garbage Fund
Transfer Station Fund
T.V. Cable System

COMPONENT UNIT

Discretely Presented

Philippi Municipal Building Commission

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council of the
City of Philippi
Philippi, West Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Philippi, West Virginia (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United

States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule - general fund, budgetary comparison schedule - coal severance tax fund, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of proportionate share of the net OPEB liability, schedule of OPEB contributions, and notes to required supplementary information 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 City's basic financial statements. The accompanying schedule of rate covenant compliance - water, schedule of rate covenant compliance - sewer, combining fund balance sheet - nonmajor governmental funds, combining statement of revenues, expenditures and changes in fund balances - nonmajor governmental funds, combining statement of net position - nonmajor proprietary funds, combining statement of revenues, expenses and changes in net position - nonmajor proprietary funds, combining statement of cash flows - nonmajor proprietary funds, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and notes to schedule of expenditures of 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, the schedule of rate covenant compliance - water, schedule of rate covenant compliance - sewer, combining fund balance sheet - nonmajor governmental funds, combining statement of revenues, expenditures and changes in fund balances - nonmajor governmental funds, combining statement of net position - nonmajor proprietary funds, combining statement of revenues, expenses and changes in net position - nonmajor proprietary funds, combining statement of cash flows - nonmajor proprietary funds, schedule of expenditures of federal awards, and notes to schedule of expenditures of federal awards are 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 20, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



David L. Howell, CPA
Belle, West Virginia
March 20, 2025

CITY OF PHILIPPI

STATEMENT OF NET POSITION

June 30, 2024

	PRIMARY GOVERNMENT			COMPONENT
	<u>Governmental</u>	<u>Business -</u>	<u>Total</u>	<u>UNIT</u>
		<u>Type</u>		<u>Municipal</u>
	<u>Activities</u>	<u>Activities</u>		<u>Building</u>
				<u>Commission</u>
Assets				
Cash	\$ 1,591,518	\$ 694,684	\$ 2,286,202	\$ 250,981
Receivables	1,432,390	665,825	2,098,215	17,558
Due from (to) other funds	13,375	(13,375)	-	-
Inventory	22,992	731,216	754,208	-
Net pension asset	1,270	2,964	4,234	-
Net OPEB asset	10,008	23,351	33,359	-
Restricted assets	-	1,265,453	1,265,453	-
Capital assets	4,730,700	24,419,371	29,150,071	1,387,797
Total assets	<u>7,802,253</u>	<u>27,789,489</u>	<u>35,591,742</u>	<u>1,656,336</u>
Deferred Outflows of Resources				
Deferred outflows related to pension	70,770	165,131	235,901	-
Deferred outflows related to OPEB	<u>2,759</u>	<u>6,439</u>	<u>9,198</u>	<u>-</u>
Total deferred outflows of resources	<u>73,529</u>	<u>171,570</u>	<u>245,099</u>	<u>-</u>

See accompanying notes and independent auditor's report.

CITY OF PHILIPPI

STATEMENT OF NET POSITION (CONTINUED)

June 30, 2024

	PRIMARY GOVERNMENT			COMPONENT
	Governmental Activities	Business - Type	Total	UNIT
		Activities		Municipal Building Commission
Liabilities				
Accounts payable	447,100	1,298,230	1,745,330	2,039
Accrued payroll	21,941	31,190	53,131	-
Accrued compensation	67,902	78,045	145,947	-
Accrued interest payable	-	11,239	11,239	-
Customer deposits	-	77,280	77,280	-
Long-term liabilities:				
Due within one year	9,121	715,723	724,844	-
Due in more than one year	15,534	15,597,575	15,613,109	-
Total liabilities	<u>561,598</u>	<u>17,809,282</u>	<u>18,370,880</u>	<u>2,039</u>
Deferred Inflows of Resources				
Deferred inflows related to grants	18,658	-	18,658	
Deferred inflows related to pension	897	2,094	2,991	-
Deferred inflows related to OPEB	<u>18,818</u>	<u>43,910</u>	<u>62,728</u>	-
Total deferred inflows of resources	<u>38,373</u>	<u>46,004</u>	<u>84,377</u>	-
Net Position				
Invested in capital assets, net of related debt	4,715,166	8,196,895	12,912,061	1,387,797
Restricted	-	1,342,733	1,342,733	-
Unrestricted	<u>2,560,645</u>	<u>566,145</u>	<u>3,126,790</u>	<u>266,500</u>
Total net position	\$ <u>7,275,811</u>	\$ <u>10,105,773</u>	\$ <u>17,381,584</u>	\$ <u>1,654,297</u>

See accompanying notes and independent auditor's report.

CITY OF PHILIPPI
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

Functions/Programs	Expenses	PROGRAM REVENUES			Net Revenues (Expenses) and Changes in Net Assets			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total	Municipal Building Commission
Governmental Activities								
General government	\$ 429,623	\$ 218,528	\$ 480,594	\$ -	\$ 269,499	\$ -	\$ 269,499	\$ -
Public Safety	818,093	400,155	-	-	(417,938)	-	(417,938)	-
Highways and streets	365,000	-	-	-	(365,000)	-	(365,000)	-
Health and sanitation	347,271	-	-	-	(347,271)	-	(347,271)	-
Culture and recreaion	159,038	-	-	-	(159,038)	-	(159,038)	-
Social services	2,818	-	-	-	(2,818)	-	(2,818)	-
Total governmental activities	<u>2,121,843</u>	<u>618,683</u>	<u>480,594</u>	<u>-</u>	<u>(1,022,566)</u>	<u>-</u>	<u>(1,022,566)</u>	<u>-</u>
Business-Type Activities								
Water	2,141,954	1,683,158	-	-	-	(458,796)	(458,796)	-
Sewer	1,214,651	650,091	-	381,411	-	(183,149)	(183,149)	-
Electric	4,099,947	3,026,828	-	-	-	(1,073,119)	(1,073,119)	-
Industrial Park	95,835	85,200	-	-	-	(10,635)	(10,635)	-
Natural gas	376,856	464,117	-	-	-	87,261	87,261	-
City garage	40,724	29,193	-	-	-	(11,531)	(11,531)	-
Garbage	562,692	396,567	-	-	-	(166,125)	(166,125)	-
Transfer station	396,141	372,165	-	-	-	(23,976)	(23,976)	-
T.V. cable system	215	-	-	-	-	(215)	(215)	-
Total business-type activities	<u>8,929,015</u>	<u>6,707,319</u>	<u>-</u>	<u>381,411</u>	<u>-</u>	<u>(1,840,285)</u>	<u>(1,840,285)</u>	<u>-</u>
Component Unit								
Philippi Municipal Building Commission	108,868	116,395	-	-	-	-	-	7,527
Total component unit	<u>108,868</u>	<u>116,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,527</u>
Total	\$ 11,050,858	\$ 7,326,002	\$ 480,594	\$ 381,411	\$ (1,022,566)	\$ (1,840,285)	\$ (2,862,851)	\$ 7,527

See accompanying notes and independent auditor's report.

CITY OF PHILIPPI

STATEMENT OF ACTIVITIES (CONTINUED)

Year Ended June 30, 2024

Functions/Programs	<u>Expenses</u>	<u>PROGRAM REVENUES</u>			<u>Net Revenues (Expenses) and Changes in Net Assets</u>			<u>Component Unit</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>	<u>Municipal Building Commission</u>
General Revenues								
Taxes and assessments					\$ 993,078	\$ -	\$ 993,078	\$ -
Franchise fees					3,586	-	3,586	-
Licenses					25,732	-	25,732	-
Interest and investment earnings					19,433	56,284	75,717	-
Miscellaneous					<u>1,318,441</u>	<u>82,597</u>	<u>1,401,038</u>	<u>386</u>
Total general revenues					<u>2,360,270</u>	<u>138,881</u>	<u>2,499,151</u>	<u>386</u>
Change in net position before transfers in (out)					1,337,704	(1,701,404)	(363,700)	7,913
Transfers in (out)					<u>(695,000)</u>	<u>695,000</u>	<u>-</u>	<u>-</u>
Change in net position					642,704	(1,006,404)	(363,700)	7,913
Net position at beginning of year, restated					<u>6,633,107</u>	<u>11,112,177</u>	<u>17,745,284</u>	<u>1,646,384</u>
Net position at end of year					\$ <u>7,275,811</u>	\$ <u>10,105,773</u>	\$ <u>17,381,584</u>	\$ <u>1,654,297</u>

See accompanying notes and independent auditor's report.

CITY OF PHILIPPI

BALANCE SHEET - GOVERNMENTAL FUNDS

Year Ended June 30, 2024

	<u>General</u>	<u>Coal</u>	<u>ARPA</u>	<u>Other</u>	<u>Total</u>
ASSETS	<u>Fund</u>	<u>Severance</u>	<u>Fund</u>	<u>Governmental</u>	<u>Funds</u>
Assets					
Cash	\$ 777,327	\$ 90	\$ 582,817	\$ 231,284	\$ 1,591,518
Due from (to) other funds	13,375	-	-	-	13,375
Receivables, net of allowance:					
Accounts	101,383	-	-	594,943	696,326
Taxes	<u>732,585</u>	<u>3,479</u>	<u>-</u>	<u>-</u>	<u>736,064</u>
TOTAL ASSETS	\$ <u>1,624,670</u>	\$ <u>3,569</u>	\$ <u>582,817</u>	\$ <u>826,227</u>	\$ <u>3,037,283</u>
 LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts payable	290,245	-	-	156,855	447,100
Accrued payroll	<u>16,786</u>	<u>3,479</u>	<u>-</u>	<u>1,676</u>	<u>21,941</u>
Total liabilities	<u>307,031</u>	<u>3,479</u>	<u>-</u>	<u>158,531</u>	<u>469,041</u>
 Deferred Inflows of Resources					
Deferred inflows - taxes	18,993	-	-	-	18,993
Deferred inflows - grants	<u>-</u>	<u>-</u>	<u>18,658</u>	<u>-</u>	<u>18,658</u>
	<u>18,993</u>	<u>-</u>	<u>18,658</u>	<u>-</u>	<u>37,651</u>
 Fund Balances					
Assigned	-	-	564,159	667,696	1,231,855
Restricted	-	-	-	-	-
Unassigned	<u>1,298,646</u>	<u>90</u>	<u>-</u>	<u>-</u>	<u>1,298,736</u>
Total fund balances	<u>1,298,646</u>	<u>90</u>	<u>564,159</u>	<u>667,696</u>	<u>2,530,591</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ <u>1,624,670</u>	\$ <u>3,569</u>	\$ <u>582,817</u>	\$ <u>826,227</u>	\$ <u>3,037,283</u>

See accompanying notes and independent auditor's report.

CITY OF PHILIPPI

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

Year Ended June 30, 2024

Fund balance, fund level statement June 30, 2024	\$ 2,530,591
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The total fund balance of the City of Philippi's governmental funds differ from the total net position of governmental activities reported on the Statement of Net Position as follows:

Capital assets, that are used in governmental activities and are purchased or constructed the costs of those assets are reported as expenditures in the governmental funds. However, the Statement of Net Position includes those assets and their associated accumulated depreciation	4,730,700
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Inventory is reported as a supply item in the governmental funds. However, the Statement of Net Position includes inventory	22,992
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Some revenues are reported as deferred inflows in the governmental funds:

Deferred inflows - taxes	18,993
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Some liabilities and assets are not due or payable in the current period and therefore, are not reported in the fund level statements:

Finance purchases	(24,655)
Net pension asset	1,270
Net OPEB asset	10,008
Accrued compensated absences	(67,902)

Deferred outflows and inflows related to pension activity are not required to be reported in the funds but are required to be reported at the government-wide level

Deferred outflows related to pension	70,770
Deferred outflows related to OPEB	2,759
Deferred inflows related to pension	(897)
Deferred inflows related to OPEB	<u>(18,818)</u>

Net position of governmental activities	\$ <u>7,275,811</u>
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See accompanying notes and independent auditor's report.

CITY OF PHILIPPI

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

Year Ended June 30, 2024

	<u>General</u>	<u>Coal</u>	<u>ARPA</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Severance</u>	<u>Fund</u>	<u>Governmental</u>	
				<u>Funds</u>	
Revenues					
Taxes and special assessments	\$ 979,603	\$ 12,705	\$ -	\$ -	\$ 992,308
Licenses and permits	25,732	-	-	-	25,732
Charges for services	218,528	-	-	332,870	551,398
Fines and forfeits	67,285	-	-	-	67,285
Interest	345	-	15,944	3,144	19,433
Franchise Fees	3,586	-	-	-	3,586
Intergovernmental:					-
State	100,568	-	-	-	100,568
Federal	-	-	346,240	-	346,240
Contributions	15,020	-	-	18,766	33,786
Miscellaneous	14,745	-	1,241,183	62,513	1,318,441
Total operating revenues	<u>1,425,412</u>	<u>12,705</u>	<u>1,603,367</u>	<u>417,293</u>	<u>3,458,777</u>
Expenditures					
General government	432,701	-	-	-	432,701
Public safety	519,486	-	-	280,452	799,938
Street and transportation	314,768	-	-	-	314,768
Health and sanitation	1,031	-	346,240	-	347,271
Culture and recreation	87,952	12,705	-	52,984	153,641
Social services	2,818	-	-	-	2,818
Total operating expenses	<u>1,358,756</u>	<u>12,705</u>	<u>346,240</u>	<u>333,436</u>	<u>2,051,137</u>
Excess (deficiency) of revenues over (under) expenditures	<u>66,656</u>	<u>-</u>	<u>1,257,127</u>	<u>83,857</u>	<u>1,407,640</u>
Other Financing Sources (Uses)					
Operating transfers in	91,400	-	-	-	91,400
Operating transfers (out)	<u>(91,400)</u>	<u>-</u>	<u>(695,000)</u>	<u>-</u>	<u>(786,400)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(695,000)</u>	<u>-</u>	<u>(695,000)</u>
Net change in fund balances	<u>66,656</u>	<u>-</u>	<u>562,127</u>	<u>83,857</u>	<u>712,640</u>
Fund balances at beginning of year	<u>1,231,990</u>	<u>90</u>	<u>2,032</u>	<u>583,839</u>	<u>1,817,951</u>
Fund balances at end of year	\$ <u>1,298,646</u>	\$ <u>90</u>	\$ <u>564,159</u>	\$ <u>667,696</u>	\$ <u>2,530,591</u>

See accompanying notes and independent auditor's report.

CITY OF PHILIPPI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

Net change in fund balances - total governmental funds	\$ 712,640
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which depreciation exceeded capital outlays in the current period.</p>	(88,042)
<p>Repayment of capital leases is an expenditure of the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>	
Repayments of long-term borrowing	8,963
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Change in deferred taxes from the prior year	770
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>	
Change in accrued compensated absences	(25,984)
<p>Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting:</p>	
Amount of pension expenditures recognized at fund level	44,319
Amount of pension expenditures recognized at government-wide level	(41,463)
<p>Certain OPEB expenses in the statement of activities are recognized on the accrual basis of accounting:</p>	
Amount of OPEB expenditures recognized at fund level	89,458
Amount of OPEB expenses recognized at government-wide level	<u>(57,957)</u>
Net position of governmental activities	\$ <u>642,704</u>

See accompanying notes and independent auditor's report.

CITY OF PHILIPPI

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

Year Ended June 30, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Industrial Park</u>	<u>Nonmajor Proprietary Funds</u>	<u>Total</u>
Assets						
Current Assets						
Cash	\$ 47,812	\$ 77,346	\$ 340,729	\$ 69,578	\$ 159,219	\$ 694,684
Due from (to) other funds	450,000	(494,458)	(485,000)	-	516,083	(13,375)
Accounts receivable net of allowances	227,629	51,030	217,261	35,804	134,101	665,825
Net pension asset	974	635	635	-	720	2,964
Net OPEB asset	7,673	5,004	5,004	-	5,670	23,351
Inventory	96,447	50,773	505,027	-	78,969	731,216
Total current assets	<u>830,535</u>	<u>(309,670)</u>	<u>583,656</u>	<u>105,382</u>	<u>894,762</u>	<u>2,104,665</u>
Noncurrent Assets						
Restricted assets	<u>1,008,783</u>	<u>256,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,265,453</u>
Capital Assets						
Land	15,196	97,257	-	-	1,250	113,703
Construction in progress	93,503	1,786,182	-	-	-	1,879,685
Plant	-	10,656,288	7,753,847	-	-	18,410,135
Buildings	22,455,760	-	-	3,074,845	84,758	25,615,363
Improvements	108,381	-	-	-	-	108,381
Machinery and equipment	682,138	154,370	139,778	-	1,215,119	2,191,405
Less: accumulated depreciation	<u>(9,672,903)</u>	<u>(6,290,725)</u>	<u>(4,896,908)</u>	<u>(1,990,020)</u>	<u>(1,048,745)</u>	<u>(23,899,301)</u>
Net capital assets	<u>13,682,075</u>	<u>6,403,372</u>	<u>2,996,717</u>	<u>1,084,825</u>	<u>252,382</u>	<u>24,419,371</u>
Total assets	<u>15,521,393</u>	<u>6,350,372</u>	<u>3,580,373</u>	<u>1,190,207</u>	<u>1,147,144</u>	<u>27,789,489</u>
Deferred outflows of resources						
Deferred outflows related to OPEB	2,116	1,380	1,380	-	1,563	6,439
Deferred outflows related to pension	<u>54,257</u>	<u>35,385</u>	<u>35,385</u>	<u>-</u>	<u>40,104</u>	<u>165,131</u>
Total deferred outflows of resources	<u>\$ 56,373</u>	<u>\$ 36,765</u>	<u>\$ 36,765</u>	<u>\$ -</u>	<u>\$ 41,667</u>	<u>\$ 171,570</u>

See accompanying notes and independent auditor's report.

CITY OF PHILIPPI

STATEMENT OF NET POSITION - PROPRIETARY FUNDS (CONTINUED)

Year Ended June 30, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Industrial Park</u>	<u>Nonmajor Proprietary Funds</u>	<u>Total</u>
Liabilities						
Current Liabilities (payable from current assets)						
Accounts payable	\$ 79,536	\$ 61,493	\$ 1,069,547	\$ 546	\$ 87,108	\$ 1,298,230
Finance purchases	9,716	9,716	13,869	-	9,716	43,017
Accrued expenses	9,275	6,289	8,938	-	6,688	31,190
Accrued compensation	<u>24,440</u>	<u>15,077</u>	<u>27,442</u>	<u>-</u>	<u>11,086</u>	<u>78,045</u>
Total current liabilities (payable from current assets)	<u>122,967</u>	<u>92,575</u>	<u>1,119,796</u>	<u>546</u>	<u>114,598</u>	<u>1,450,482</u>
Current Liabilities (payable from restricted assets)						
Customer deposits	34,317	-	42,963	-	-	77,280
Revenue bonds payable	373,922	144,596	154,188	-	-	672,706
Accrued interest	<u>11,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,239</u>
Total current liabilities (payable from restricted assets)	<u>419,478</u>	<u>144,596</u>	<u>197,151</u>	<u>-</u>	<u>-</u>	<u>761,225</u>
Long-Term Liabilities (net of current portion)						
Finance purchases	29,498	29,546	29,546	-	29,546	118,136
Net pension liability	-	-	-	-	-	-
Net OPEB liability	-	-	-	-	-	-
Revenue bonds payable	<u>9,800,493</u>	<u>3,292,876</u>	<u>2,386,070</u>	<u>-</u>	<u>-</u>	<u>15,479,439</u>
Total long-term liabilities	<u>9,829,991</u>	<u>3,322,422</u>	<u>2,415,616</u>	<u>-</u>	<u>29,546</u>	<u>15,597,575</u>
Total liabilities	<u>10,372,436</u>	<u>3,559,593</u>	<u>3,732,563</u>	<u>546</u>	<u>144,144</u>	<u>17,809,282</u>
Deferred Inflow of Resources						
Deferred inflows related to OPEB	14,427	9,409	9,409	-	10,665	43,910
Deferred inflows related to pension	<u>688</u>	<u>449</u>	<u>449</u>	<u>-</u>	<u>508</u>	<u>2,094</u>
Total deferred inflow of resources	\$ <u>15,115</u>	\$ <u>9,858</u>	\$ <u>9,858</u>	\$ <u>-</u>	\$ <u>11,173</u>	\$ <u>46,004</u>
Net Position						
Net investment in capital assets	3,496,421	2,936,354	456,459	1,084,825	222,836	8,196,895
Restricted	1,043,100	256,670	42,963	-	-	1,342,733
Unrestricted	<u>650,694</u>	<u>(375,338)</u>	<u>(624,705)</u>	<u>104,836</u>	<u>810,658</u>	<u>566,145</u>
Total net position	\$ <u>5,190,215</u>	\$ <u>2,817,686</u>	\$ <u>(125,283)</u>	\$ <u>1,189,661</u>	\$ <u>1,033,494</u>	\$ <u>10,105,773</u>

See accompanying notes and independent auditor's report.

CITY OF PHILIPPI

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

Year Ended June 30, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Industrial Park</u>	<u>Nonmajor Proprietary Funds</u>	<u>Total</u>
Operating Revenues						
Charges for services	\$ 1,666,221	\$ 629,850	\$ 2,954,991	\$ 85,200	\$ 1,243,897	\$ 6,580,159
Other	<u>16,937</u>	<u>20,241</u>	<u>71,837</u>	<u>-</u>	<u>18,145</u>	<u>127,160</u>
Total operating revenues	<u>1,683,158</u>	<u>650,091</u>	<u>3,026,828</u>	<u>85,200</u>	<u>1,262,042</u>	<u>6,707,319</u>
Operating Expenses						
Operation and maintenance	1,231,309	824,897	3,730,839	35,760	1,327,176	7,149,981
Depreciation	<u>696,547</u>	<u>371,320</u>	<u>201,041</u>	<u>60,075</u>	<u>46,807</u>	<u>1,375,790</u>
Total operating expenses	<u>1,927,856</u>	<u>1,196,217</u>	<u>3,931,880</u>	<u>95,835</u>	<u>1,373,983</u>	<u>8,525,771</u>
Operating Income (Loss)	\$ <u>(244,698)</u>	\$ <u>(546,126)</u>	\$ <u>(905,052)</u>	\$ <u>(10,635)</u>	\$ <u>(111,941)</u>	\$ <u>(1,818,452)</u>
Nonoperating Revenues (Expenses)						
Grant income	\$ -	\$ 381,411	\$ -	\$ -	\$ -	\$ 381,411
Interest income	36,301	11,927	1,027	-	7,029	56,284
Interest and fiscal charges	(214,098)	(18,434)	(168,067)	-	(2,645)	(403,244)
Miscellaneous revenue	<u>29,518</u>	<u>-</u>	<u>53,079</u>	<u>-</u>	<u>-</u>	<u>82,597</u>
Total nonoperating revenues (expenses)	<u>(148,279)</u>	<u>374,904</u>	<u>(113,961)</u>	<u>-</u>	<u>4,384</u>	<u>117,048</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(392,977)</u>	<u>(171,222)</u>	<u>(1,019,013)</u>	<u>(10,635)</u>	<u>(107,557)</u>	<u>(1,701,404)</u>
Other Financing Sources (Uses)						
Operating transfers (in)	25,000	45,000	500,000	-	125,000	695,000
Operating transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>25,000</u>	<u>45,000</u>	<u>500,000</u>	<u>-</u>	<u>125,000</u>	<u>695,000</u>
Change in net position	<u>(367,977)</u>	<u>(126,222)</u>	<u>(519,013)</u>	<u>(10,635)</u>	<u>17,443</u>	<u>(1,006,404)</u>
Net position at beginning of year, restated	<u>5,558,192</u>	<u>2,943,908</u>	<u>393,730</u>	<u>1,200,296</u>	<u>1,016,051</u>	<u>11,112,177</u>
Net position at end of year	\$ <u>5,190,215</u>	\$ <u>2,817,686</u>	\$ <u>(125,283)</u>	\$ <u>1,189,661</u>	\$ <u>1,033,494</u>	\$ <u>10,105,773</u>

See accompanying notes and independent auditor's report.

CITY OF PHILIPPI

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended June 30, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Industrial Park</u>	<u>Nonmajor Proprietary Funds</u>	<u>Total</u>
Cash Flows From Operating Activities						
Receipts from customers	\$ 1,928,528	\$ 900,106	\$ 3,743,859	\$ 99,396	\$ 1,346,637	\$ 8,018,526
Payments to suppliers	(880,329)	(686,597)	(3,300,511)	(35,239)	(1,116,124)	(6,018,800)
Payments to employees	(388,770)	(173,499)	(372,626)	-	(290,287)	(1,225,182)
Net cash provided by (used in) operating activities	<u>659,429</u>	<u>40,010</u>	<u>70,722</u>	<u>64,157</u>	<u>(59,774)</u>	<u>774,544</u>
Cash Flows From Noncapital and Related Financing Activities						
Increase (Decrease) in customer deposits	1,400	-	1,363	-	-	2,763
Miscellaneous income	29,518	-	53,079	-	-	82,597
Net cash provided (used in) noncapital and related financing activities	<u>30,918</u>	<u>-</u>	<u>54,442</u>	<u>-</u>	<u>-</u>	<u>85,360</u>
Cash Flows From Capital and Related Financing Activities						
Repayment of bonds and finance purchases	(383,523)	(159,891)	(150,980)	-	(9,568)	(703,962)
Proceeds from bonds and finance purchases	48,830	48,830	48,830	-	48,830	195,320
Grant income	-	381,411	-	-	-	381,411
(Increase) Decrease restricted assets	65,288	164,899	-	-	-	230,187
Capital asset activity	(222,086)	(633,985)	(165,036)	-	(61,869)	(1,082,976)
Interest expense	(214,498)	(18,434)	(168,067)	-	(2,645)	(403,644)
Net cash provided by (used in) capital and related financing activities	<u>(705,989)</u>	<u>(217,170)</u>	<u>(435,253)</u>	<u>-</u>	<u>(25,252)</u>	<u>(1,383,664)</u>
Cash Flows From Investing Activities						
Interest income	\$ 36,301	\$ 11,927	\$ 1,027	\$ -	\$ 7,029	\$ 56,284
Investments in/from other funds	25,000	45,000	500,000	-	125,000	695,000
Net cash provided by (used in) investing activities	<u>61,301</u>	<u>56,927</u>	<u>501,027</u>	<u>-</u>	<u>132,029</u>	<u>751,284</u>
Net increase (decrease) in cash	<u>45,659</u>	<u>(120,233)</u>	<u>190,938</u>	<u>64,157</u>	<u>47,003</u>	<u>227,524</u>
Cash at beginning of year	<u>2,153</u>	<u>197,579</u>	<u>149,791</u>	<u>5,421</u>	<u>112,216</u>	<u>467,160</u>
Cash at end of year	<u>\$ 47,812</u>	<u>\$ 77,346</u>	<u>\$ 340,729</u>	<u>\$ 69,578</u>	<u>\$ 159,219</u>	<u>\$ 694,684</u>

See accompanying notes and independent auditor's report.

CITY OF PHILIPPI

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)

Year Ended June 30, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Industrial Park</u>	<u>Nonmajor Proprietary Funds</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (244,698)	\$ (546,126)	\$ (905,052)	\$ (10,635)	\$ (111,941)	\$ (1,818,452)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	696,547	371,320	201,041	60,075	46,807	1,375,790
(Increase) decrease in:						
Accounts receivable	245,370	250,015	717,031	(804)	84,595	1,296,207
Due from (to) other funds	-	-	(15,000)	15,000	-	-
Inventory	4,562	(30,024)	-	-	(1,813)	(27,275)
Net pension asset	(974)	(635)	(635)	-	(720)	(2,964)
Net OPEB asset	(7,673)	(5,004)	(5,004)	-	(5,670)	(23,351)
Deferred outflows related to pension	33,745	22,008	22,008	-	24,941	102,702
Deferred outflows related to OPEB	7,904	5,155	5,155	-	5,846	24,060
Increase (decrease) in:						
Accounts payable	(7,815)	13,831	88,380	521	(51,530)	43,387
Accrued expenses	(6,938)	(4,107)	(4,589)	-	(4,351)	(19,985)
Accrued compensation	(1,258)	2,279	6,089	-	(2,076)	5,034
Net pension liability	(32,583)	(21,250)	(21,250)	-	(24,085)	(99,168)
Net OPEB liability	(5,821)	(3,796)	(3,796)	-	(4,302)	(17,715)
Deferred inflows related to pension	11,362	7,410	7,410	-	(1,757)	24,425
Deferred inflows related to OPEB	<u>(32,301)</u>	<u>(21,066)</u>	<u>(21,066)</u>	<u>-</u>	<u>(13,718)</u>	<u>(88,151)</u>
Net cash provided by (used in) operating activities	\$ <u>659,429</u>	\$ <u>40,010</u>	\$ <u>70,722</u>	\$ <u>64,157</u>	\$ <u>(59,774)</u>	\$ <u>774,544</u>

See accompanying notes and independent auditor's report.

CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Philippi (the City) was organized on February 14, 1844 and is a municipal corporation under the laws of the State of West Virginia. The City operates under a Mayor-Council form of government with an appointed City Manager to attend to the day-to-day operations.

The City complies with Generally Accepted Accounting Principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevail.

The remainder of the Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2024.

A) Reporting Entity

The city's financial statements comply with the provisions of GASB Statement No. 14, The Financial Reporting Entity, and Statement No. 39, Determining Whether Certain Organizations Are Component Units, in that the financial statements include all the organizations, activities, functions, and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City. On this basis, the reporting entity of the City includes the following services as authorized by its charter: public service, public safety, recreation and parks. In addition, the City owns and operates eight enterprise activities: water treatment and distribution, sanitary sewer collection and treatment, electric distribution, central garage, garbage collection and transfer, and industrial park systems.

In December 1970 the City council created the Philippi Municipal Building Commission (PMBC), a component unit of the City, as permitted by State law, to obtain, maintain and manage public buildings for the use by governmental and non-profit agencies. Although PMBC is a separate legal entity, the City discretely presents the financial statements of PMBC as a part of the reporting entity. Pursuant to GASB Statement No. 14, the City is financially accountable for PMBC in that all PMBC board members are appointed by the City Council; all day-to-day operations are overseen by the Philippi City Manager; upon PMBC's dissolution all assets and liabilities will revert to the City. The ability of the City to impose its will on PMBC is manifest in that the City Council could have the PMBC abolished via legislation of the Council. Complete financial statements of PMBC may be obtained from the City Manager's office located at 344 S. Main Street, Philippi, WV 26416.

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The accounting policies and financial reporting practices of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The City's financial reporting complies with GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, GASB Statement No. 38, Certain Financial Statement Note Disclosures, which rescinds some and modifies other financial statement disclosure requirements; GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions; and GASB Statement No. 36, Receipt Reporting for Certain Shared Non-exchange Revenues. Accordingly, the historical cost of infrastructure assets (retroactive to 1979) is included as part of the governmental capital assets reported in the government-wide statement as well as the related depreciation expense for these infrastructure assets.

B) Government-Wide and Fund Financial Statements

Financial information of the City, the primary government; and the Philippi Municipal Building Commission (PMBC), the City's component unit, is presented in this report as follows:

- Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the City's financial position.
- Basic Financial Statements:
- Government-wide financial statements consist of a statement of net position and a statement of activities.

These statements report all of the assets, liabilities, revenues, expenses and gains and losses of the City and PMBC. Governmental activities are reported separately from business type activities. Governmental activities are normally supported by taxes and intergovernmental revenues whereas business type activities are normally supported by fees and charges for services and are usually intended by management to be financially self-sustaining. Fiduciary funds of the City and PMBC, its component unit, are not included in these government-wide financial statements; however, separate financial statements are presented for the Fiduciary funds.

Interfund receivables and payables between governmental and business type activities have been eliminated in the government-wide Statement of Net Position. These eliminations minimize the duplicating effect on assets and liabilities within the governmental and business type activities total column.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities.

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

- Fund financial statements consist of a series of statements focusing on information about the City's major governmental and enterprise funds. Separate financial statements are presented for the governmental, proprietary and fiduciary funds.

The City's major governmental fund is the General Fund. Of the City's business type activities, its Water, Sewer, Electric and Industrial Park enterprise funds are considered major funds.

The *General Fund* is the accounting entity in which all governmental activity, except that which is required to be accounted for in other funds, is accounted for. Its revenues consist primarily of taxes, licenses and permits, intergovernmental shared revenue, charges for services, fines and other revenue sources.

General fund expenditures represent costs of general government; public safety, including police and fire protection; highways and streets; culture and recreation; social services; and capital projects.

Resources of the General fund are transferred to support public recreational facilities that are accounted for in a separate special revenue fund. In addition, resources of the General fund are also transferred to support services such as public health and safety, social services, which are accounted for by other independent nonprofit or governmental organizations such as the Barbour County Senior Citizens and the Philippi Public Library.

The *Water* Enterprise fund, a major fund, is the accounting entity in which the City accounts for all financial activities related thereto. The City collects, purifies, distributes and sells water to approximately 3,000 residents, businesses and industries within the city and certain outlying areas. In addition the City sells water to three Public Service Districts within Barbour County. Water is obtained from the surface water of the Tygart Valley River. The City has one water treatment plant. Revenues consist primarily of user charges.

The *Sewer* (sanitary sewer) enterprise fund, a major fund, is the accounting entity in which the City accounts for all financial activity related thereto. The City collects and treats effluent of approximately 3,000 residents, businesses and industries within the city. The City has one sewerage treatment plant. Revenues consist primarily of user charges.

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The *Electric* enterprise fund, a major fund, is the accounting entity in which the City accounts for all financial activity related thereto. The City purchases, but does not generate, and sells electricity to its 3,000 customers, including residential, commercial and industrial. Revenues consist primarily of user charges.

The *Industrial Park* fund, a major fund, is the accounting entity in which the City accounts for all financial activity related thereto. The City owns approximately 15 acres with one multi-tenant building for use as an industrial park. The building is completely occupied by private corporations. Revenues consist primarily of user charges.

The City maintains various other non-major enterprise funds which are used to account for other services provided to the residents and businesses within the city and outlying areas including but not limited to, garbage, transfer, natural gas, etc.

Also maintained by the City are fiduciary funds such as agency funds used to account for asset held by the government as an agent for private organizations, other governments and/or other funds

- Notes to the financial statements providing information that is essential to a user's understanding of the basic financial statements.
- Required supplementary information such as budgetary comparison schedules and other types of data required by GASB.

C) Financial Reporting Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, and expenditures or expense as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into generic types under the following broad categories:

Governmental Funds

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The uses and limitations of each special revenue fund are specified by City ordinances or federal and state statutes.

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Proprietary Funds

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services, including depreciation, on a continuing basis be financed or recovered primarily through user charges. To maintain adequate accumulations of earnings appropriate for capital maintenance, public policy, management control and accountability, the governing board and management periodically reviews the determination of revenues earned and expenses incurred to establish effective rates of services provided.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, generally on a cost-reimbursements basis.

Fiduciary Funds

Agency Funds - Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Special revenue funds are used to account for specific revenues that are legally or conditionally restricted to expenditure for particular purposes.

Parks and Recreation Fund

This fund is used to account for private donations, grants and other fees that are specifically restricted to the operation and maintenance of the community swimming pool as well as other recreation activities that the city sponsors.

Coal Severance Tax Fund

This fund is used to account for coal severance tax revenues that are specifically budgeted in accordance with the law of the State of West Virginia.

Infrastructure Fund

This fund is used to account for private donations, grants and other fees that are specifically restricted to the enhancements and maintenance of infrastructure assets to minimize flood damages throughout the city.

Wetlands Fund

This fund is used to account for private donations, grants and other fees that are associated with the ownership and maintenance of approximately 300 acres, known as Newman's Bottom. The accumulated funds are not specifically restricted to Newman's Bottom, but may be used in other Special Revenue Funds as deemed appropriate by Council.

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Fire Service Fee

This fund is used to account for fire service fees collected to help fund the City of Philippi Volunteer Fire Department. The fees are billed quarterly and distributed directly to the City of Philippi Volunteer Fire Department.

Opioid Settlement

This fund is used to account for the funds for the Opioid Settlement. The funds are to be used to help battle the opioid crisis.

D) Measurement Focus and Basis of Accounting

The basis of accounting used by the City conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

The government-wide and the proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include income taxes, property taxes, grants, shared revenue and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the taxpayer's liability occurs and revenue from property taxes is recognized in the fiscal year for which the taxes are levied. On an accrual basis, revenue in the form of shared revenue is recognized when the provider government recognizes its liability to the City. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the City follows GASB guidance as applicable to its governmental and business-type activities, and Financial Accounting Standards Boards (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or

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CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

contradict GASB Pronouncements. The City has elected to follow GASB guidance for business-type activities and enterprise funds rather than FASB guidance issued after November 30, 1989.

E) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in all funds. On the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities, but are reported as reservations of fund balances in governmental funds.

F) Cash Equivalents

For purpose of the statement of cash flows, the Proprietary Funds consider all highly liquid investments held by trustees, with an original maturity of three months or less when purchased, to be cash equivalents.

Cash on hand and deposits with banking institutions are presented as cash in the accompanying financial statements. Such deposits at June 30, 2024 were entirely covered by federal depository insurance or secured by adequate bond or other securities held by the banking institution in the City's name.

G) Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the City records all of its investments at fair value as defined in the statement.

The City does not engage in any form of derivatives or reverse repurchase agreements in the management of its investment portfolio. Only eligible investments with final maturities not greater than two years from time of purchase are permitted. The City's cash and investments are further explained in Note 3.

H) Inventories

The City considers inventories of materials and supplies utilized in governmental fund type operations as expended at the time of purchase. Therefore, any inventory balances at the end of the fiscal year do not appear on the fund financial statements.

Inventories of materials and supplies utilized in the proprietary fund type operations are considered expended at the time of consumption. Therefore, balances on hand at June 30, 2024 are presented in the proprietary fund statements as well as the government-wide statement of net position. These inventories have been stated at cost on a first-in, first-out basis.

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CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I) Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure (e.g. roads, curbs, sidewalks, gutters, streets and drainage systems) are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The City defines capital assets as assets with an individual cost of more than \$1,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost (for certain assets acquired prior to 1979). Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets (retroactive to July 1, 1979) are included as part of the governmental capital assets reported in the government-wide statements. Donated assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (Years)</u>
Autos, light trucks and computer equipment	3 - 10
Equipment (including heavy duty trucks)	5 - 10
Utility plant and improvements	10 - 20
Buildings	25 - 50

J) Compensated Absences

City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for all of their accumulated vacation and a portion of their accumulated sick leave.

Vacation and sick leave accumulated by governmental fund type and proprietary fund type employees is reported as an expense when earned in the government-wide financial statements. Vacation and sick leave accumulated by governmental fund type employees is reported as expenditures in the governmental fund financial statements to the extent that current financial resources are used.

Payment of vacation and sick leave is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of vacation and sick leave when such payments become due.

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CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

K) Pension Plans

The City has elected to participate in the West Virginia Public Employees Retirement System. Accordingly, all eligible employees are covered under this retirement system.

L) Debt Insurance Costs, Premiums, Discounts, and Accounting Losses (Refundings)

Bond premiums and discounts, as well as issuance costs and accounting losses on refunding and preliminary engineering, surveys, etc. are deferred and amortized over the estimated useful life of the bonds and/or engineering studies.

M) Interfund Transactions

The City has the following types of transactions among funds:

1) *Reciprocal Interfund Loans*: Amounts provided by one fund to another with a requirement for repayment

2) *Reciprocal Interfund Services Provided and Used*: Purchases and sales of goods and services between funds for a price approximating their external exchange value.

3) *Non-reciprocal Interfund Transfers*: Flows of assets between funds without equivalent flows of assets in return without a requirement for repayment. This includes payments in lieu of taxes that are not payments for, and are not reasonably equivalent in value to, services provided.

4) *Non-reciprocal Interfund Reimbursements*: Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

N) Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

O) Bad Debts

The City uses the allowance method for accounting for bad debts whereby an allowance for doubtful accounts is established based on the estimated realization of the account receivables. The bad debt expense has been netted against related revenues in accordance with GAAP.

P) Income Taxes

The City is a local unit of government. Accordingly, the City is exempt from federal and state income taxes.

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Q) Budgets and Budgetary Accounting

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

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

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

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

R) Cash, Cash Equivalents and Investments

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

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

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CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1) at no time can investment portfolios consist of more than seventy-five percent of the indebtedness of any private corporations nor can the portfolio have over twenty-five percent of its portfolio consisting of the indebtedness of a private corporation's debt which matures in less than one year.

2) at no time may more than nine percent of the portfolio be invested in securities issued by a single private corporation or association.

3) at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

Investment risk is categorized as follows:

Interest rate risk - The risk that changes in interest rates will adversely affect the fair value of an investments

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

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

S) Equity Classification

Equity is classified as net position and displayed in three components:

A) Net investment in capital assets - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

B) Restricted net position - Consists of net position that is restricted by the Entity's creditors (for example through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

C) Unrestricted net position - All other net position is reported in this category

T) Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

U) Restricted Assets

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

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

NOTE 3 COMMITMENTS AND CONTINGENCIES

A) Litigation

The City is a defendant in a lawsuit pertaining to matters that are incidental to performing routine governmental functions. Based on the current status of this legal proceeding, it is the opinion of management that ultimate resolution of such will not have a material effect on the City's financial statements.

B) Federal and State Grants

In the normal course of operations, the City receives grant funds from various federal and state agencies. Under the terms of these grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. While questioned costs may occur, ultimate repayments required by the City have been infrequent in prior years, and any liability for reimbursements that may arise is not believed to be material.

C) Compensated Absences

Accrued vacation and sick leave are granted to City employees at varying amounts. At the time of the employee's termination, such accruals are paid to the employee at varying rates from the fund to which the employee's payroll is charged. Except for the

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

unused vacation and sick leave used within sixty days after year end, all accrued vacation and sick leave applicable to governmental type activities is not reflected in the fund financial statements contained in this report. The long-term liability activity related to compensated absences for the year ended June 30, 2024 was as follows:

<u>Activity Type</u>	<u>Beginning Balance</u>	<u>Addition (Reduction)</u>	<u>Ending Balance</u>
Governmental	\$ 41,918	\$ 25,984	\$ 67,902
Business	\$ 73,011	\$ 5,034	\$ 78,045

NOTE 4 CASH AND EQUIVALENTS

The City's investment practices have consistently protected the portfolio from unnecessary credit risk (safety) and market risks (liquidity) while providing a competitive yield. Only eligible investments with the remaining terms not greater than two years until final maturity are purchased.

Permitted investments include:

A) Bonds, notes, or other obligations of the United States government or its Agencies for which the full faith of the United States is pledged for the payment of principal and interest thereon.

B) WV Municipal Bond Commission reserve funds.

C) Certificates of deposits, fully insured or properly collateralized, with reputable financial institutions as approved by City Council.

The revenue bond agreements of the water, sewer and electric enterprises require certain cash and investments to be maintained and managed by the WV Municipal Bond Commission. These monies are invested in accordance with state statutes.

All of the City's deposits and investments comply with State statutes, City ordinances and applicable bond indentures.

Deposits. The City's policy is to place deposits with local banks approved by the City Council. All deposits, except those held by fiscal and escrow agents or trustee's are collateralized with eligible securities in amounts equal to at least 100% of the carrying value of the deposits. Such specific collateral is held at a Federal Reserve Bank in the name of the City.

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CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Based upon criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*, bank balances are classified in three categories of credit risk:

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

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

Category 3 - Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name.

Primary Government

<u>Non-Pooled Deposits</u>	<u>Bank Balance</u>	<u>Category</u>			<u>Carrying Amount</u>
		<u>1</u>	<u>2</u>	<u>3</u>	
Governmental-type activities	\$ 1,589,630	\$ 125,000	\$ 1,464,630	\$ -	\$ 1,591,518
Business-type activities	<u>691,853</u>	<u>125,000</u>	<u>566,853</u>	<u>-</u>	<u>694,684</u>
Total deposits	\$ <u>2,281,483</u>	\$ <u>250,000</u>	\$ <u>2,031,483</u>	\$ <u>-</u>	\$ <u>2,286,202</u>
Component Unit	\$ <u>250,981</u>	\$ <u>250,981</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>250,981</u>

NOTE 5 RECEIVABLES

Receivables at June 30, 2024 consist of the following:

	<u>Taxes and Grants</u>	<u>Accounts</u>	<u>Gross Receivables</u>	<u>Allowance for Uncollectibles</u>	<u>Net</u>
Governmental Funds:					
General fund	\$ 732,585	\$ 111,438	\$ 844,023	\$ 10,055	\$ 833,968
Coal Severance fund	<u>3,479</u>	<u>-</u>	<u>3,479</u>	<u>-</u>	<u>3,479</u>
Total governmental funds	\$ <u>736,064</u>	\$ <u>111,438</u>	\$ <u>847,502</u>	\$ <u>10,055</u>	\$ <u>837,447</u>
Enterprise Funds:					
Water	\$ -	\$ 493,514	\$ 493,514	\$ 265,885	\$ 227,629
Sewer	-	344,618	344,618	293,588	51,030
Electric	-	1,089,112	1,089,112	871,851	217,261
Natural gas	-	20,062	20,062	-	20,062
T.V. Cable System	-	147,626	147,626	146,573	1,053
City Garage	-	2	2	-	2,137
Industrial Park	-	35,804	35,804	-	35,804
Transfer Station	-	39,801	39,801	663	39,138
Garbage	<u>-</u>	<u>81,984</u>	<u>81,984</u>	<u>10,273</u>	<u>71,711</u>
Total enterprise funds	\$ <u>-</u>	\$ <u>2,252,523</u>	\$ <u>2,252,523</u>	\$ <u>1,588,833</u>	\$ <u>665,825</u>
Component Unit:					
Municipal Building Commission	\$ <u>-</u>	\$ <u>17,758</u>	\$ <u>17,758</u>	\$ <u>200</u>	\$ <u>17,558</u>

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 CAPITAL ASSETS

Capital assets, those assets with an estimated useful life of three years or more from the time of acquisition by the City and a cost of \$1,000 or more, are primarily funded through the issuance of long-term bonds, loans and cash reserves. Land and construction in progress are not subject to depreciation. A summary of capital assets and changes occurring during the fiscal year ending June 30, 2024 are as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities				
Nondepreciable Assets				
Land	\$ 3,630,034	\$ -	\$ -	\$ 3,630,034
Total nondepreciable assets	<u>3,630,034</u>	<u>-</u>	<u>-</u>	<u>3,630,034</u>
Depreciable Assets				
Buildings and improvements	2,260,833	8,437	-	2,269,270
Machinery and equipment	1,393,360	-	-	1,393,360
Infrastructure	<u>1,432,150</u>	<u>-</u>	<u>-</u>	<u>1,432,150</u>
Total at historical cost	5,086,343	8,437	-	5,094,780
Less: Accumulated depreciation	<u>(3,897,635)</u>	<u>(96,479)</u>	<u>-</u>	<u>(3,994,114)</u>
Total depreciable assets, net	<u>1,188,708</u>	<u>(88,042)</u>	<u>-</u>	<u>1,100,666</u>
Governmental activities capital assets, net	\$ <u>4,818,742</u>	\$ <u>(88,042)</u>	\$ <u>-</u>	\$ <u>4,730,700</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 7,452
Public safety	22,342
Streets and transportation	61,288
Culture and recreation	<u>5,397</u>
Total depreciation expense	\$ <u>96,479</u>

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CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
Business Type Activities				
Nondepreciable Assets				
Land	\$ 113,703	\$ -	\$ -	\$ 113,703
Construction in progress	<u>1,254,132</u>	<u>625,553</u>	<u>-</u>	<u>1,879,685</u>
Total nondepreciable assets	<u>1,367,835</u>	<u>625,553</u>	<u>-</u>	<u>1,993,388</u>
Depreciable Assets				
Plant	40,616,831	-	22,206,696	18,410,135
Buildings	3,159,603	22,455,760	-	25,615,363
Improvements	108,381	-	-	108,381
Machinery and equipment	<u>1,983,045</u>	<u>208,360</u>	<u>-</u>	<u>2,191,405</u>
Total at historical cost	45,867,860	22,664,120	22,206,696	46,325,284
Less: Accumulated depreciation	<u>(22,523,513)</u>	<u>(1,375,788)</u>	<u>-</u>	<u>(23,899,301)</u>
Total depreciable capital assets, net	<u>23,344,347</u>	<u>21,288,332</u>	<u>22,206,696</u>	<u>22,425,983</u>
Capital assets, net	\$ <u>24,712,182</u>	\$ <u>21,913,885</u>	\$ <u>22,206,696</u>	\$ <u>24,419,371</u>

Component Unit - Municipal Building Commission

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
Nondepreciable Assets				
Land	\$ 300,381	\$ -	\$ -	\$ 300,381
Construction in progress	<u>174,773</u>	<u>158</u>	<u>-</u>	<u>174,931</u>
Total nondepreciable assets	<u>475,154</u>	<u>158</u>	<u>-</u>	<u>475,312</u>
Depreciable Assets				
Buildings and improvements	<u>2,238,122</u>	<u>4,907</u>	<u>-</u>	<u>2,243,029</u>
Total at historical cost	2,238,122	4,907	-	2,243,029
Less: Accumulated depreciation	<u>(1,268,787)</u>	<u>(61,757)</u>	<u>-</u>	<u>(1,330,544)</u>
Total depreciable capital assets, net	<u>969,335</u>	<u>(56,850)</u>	<u>-</u>	<u>912,485</u>
Capital assets, net	\$ <u>1,444,489</u>	\$ <u>(56,692)</u>	\$ <u>-</u>	\$ <u>1,387,797</u>

NOTE 7 LONG-TERM DEBT

Finance Purchases

The City has entered into lease finance purchase agreements for the purchase of various equipment. These agreements, accounted for as lease contract that transfer ownership, are for various terms. While some of these agreements may contain clauses

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CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

indicating that their continuation is subject to continuing budgetary apportion, these leases are accounted for as lease contracts that transfer ownership and are considered non-cancelable for financial reporting purposes.

Changes in obligations under capital leases were as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>				<u>Total</u>
		<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	
Amount outstanding, beginning	\$ 33,618	\$ 12,713	\$ -	\$ 5,727	\$ -	\$ 18,440
Proceeds from borrowing	-	48,830	48,830	48,830	48,830	195,320
Maturities	(8,963)	(18,128)	(9,616)	(15,295)	(9,568)	(52,607)
Amount outstanding, ending	\$ <u>24,655</u>	\$ <u>43,415</u>	<u>39,214</u>	\$ <u>39,262</u>	\$ <u>39,262</u>	\$ <u>161,153</u>
Amount due within one year	\$ <u>9,121</u>	\$ <u>13,869</u>	<u>9,716</u>	\$ <u>9,716</u>	\$ <u>9,716</u>	\$ <u>43,017</u>

Debt service on finance purchase to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 52,138	\$ 5,957	\$ 58,095
2026	49,722	4,170	53,892
2027	48,332	2,372	50,704
2028	<u>35,616</u>	<u>692</u>	<u>36,308</u>
	\$ <u>185,808</u>	\$ <u>13,191</u>	\$ <u>198,999</u>

General Obligation Bonds Payable

The City has entered into general obligation bonds payable for the Water, Sewer and Electric facilities. The change in general obligation bonds payable is detailed below:

	<u>Business Type Activities</u>			
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Amount outstanding, beginning	\$ 2,673,110	\$ 10,548,322	\$ 3,582,068	\$ 16,803,500
Proceeds from borrowing	44,998	-	-	44,998
Maturities	(177,850)	(373,907)	(144,596)	(696,353)
Amount outstanding, ending	\$ <u>2,540,258</u>	\$ <u>10,174,415</u>	\$ <u>3,437,472</u>	\$ <u>16,152,145</u>
Amount due within one year	\$ <u>154,188</u>	\$ <u>373,922</u>	\$ <u>144,596</u>	\$ <u>672,706</u>

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CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Future maturities of general obligation bonds payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 681,185	\$ 325,154	\$ 1,006,339
2026	689,972	308,658	998,630
2027	699,079	291,842	990,921
2028	708,519	274,692	983,211
2029	718,303	257,199	975,502
2030 - 2034	3,225,207	1,050,806	4,276,013
2035 - 2039	3,033,115	715,178	3,748,293
2040 - 2044	2,577,939	480,886	3,058,825
2045 - 2049	2,253,816	223,024	2,476,840
2050 - 2054	1,328,683	52,967	1,381,650
2055 - 5058	<u>236,327</u>	<u>9,183</u>	<u>245,510</u>
	\$ <u>16,152,145</u>	\$ <u>3,989,589</u>	\$ <u>20,141,734</u>

NOTE 8 RESTRICTED ASSETS

In conjunction with the issuance of the Water and Sewer revenue bonds, the City entered into various trust agreements. These trust agreements require that the City establish various funds for the repayment of debt as well as the construction, repair and replacement of infrastructure assets. The restricted asset balances in the Enterprise Funds segregate funds held by the City from funds held by trustees in accordance with the trust agreements.

Restricted assets consisted of the following at June 30, 2024:

Restricted Assets	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Held by the City	\$ 427,494	\$ 57,972	\$ 485,466
Held by Trustees			
Debt Revenue and Reserve Funds	\$ <u>581,289</u>	\$ <u>198,698</u>	\$ <u>779,987</u>
Total Restricted Assets	\$ <u>1,008,783</u>	\$ <u>256,670</u>	\$ <u>1,265,453</u>

Restricted assets consist of cash, cash equivalents, and investments. In addition, these trust agreements require the City to pledge net revenues (defined in the trust agreements as revenues less operating and maintenance expenses) of the Water and Sewer funds to the payment of the principal and interest on the respective bonds when due.

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 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, statues provide that the sheriff of a county may distraint for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in two installments: the first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first; the second installment is payable on the first day of the following March and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until paid.

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

The rates levied by the City per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2024, were as follows:

<u>Class of Property</u>	<u>Assessed Valuations For Tax Purposes</u>	<u>Current Expense</u>	<u>Bond Purposes</u>
Class II	25,956,902	25.00	N/A
Class IV	54,145,549	50.00	N/A

NOTE 10 EMPLOYEES RETIREMENT SYSTEMS

Plan Descriptions Contribution Information and Funding Policies

Public Employees' Retirement System (PERS)

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Public Employees' Retirement System (PERS)

Eligibility to participate	All City full-time employees, except those covered by other pension plans.
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate	4.50% - Employees hired before July 1, 2015 6.00% - Employees hired after July 1, 2015
Municipality's contribution rate	9.00%
Period required to vest	5 years
Benefits and eligibility for distribution	A member who has attained age 50 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 10) 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

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

At June 30, 2024, the Municipality reported a liability (asset) of \$(4,243) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of July 1, 2023, and the total pension liability (asset) used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Municipality's proportion of the net pension liability (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 employers, actuarially determined. At July 1, 2023, the Municipality's proportion was 0.094458% which was a decrease of .71% from its proportion measured as of July 1, 2022

For the year ended June 30, 2024, the Municipality recognized pension expense of \$131,593. At June 30, 2024, the Municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Changes in proportion and differences between Government contributions and proportionate share of contributions	\$ 447	\$ (2,991)
Net difference between projected and actual earnings on pension plan investments	25,726	-
Differences between expected and actual experience	35,856	-
Changes in assumptions	27,382	-
Government contributions subsequent to the measurement date	146,490	-
 Total	 \$ 235,901	 \$ (2,991)

\$146,490 reported as deferred outflows of resources related to pensions resulting from Municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30.</u>	
2025	\$ (3,952)
2026	\$ (97,936)
2027	\$ 206,217
2028	\$ (17,909)
	86,420

Actuarial assumptions. The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.2%
Salary Increases	4.25% - 6.0% average, including inflation
Investment Rate of Return	7.5% net of pension plan investment expense, including inflation

Mortality rates were based on the following:

- Healthy Males: 1983 GAM Male
- Healthy Females: 1971 GAM Female, set back 1 year
- Disables Males: 1971 GAM Male, set forward 8 years
- Disabled Females: Revenue Ruling 96-7 disabled female table

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2004 - June 30, 2023.

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

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Fixed Income	40.0%	2.9%
Domestic Equity	30.0%	7.6%
International Equity	30.0%	8.5%
Total	100.0%	

Discount rate. The discount rate used to measure the total pension liability was 7.5% for all defined benefit plans. The projections of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position of each 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 liabilities of each plan.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate. Regarding the sensitivity of the net pension liability to changes in the discount rate, the following table presents the plans' net pension liabilities calculated using the current discount rate of 7.5% as well as the plans' net pension liabilities if they were calculated using a discount rate that is one percentage point lower or one percentage point higher:

1% Decrease	Current Discount Rate	1% Increase
<u>(6.5%)</u>	<u>(7.5%)</u>	<u>(8.5%)</u>
\$ <u>(877,554)</u>	\$ <u>(4,234)</u>	\$ <u>748,301</u>

Other Post Employment Benefits

General Information about the OPEB plan

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Plan description. The government 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 RHBT management with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration cabinet secretary serves as Chairman of the Board. Four members represent labor, education, public employees and public retirees. The four remaining members represent the public at large. The Plan had approximately 43,000 policyholders and 63,000 covered lives at June 30, 2018. 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 \$150 million for both fiscal years ending June 30, 2023 and June 30, 2024. Contributions to the OPEB plan from the government were \$-0- for the current fiscal year.

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

At fiscal year-end, the government reported a liability (asset) of \$(33,359) for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset), deferred inflows and outflows of resources and OPEB expense were determined by an actuarial valuation date as of June 30, 2022 rolled forward to June 30, 2023, which is the measurement date. The government's proportion of the net OPEB liability (asset) was based on a projection of the government's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2023, the government's proportion was .021079856%, which was a decrease of 7.29% from its proportion measured as of June 30, 2022.

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For this fiscal year, the government recognized OPEB expense of \$(105,004). The government reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual non-investment experience	\$ -	\$ (19,418)
Net difference between expected and actual earnings on OPEB plan investments	-	(557)
Changes in assumptions	9,198	(18,611)
Changes in proportion and differences between government contributions and proportionate share of contributions	-	(24,142)
Government contributions subsequent to the measurement date	-	-
	\$ 9,198	\$ (62,728)

The amount reported as deferred outflows of resources related to OPEB resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2025	\$ (35,420)
2026	(17,211)
2027	341
2028	(1,240)
Total	\$ (53,530)

Actuarial assumptions. The total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2023, using the following actual assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate 2.75%

Salary increases Dependent upon pension system, ranging from 3.0% to 6.5%, including inflation.

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Investment Rate of Return 7.15%, net of OPEB plan investment expense, including inflation.

Healthcare costs trend rates Actual trend for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.50% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims beginning in 2020 to account for the excise tax.

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2000 Healthy Annuitant Mortality Table projected to 2025 with Scale BB for Troopers A and B. Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2000 Non-Annuitant Mortality Table projected to 2020 with Scale BB for Troopers A and B.

The long-term rates on an OPEB plan investments are determined using a building-block method in which estimates of expected 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 weighing 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:

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

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Discount rate. The discount rate used to measure the OPEB liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions would be made at rates equal to the actuarially determined contribution rates, in accordance with prefunding and investment policies. The OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates.

Sensitivity of the government's proportionate share of the net OPEB liability to changes in the discount rate. The following chart presents the government's proportionate share of the net OPEB liability, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	6.15%	7.15%	8.15%
Net OPEB liability (asset)	\$ 60,305	\$ (33,359)	\$ (8,146)

Sensitivity of the government's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following chart presents the government's proportionate share of the net OPEB liability, as well as what the proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower 1-percentage point higher than the current healthcare cost trend rates described in the actuarial assumptions:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	(84,978)	(33,359)	28,027
Net OPEB liability (asset)	\$	\$	\$

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.

NOTE 11 PRIOR YEAR ADJUSTMENTS

Net position was restated at June 30, 2024 as the following:

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Water Fund

Beginning Net Position	\$ 5,328,193
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Restatements:

Understatement of Restricted Assets	<u>229,999</u>
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Restated Net Position	\$ <u><u>5,558,192</u></u>
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Business-type Activities

Beginning Net Position	\$ 10,882,178
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Restatements:

Understatement of Restricted Assets	<u>229,999</u>
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Restated Net Position	\$ <u><u>11,112,177</u></u>
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NOTE 12 SUBSEQUENT EVENTS

The City's management evaluated the effect of subsequent events would have on the financial statements through March 20, 2025 which is the date the financial statements were available to be released

See independent auditor's report.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PHILIPPI

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

Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>to GAAP</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Basis)</u>	<u>Differences</u>	<u>GAAP Basis</u>	<u>Budget</u>
						<u>Favorable</u>
						<u>(Unfavorable)</u>
Revenues						
Taxes and special assessments	\$ 977,808	\$ 1,168,808	\$ 979,603	\$ 770	\$ 980,373	\$ (189,205)
Licenses and permits	15,500	40,500	25,732	-	25,732	(14,768)
Charges for services	285,736	285,736	218,528	-	218,528	(67,208)
Fines and forfeits	13,000	13,000	67,285	-	67,285	54,285
Franchise fees	18,139	18,139	3,586	-	3,586	(14,553)
Interest	30	30	345	-	345	315
Intergovernmental:						
State	51,500	96,500	100,568	-	100,568	4,068
Miscellaneous	<u>23,751</u>	<u>23,751</u>	<u>29,765</u>	<u>-</u>	<u>29,765</u>	<u>6,014</u>
Total operating revenues	<u>1,385,464</u>	<u>1,646,464</u>	<u>1,425,412</u>	<u>770</u>	<u>1,426,182</u>	<u>(221,052)</u>
Expenditures						
General government	327,081	453,081	432,701	(3,078)	429,623	20,380
Public safety	539,216	589,216	519,486	18,155	537,641	69,730
Street and transportation	408,307	433,307	314,768	50,232	365,000	118,539
Health and sanitation	40,410	40,410	1,031	-	1,031	39,379
Culture and recreation	70,205	130,205	87,952	5,397	93,349	42,253
Social services	5,245	5,245	2,818	-	2,818	2,427
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>1,390,464</u>	<u>1,651,464</u>	<u>1,358,756</u>	<u>70,706</u>	<u>1,429,462</u>	<u>292,708</u>
Net change in fund balance	\$ (5,000)	\$ (5,000)	\$ 66,656	\$ (69,936)	\$ (3,280)	\$ 71,656
Fund balance at beginning of year	<u>5,000</u>	<u>5,000</u>	<u>902,252</u>	<u>4,815,156</u>	<u>5,717,408</u>	<u>897,252</u>
Fund balance at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>968,908</u>	\$ <u>4,745,220</u>	\$ <u>5,714,128</u>	\$ <u>968,908</u>

Explanation of Differences:

- (1) The City budgets for capital expenditures as a current period expenditure rather than a capital expenditure on the accrual basis of accounting.
- (2) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. This amount differs from the fund balance reported in the statement of revenues, expenditures, and changes in fund balances because of the cumulative effect on transactions such as those described above.

See independent auditor's report.

CITY OF PHILIPPI

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

Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Budget</u> <u>to GAAP</u> <u>Differences</u>	<u>Actual</u> <u>Amounts</u> <u>GAAP Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>				
	Revenues					
Taxes and special asse	\$ 8,000	\$ 13,000	\$ -	\$ -	\$ -	\$ (13,000)
Total operating revenues	<u>8,000</u>	<u>13,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,000)</u>
Expenditures						
Culture and recreation	<u>8,090</u>	<u>13,090</u>	<u>12,705</u>	<u>-</u>	<u>12,705</u>	<u>385</u>
Total operating expenses	<u>8,090</u>	<u>13,090</u>	<u>12,705</u>	<u>-</u>	<u>12,705</u>	<u>385</u>
Exces (deficiency) of revenues over (under) expenditures	(90)	(90)	(12,705)	-	(12,705)	(13,385)
Fund balance beginning of year	<u>90</u>	<u>90</u>	<u>90</u>	<u>-</u>	<u>90</u>	<u>-</u>
Fund balance end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(12,615)</u>	\$ <u>-</u>	\$ <u>(12,615)</u>	\$ <u>(13,385)</u>

Explanation of Differences:

- (1) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. This amount differs from the fund balance reported in the statement of revenues, expenditures, and changes in fund balances because of the cumulative effect on transactions such as those described above.

See independent auditor's report.

CITY OF PHILIPPI

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30, 2024

Public Employees Retirement System Last 10 Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The Municipality's proportion of the net pension liability (asset) (percentage)	0.094458%	0.095130%	0.084303%	0.090827%	0.100015%	0.113604%	0.112899%	0.108316%	0.107824%	0.104987%
The Municipality's proportionate share of the net pension liability (asset)	\$ (4,234)	\$ 141,667	\$ (740,126)	\$ 480,176	\$ 215,045	\$ 293,385	\$ 487,324	\$ 995,550	\$ 602,094	\$ 387,469
The Municipality's covered-employee payroll	\$ 1,627,667	\$ 1,662,267	\$ 1,539,980	\$ 1,342,500	\$ 1,410,780	\$ 1,463,020	\$ 1,569,636	\$ 1,568,308	\$ 1,494,970	\$ 1,467,073
The Municipality's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	0.26%	8.52%	48.06%	35.77%	15.24%	20.05%	31.05%	63.48%	40.27%	26.41%
Plan fiduciary net position of the total pension liability (asset)	100.05%	98.17%	111.07%	96.99%	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%

* The amounts presented for each fiscal year were determined as of June 30th of the previous year. (Measurement date)
This schedule is presented to illustrate the requirement to show information for 10 years.

See notes to required supplementary information and independent auditor's report.

CITY OF PHILIPPI
SCHEDULE OF PENSION CONTRIBUTIONS
Year Ended June 30, 2024

Public Employees Retirement System
 Last 10 Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 146,490	\$ 149,604	\$ 153,998	\$ 134,250	\$ 141,078	\$ 146,834	\$ 172,660	\$ 188,356	\$ 211,722	\$ 205,390
Contributions in relation to the contractually required contribution	<u>\$ 146,490</u>	<u>\$ 149,604</u>	<u>\$ 153,998</u>	<u>\$ 134,250</u>	<u>\$ 141,078</u>	<u>\$ 146,834</u>	<u>\$ 172,660</u>	<u>\$ 188,356</u>	<u>\$ 211,722</u>	<u>\$ 205,390</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Municipality's covered-employee payroll	\$ 1,627,667	\$ 1,662,267	\$ 1,539,980	\$ 1,342,500	\$ 1,342,500	\$ 1,410,780	\$ 1,463,020	\$ 1,569,636	\$ 1,568,308	\$ 1,494,970
Contributions as a percentage of covered-employee payroll	9.00%	9.00%	10.00%	10.00%	10.00%	10.00%	11.00%	12.00%	13.50%	14.00%

* The amounts presented for each fiscal year were determined as of June 30th of the previous year. (Measurement date)
 This schedule is presented to illustrate the requirement to show information for 10 years.

See notes to required supplementary information and independent auditor's report.

CITY OF PHILIPPI

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

Year Ended June 30, 2024

Public Employees Insurance Agency
Eight Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Government's proportion of the net OPEB liability (asset)	0.021079856%	0.022739418%	0.024917981%	0.027291892%	0.029311521%	0.027803850%	0.025330291%	0.030586359%
Government's proportionate share of the net OPEB liability (asset)	\$ (33,359)	\$ 25,309	\$ (7,409)	\$ 120,546	\$ 486,317	\$ 596,514	\$ 622,869	\$ 759,559
Government's covered-employee payroll	\$ 1,627,667	\$ 1,662,267	\$ 1,539,980	\$ 1,342,500	\$ 1,602,598	\$ 1,679,548	\$ 1,706,516	\$ 1,680,918
Government's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-2.05%	1.52%	0.48%	8.98%	30.35%	35.52%	36.50%	45.19%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	0.00%	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%	21.64%

* - Applicable information was available for eight years for this schedule.

See notes to required supplementary information and independent auditor's report.

CITY OF PHILIPPI
SCHEDULE OF OPEB CONTRIBUTIONS

Year Ended June 30, 2024

Public Employees Insurance Agency
Eight Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ 21,140	\$ 26,736	\$ 45,440	\$ 52,752	\$ 60,390	\$ 56,817	\$ 52,323
Contributions in relation to the contractually required contribution	-	(21,140)	(26,736)	(45,440)	(52,752)	(60,390)	(56,817)	(52,323)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government's covered-employee payroll	\$ 1,627,667	\$ 1,662,267	\$ 1,539,980	\$ 1,342,500	\$ 1,602,598	\$ 1,679,548	\$ 1,706,516	\$ 1,680,918
Contributions as a percentage of covered-employee payroll	0.00%	1.27%	1.74%	3.38%	3.29%	3.60%	3.33%	3.11%

* - Applicable information was available for eight years for this schedule.

See notes to required supplementary information and independent auditor's report.

CITY OF PHILIPPI

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2024

NOTE 1 PENSIONS

Public Employee’s Retirement System (PERS)

A. Presentation

The City has presented a 10 year trend in the schedule of proportionate share of the net pension liability and the schedule of pension contributions.

B. Changes in Assumptions

The actuarial assumptions used to calculate the total net pension liability (asset) can change from year to year. Summarized below are the actuarial assumptions used for the respective measurement dates:

Measurement Year	Projected Salary Increases			Discount Rate	Mortality Rates	Withdrawal Rates		
	State	Nonstate	Inflation Rate			State	Nonstate	Disability Rates
2023	2.75% - 5.55%	3.60% - 6.75%	2.75%	7.25%	Active-100% of Pub-2010 General Employees table, below-median, headcounted weighted, projected generationally with scale MP-2018. <i>Healthy Male Retirees</i> -108% of Pub-2010 General Retiree Male table, below-median, headcounted weighted, projected generationally with scale MP-2018. <i>Healthy Female Retirees</i> - 122% of Pub-2010 General Retiree Female table, below-median, headcounted weighted, projected generationally with scale MP-2018. <i>Disabled Males</i> - 118% of Pub-2010 General/Teachers Disabled Male table, headcounted weighted, projected generationally with scale MP-2018. <i>Disabled Females</i> - 117% of Pub-2010 General/Teachers Disabled Female table, headcounted weighted, projected generationally with scale MP-2018. <i>Beneficiary Males</i> - 112% of Pub-2010 Contingent Survivor Male table, below median, headcounted weighted, projected generationally with scale MP-2018. <i>Beneficiary Females</i> - 115% of Pub-2010 Contingent Survivor Female table, headcounted weighted, projected generationally with scale MP-2018.	2.28% - 45.63%	2.50% - 35.88%	0.005% - 0.540%

See independent auditor’s report.

CITY OF PHILIPPI

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Year Ended June 30, 2024

Measurement Year	Projected Salary Increases			Discount Rate	Mortality Rates	Withdrawal Rates		
	State	Nonstate	Inflation Rate			State	Nonstate	Disability Rates
2022	2.75% - 5.55%	3.60% - 6.75%	2.75%	7.25%	Active-100% of Pub-2010 General Employees table, below-median, headcounted weighted, projected generationally with scale MP-2018. <i>Healthy Male Retirees</i> - 108% of Pub-2010 General Retiree Male table, below-median, headcounted weighted, projected generationally with scale MP-2018. <i>Healthy Female Retirees</i> - 122% of Pub-2010 General Retiree Female table, below-median, headcounted weighted, projected generationally with scale MP-2018. <i>Disabled Males</i> - 118% of Pub-2010 General/Teachers Disabled Male table, headcounted weighted, projected generationally with scale MP-2018. <i>Disabled Females</i> - 117% of Pub-2010 General/Teachers Disabled Female table, headcounted weighted, projected generationally with scale MP-2018. <i>Beneficiary Males</i> - 112% of Pub-2010 Contingent Survivor Male table, below median, headcounted weighted, projected generationally with scale MP-2018. <i>Beneficiary Females</i> - 115% of Pub-2010 Contingent Survivor Female table, headcounted weighted, projected generationally with scale MP-2018.	2.28% - 45.63%	2.50% - 35.88%	0.005% - 0.540%
2021	2.75% - 5.55%	3.60% - 6.75%	2.75%	7.25%	Active-100% of Pub-2010 General Employees table, below-median, headcounted weighted, projected with scale MP-2018. <i>Healthy Male Retirees</i> - 108% of Pub-2010 General Retiree Male table, below-median, headcounted weighted, projected with scale MP-2018. <i>Healthy Female Retirees</i> - 122% of Pub-2010 General Retiree Female table, below-median, headcounted weighted, projected with scale MP-2018. <i>Disabled Males</i> - 118% of Pub-2010 General/Teachers Disabled Male table, headcounted weighted, projected with scale MP-2018. <i>Disabled Females</i> - 117% of Pub-2010 General/Teachers Disabled Female table, headcounted weighted, projected with scale MP-2018.	2.28% - 45.63%	2.50% - 35.88%	0.005% - 0.540%
2020	3.10% - 5.30%	3.35% - 6.50%	3.00%	7.50%	Active-100% of Pub-2010 General Employees table, below-median, headcounted weighted, projected with scale MP-2018. <i>Healthy Male Retirees</i> - 108% of Pub-2010 General Retiree Male table, below-median, headcounted weighted, projected with scale MP-2018. <i>Healthy Female Retirees</i> - 122% of Pub-2010 General Retiree Female table, below-median, headcounted weighted, projected with scale MP-2018. <i>Disabled Males</i> - 118% of Pub-2010 General/Teachers Disabled Male table, headcounted weighted, projected with scale MP-2018. <i>Disabled Females</i> - 117% of Pub-2010 General/Teachers Disabled Female table, headcounted weighted, projected with scale MP-2018.	2.28% - 45.63%	2.50% - 35.88%	0.005% - 0.540%

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Year Ended June 30, 2024

Measurement Year	Projected Salary Increases			Discount Rate	Mortality Rates	Withdraw Rates		
	State	Nonstate	Inflation Rate			State	Nonstate	Disability Rates
2019	3.10% - 5.30%	3.35% - 6.00%	3.00%	7.50%	Active-100% of Pub-2010 General Employees table, below-median, headcounted weighted, projected with scale MP-2018. <i>Healthy Male Retirees</i> - 108% of Pub-2010 General Retiree Male table, below-median, headcounted weighted, projected with scale MP-2018. <i>Healthy Female Retirees</i> - 122% of Pub-2010 General Retiree Female table, below-median, headcounted weighted, projected with scale MP-2018. <i>Disabled Males</i> - 118% of Pub-2010 General/Teachers Disabled Male table, headcounted weighted, projected with scale MP-2018. <i>Disabled Females</i> - 118% of Pub-2010 General/Teachers Disabled Female table, headcounted weighted, projected with scale MP-2018.	2.28% - 45.63%	2.50% - 35.88%	0.005% - 0.540%
2018	3.00% - 4.60%	3.35% - 6.00%	3.00%	7.50%	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational. <i>Retired Health Males</i> - 110% of RP-2000 Healthy Annuitant, Scale AA fully generational. <i>Retired Healthy Females</i> - 101% of RP-2000 Healthy Annuitant, Scale AA fully generational. <i>Disabled Males</i> - 96% of RP-2000 Disabled Annuitant, Scale AA fully generational. <i>Disabled Females</i> - 107% of RP-2000 Disabled Annuitant, Scale AA fully generational.	1.75% - 35.10%	2.50% - 35.88%	0.007% - 0.675%
2017	3.00% - 4.60%	3.35% - 6.00%	3.00%	7.50%	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational. <i>Retired Health Males</i> - 110% of RP-2000 Healthy Annuitant, Scale AA fully generational. <i>Retired Healthy Females</i> - 101% of RP-2000 Healthy Annuitant, Scale AA fully generational. <i>Disabled Males</i> - 96% of RP-2000 Disabled Annuitant, Scale AA fully generational. <i>Disabled Females</i> - 107% of RP-2000 Disabled Annuitant, Scale AA fully generational.	1.75% - 35.10%	2.50% - 35.88%	0.007% - 0.675%
2016	3.00% - 4.60%	3.35% - 6.00%	3.00%	7.50%	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational. <i>Retired Health Males</i> - 110% of RP-2000 Healthy Annuitant, Scale AA fully generational. <i>Retired Healthy Females</i> - 101% of RP-2000 Healthy Annuitant, Scale AA fully generational. <i>Disabled Males</i> - 96% of RP-2000 Disabled Annuitant, Scale AA fully generational. <i>Disabled Females</i> - 107% of RP-2000 Disabled Annuitant, Scale AA fully generational.	1.75% - 35.10%	2.50% - 35.88%	0.007% - 0.675%
2015	3.00% - 4.60%	3.35% - 6.00%	1.90%	7.50%	<i>Healthy Males</i> - 110% of RP-2000 Non-Annuitant, Scale AA. <i>Healthy Females</i> - 101% of RP-2000 Non-Annuitant, Scale AA. <i>Disabled Males</i> - 96% of RP-2000 Disabled Annuitant, Scale AA. <i>Disabled Females</i> - 107% of RP-2000 Disabled Annuitant, Scale AA.	1.75% - 35.10%	2.50% - 35.88%	0.007% - 0.675%

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Year Ended June 30, 2024

NOTE 2 OTHER POST EMPLOYMENT BENEFITS (OPEB) - RHBT

A. Presentation

The information presented in the schedule of proportionate share of the net OPEB liability and the schedule of OPEB contributions are only available for the fiscal years ended June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017. The City will be adding additional years to the accompanying schedules as information becomes available until a 10 year trend is achieved.

B. Changes in Assumptions

The actuarial assumptions used to calculate the total net pension liability (asset) can change from year to year. Summarized below are the actuarial assumptions used for the respective measurement dates:

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Year Ended June 30, 2024

Measurement Year	2023	2022	2021	2020	2019	2018	2017
Inflation	2.50%	2.25%	2.25%	2.25%	2.75%	2.75%	2.75%
Salary Increases	Specific to the OPEB covered group. Ranging from 2.75% to 5.18 %, including inflation.	Specific to the OPEB covered group. Ranging from 2.75% to 5.18 %, including inflation.	Specific to the OPEB covered group. Ranging from 2.75% to 5.18 %, including inflation.	Specific to the OPEB covered group. Ranging from 2.75% to 5.18 %, including inflation.	Dependent upon pension system. Ranging from 3.0% to 6.5%	Dependent upon pension system. Ranging from 3.0% to 6.5%	Dependent upon pension system. Ranging from 3.0% to 6.5%
Investment Rate of Return	7.40%, net of OPEB plan investment expense, including inflation	6.65%, net of OPEB plan investment expense, including inflation	6.65%, net of OPEB plan investment expense, including inflation	6.65%, net of OPEB plan investment expense, including inflation	7.15%, net of OPEB plan investment expense, including inflation	7.15%, net of OPEB plan investment expense, including inflation	7.15%, net of OPEB plan investment expense, including inflation
Mortality	Post Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females. Pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021.	Post Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females. Pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021.	Post Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females. Pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019.	Post Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females. Pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019.	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis	Post-Retirement: RP – 2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis
Discount Rate	7.40%	6.65%	6.65%	6.65%	7.15%	7.15%	7.15%
Healthcare Cost Trend Rates	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then 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 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.50% is reached in plan year end 2032.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then 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 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then 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, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.	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.	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

See independent auditor's report.

SUPPLEMENTARY INFORMATION

CITY OF PHILIPPI

SCHEDULE OF RATE COVENANT COMPLIANCE - WATER

Year Ended June 30, 2024

The City of Philippi (the "City") is subject to rate covenant compliance associated with the issuance of the Series 2009 B Water Revenue Bonds. Specifically, the City must meet gross revenue targeted percentage and reserve debt requirements as shown in the bond document as follows:

"...the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest on this Bond payable in any year ..."

The following schedule summarizes the provisions for the fiscal year ended June 30, 2024:

Water Fund

Operating revenues	\$ 1,683,158
Operating expenses	<u>1,927,856</u>
Total operating income	(244,698)
Add: Depreciation expense	696,547
Add: Interest income	<u>36,301</u>
Amount available for debt service and capital expenditures	488,150
Maximum annual debt service	584,076
Calculated debt service coverage factor	0.84
Required debt service coverage factor	1.15

As of June 30, 2024, the City was **not** in compliance with the provisions of the Series 2009 B Water Revenue Bond covenant, which requires revenues to be 115% or above the amount of the highest principal payment plus interest due in any given year.

See independent auditor's report.

CITY OF PHILIPPI

SCHEDULE OF RATE COVENANT COMPLIANCE - SEWER

Year Ended June 30, 2024

The City of Philippi (the "City") is subject to rate covenant compliance associated with the issuance of the Series 2002 B Sewer Revenue Bonds. Specifically, the City must meet gross revenue targeted percentage and reserve debt requirements as shown in the bond document as follows:

"...the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest on this Bond payable in any year ..."

The following schedule summarizes the provisions for the fiscal year ended June 30, 2024:

Sewer Fund

Operating revenues	\$ 650,091
Operating expenses	<u>1,196,217</u>
Total operating income	(546,126)
Add: Depreciation expense	371,320
Add: Interest income	<u>1,027</u>
Amount available for debt service and capital expenditures	(173,779)
Maximum annual debt service	144,596
Calculated debt service coverage factor	(1.20)
Required debt service coverage factor	1.15

As of June 30, 2024, the City was **not** in compliance with the provisions of the Series 2002 Sewer Revenue Bond covenant, which requires revenues to be 115% or above the amount of the highest principal payment plus interest due in any given year.

See independent auditor's report.

CITY OF PHILIPPI

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2024

	<u>Parks and Recreation</u>	<u>Development Authority</u>	<u>Wetlands</u>	<u>Opioid Settlement</u>	<u>Fire Service Fee</u>	<u>Total</u>
ASSETS						
Cash	\$ 19,731	\$ 1,751	\$ 2,440	\$ 63,234	\$ 144,128	\$ 231,284
Accounts receivable	<u>1,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>593,129</u>	<u>594,943</u>
Total assets	<u>21,545</u>	<u>1,751</u>	<u>2,440</u>	<u>63,234</u>	<u>737,257</u>	<u>826,227</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	1,816	-	-	-	155,039	156,855
Accrued expenses	<u>1,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,676</u>
Total liabilities	<u>3,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,039</u>	<u>158,531</u>
Fund Balances						
Assigned	<u>18,053</u>	<u>1,751</u>	<u>2,440</u>	<u>63,234</u>	<u>582,218</u>	<u>667,696</u>
Total fund balances	<u>18,053</u>	<u>1,751</u>	<u>2,440</u>	<u>63,234</u>	<u>582,218</u>	<u>667,696</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>21,545</u>	\$ <u>1,751</u>	\$ <u>2,440</u>	\$ <u>63,234</u>	\$ <u>737,257</u>	\$ <u>826,227</u>

See independent auditor's report.

CITY OF PHILIPPI

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

Year Ended June 30, 2024

	<u>Parks and Recreation</u>	<u>Development Authority</u>	<u>Wetlands</u>	<u>Opioid Settlement</u>	<u>Fire Service Fee</u>	<u>Total</u>
Revenues						
Charges for services	\$ 25,935	\$ -	\$ -	\$ -	\$ 306,935	\$ 332,870
Interest	2,423	-	-	721	-	3,144
Contributions	18,766	-	-	-	-	18,766
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,513</u>	<u>-</u>	<u>62,513</u>
Total operating revenues	<u>47,124</u>	<u>-</u>	<u>-</u>	<u>63,234</u>	<u>306,935</u>	<u>417,293</u>
Expenditures						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	280,452	280,452
Street and transportation	-	-	-	-	-	-
Culture and recreation	<u>52,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,984</u>
Total operating expenses	<u>52,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,452</u>	<u>333,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,860)</u>	<u>-</u>	<u>-</u>	<u>63,234</u>	<u>26,483</u>	<u>83,857</u>
Other Financing Sources (Uses)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(5,860)</u>	<u>-</u>	<u>-</u>	<u>63,234</u>	<u>26,483</u>	<u>83,857</u>
Fund balances at beginning of year	<u>23,913</u>	<u>1,751</u>	<u>2,440</u>	<u>-</u>	<u>555,735</u>	<u>583,839</u>
Fund balances at end of year	\$ <u>18,053</u>	\$ <u>1,751</u>	\$ <u>2,440</u>	\$ <u>63,234</u>	\$ <u>582,218</u>	\$ <u>667,696</u>

See independent auditor's report.

CITY OF PHILIPPI

COMBINING STATEMENT OF NET POSITION - NONMAJOR PROPRIETARY FUNDS

Year Ended June 30, 2024

	<u>Natural</u> <u>Gas</u>	<u>Central</u> <u>Garage</u>	<u>Garbage</u>	<u>Transfer</u> <u>Station</u>	<u>T.V. Cable</u> <u>System</u>	<u>Total</u>
Assets						
Current Assets						
Cash	\$ 34,579	\$ 35,673	\$ 34,262	\$ 50,555	\$ 4,150	\$ 159,219
Accounts receivable						
net of allowances	20,062	2,137	71,711	39,138	1,053	134,101
Due (to)/from other funds	97,818	27,000	529,233	(155,000)	17,032	516,083
Net pension asset	-	-	423	297	-	720
Net OPEB asset	-	-	3,336	2,334	-	5,670
Inventory	-	57,851	8,009	13,109	-	78,969
Prepaid expenses	-	-	-	-	-	-
Total current assets	<u>152,459</u>	<u>122,661</u>	<u>646,974</u>	<u>(49,567)</u>	<u>22,235</u>	<u>894,762</u>
Capital Assets						
Land	-	-	1,250	-	-	1,250
Buildings	-	9,333	12,780	62,645	-	84,758
Machinery and equipment	46,467	90,845	524,806	553,001	-	1,215,119
Less: accumulated depreciation	<u>(35,145)</u>	<u>(98,873)</u>	<u>(385,588)</u>	<u>(529,139)</u>	<u>-</u>	<u>(1,048,745)</u>
Net capital assets	<u>11,322</u>	<u>1,305</u>	<u>153,248</u>	<u>86,507</u>	<u>-</u>	<u>252,382</u>
Total assets	<u>163,781</u>	<u>123,966</u>	<u>800,222</u>	<u>36,940</u>	<u>22,235</u>	<u>1,147,144</u>
Deferred outflows of resources						
Deferred outflows related to OPEB	-	-	920	643	-	1,563
Deferred outflows related to pension	-	-	23,590	16,514	-	40,104
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,510</u>	<u>\$ 17,157</u>	<u>\$ -</u>	<u>\$ 41,667</u>

See independent auditor's report.

CITY OF PHILIPPI

COMBINING STATEMENT OF NET POSITION - NONMAJOR PROPRIETARY FUNDS (CONTINUED)

Year Ended June 30, 2024

	<u>Natural</u>	<u>City</u>		<u>Transfer</u>	<u>T.V. Cable</u>	<u>Total</u>
	<u>Gas</u>	<u>Garage</u>	<u>Garbage</u>	<u>Station</u>	<u>System</u>	
Liabilities						
Current Liabilities (payable from current assets)						
Accounts payable	\$ 4,071	\$ 12,210	\$ 54,519	\$ 16,308	\$ -	\$ 87,108
Finance purchases	-	-	9,716	-	-	9,716
Accrued expenses	-	170	4,489	2,029	-	6,688
Accrued compensation	-	-	9,338	1,748	-	11,086
Total current liabilities (payable from current assets)	<u>4,071</u>	<u>12,380</u>	<u>78,062</u>	<u>20,085</u>	<u>-</u>	<u>114,598</u>
Long-Term Liabilities (net of current portion)						
Finance purchases	-	-	29,546	-	-	29,546
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>29,546</u>	<u>-</u>	<u>-</u>	<u>29,546</u>
Total liabilities	<u>4,071</u>	<u>12,380</u>	<u>107,608</u>	<u>20,085</u>	<u>-</u>	<u>144,144</u>
Deferred Inflow of Resources						
Deferred inflows related to OPEB	-	-	6,273	4,392	-	10,665
Deferred inflows related to pension	-	-	299	209	-	508
Total deferred inflow of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,572</u>	<u>\$ 4,601</u>	<u>\$ -</u>	<u>\$ 11,173</u>
Net Position						
Net investment in capital assets	11,322	1,305	123,702	86,507	-	222,836
Unrestricted	<u>148,388</u>	<u>110,281</u>	<u>586,850</u>	<u>(57,096)</u>	<u>22,235</u>	<u>810,658</u>
Total net position	<u>\$ 159,710</u>	<u>\$ 111,586</u>	<u>\$ 710,552</u>	<u>\$ 29,411</u>	<u>\$ 22,235</u>	<u>\$ 1,033,494</u>

See independent auditor's report.

CITY OF PHILIPPI

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - NONMAJOR PROPRIETARY FUNDS

Year Ended June 30, 2024

	<u>Natural</u>	<u>Central</u>		<u>Transfer</u>	<u>T.V. Cable</u>	<u>Total</u>
	<u>Gas</u>	<u>Garage</u>	<u>Garbage</u>	<u>Station</u>	<u>System</u>	
Operating Revenues						
Charges for services	\$ 463,857	\$ 29,193	\$ 378,682	\$ 372,165	\$ -	\$ 1,243,897
Other	<u>260</u>	<u>-</u>	<u>17,885</u>	<u>-</u>	<u>-</u>	<u>18,145</u>
Total operating revenues	<u>464,117</u>	<u>29,193</u>	<u>396,567</u>	<u>372,165</u>	<u>-</u>	<u>1,262,042</u>
Operating Expenses						
Operations and maintenance	375,400	40,537	540,345	370,679	215	1,327,176
Depreciation	<u>1,456</u>	<u>187</u>	<u>19,702</u>	<u>25,462</u>	<u>-</u>	<u>46,807</u>
Total operating expenses	<u>376,856</u>	<u>40,724</u>	<u>560,047</u>	<u>396,141</u>	<u>215</u>	<u>1,373,983</u>
Operating income (loss)	87,261	(11,531)	(163,480)	(23,976)	(215)	(111,941)
Nonoperating Revenues (Expenses)						
Interest income	-	7,029	-	-	-	7,029
Interest and fiscal charges	-	-	(2,645)	-	-	(2,645)
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>-</u>	<u>7,029</u>	<u>(2,645)</u>	<u>-</u>	<u>-</u>	<u>4,384</u>
Excess (deficiency) of revenues over (under) expenditures	<u>87,261</u>	<u>(4,502)</u>	<u>(166,125)</u>	<u>(23,976)</u>	<u>(215)</u>	<u>(107,557)</u>
Other Financing Sources (Uses)						
Operating transfers in	-	50,000	75,000	-	-	125,000
Operating transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>50,000</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>125,000</u>
Change in net position	<u>87,261</u>	<u>45,498</u>	<u>(91,125)</u>	<u>(23,976)</u>	<u>(215)</u>	<u>17,443</u>
Net position at beginning of year, restated	<u>72,449</u>	<u>66,088</u>	<u>801,677</u>	<u>53,387</u>	<u>22,450</u>	<u>1,016,051</u>
Net position at end of year	\$ <u>159,710</u>	\$ <u>111,586</u>	\$ <u>710,552</u>	\$ <u>29,411</u>	\$ <u>22,235</u>	\$ <u>1,033,494</u>

See independent auditor's report.

CITY OF PHILIPPI

COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS

Year Ended June 30, 2024

	<u>Natural</u> <u>Gas</u>	<u>City</u> <u>Garage</u>	<u>Garbage</u>	<u>Transfer</u> <u>Station</u>	<u>T.V. Cable</u> <u>System</u>	<u>Total</u>
Cash Flows From Operating Activities						
Receipts from customers	\$ 444,055	\$ 27,571	\$ 512,917	\$ 361,538	\$ 556	\$ 1,346,637
Payments to suppliers	(436,413)	(46,234)	(438,974)	(194,288)	(215)	(1,116,124)
Payments to employees	-	(3,147)	(155,470)	(131,670)	-	(290,287)
Net cash provided by (used in) operating activities	<u>7,642</u>	<u>(21,810)</u>	<u>(81,527)</u>	<u>35,580</u>	<u>341</u>	<u>(59,774)</u>
Cash Flows From Capital and Related Financing Activities						
Proceeds from the issuance of long term debt	-	-	48,830	-	-	48,830
Repayment of long term debt	-	-	(9,568)	-	-	(9,568)
Acquisition of capital assets	(11,574)	-	(50,295)	-	-	(61,869)
Miscellaneous income (expense)	-	-	-	-	-	-
Grant income	-	-	-	-	-	-
Interest expense	-	-	(2,645)	-	-	(2,645)
Net cash provided by (used in) capital and related financing activities	<u>(11,574)</u>	<u>-</u>	<u>(13,678)</u>	<u>-</u>	<u>-</u>	<u>(25,252)</u>
Cash Flows From Investing Activities						
Interest income	-	7,029	-	-	-	7,029
Investments/Advances in other funds	-	50,000	75,000	-	-	125,000
Net cash provided by (used in) investing activities	<u>-</u>	<u>57,029</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>132,029</u>
Net increase (decrease) in cash	<u>(3,932)</u>	<u>35,219</u>	<u>(20,205)</u>	<u>35,580</u>	<u>341</u>	<u>47,003</u>
Cash at beginning of year	<u>38,511</u>	<u>454</u>	<u>54,467</u>	<u>14,975</u>	<u>3,809</u>	<u>112,216</u>
Cash at end of year	\$ <u>34,579</u>	\$ <u>35,673</u>	\$ <u>34,262</u>	\$ <u>50,555</u>	\$ <u>4,150</u>	\$ <u>159,219</u>

See independent auditor's report.

CITY OF PHILIPPI

COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS (CONTINUED)

Year Ended June 30, 2024

	<u>Natural</u>	<u>City</u>		<u>Transfer</u>	<u>T.V. Cable</u>	<u>Total</u>
	<u>Gas</u>	<u>Garage</u>	<u>Garbage</u>	<u>Station</u>	<u>System</u>	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ 87,261	\$ (11,531)	\$ (163,480)	\$ (23,976)	\$ (215)	\$ (111,941)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,456	187	19,702	25,462	-	46,807
(Increase) decrease in:						
Accounts receivable	(20,062)	(1,622)	116,350	(10,627)	556	84,595
Due from (to) other funds	-	-	(75,000)	75,000	-	-
Inventory	-	(1,813)	-	-	-	(1,813)
Net pension asset	-	-	(423)	(297)	-	(720)
Net OPEB asset	-	-	(3,336)	(2,334)	-	(5,670)
Deferred outflows related to pension	-	-	14,672	10,269	-	24,941
Deferred outflows related to OPEB	-	-	3,437	2,409	-	5,846
Increase (decrease) in:						
Accounts payable	(61,013)	(7,201)	32,815	(16,131)	-	(51,530)
Accrued expenses	-	170	(972)	(3,549)	-	(4,351)
Accrued compensation	-	-	510	(2,586)	-	(2,076)
Net pension liability	-	-	(14,167)	(9,918)	-	(24,085)
Net OPEB liability	-	-	(2,531)	(1,771)	-	(4,302)
Deferred inflows related to pension	-	-	(1,034)	(723)	-	(1,757)
Deferred inflows related to OPEB	-	-	(8,070)	(5,648)	-	(13,718)
Net cash provided by (used in) operating activities	\$ <u>7,642</u>	\$ <u>(21,810)</u>	\$ <u>(81,527)</u>	\$ <u>35,580</u>	\$ <u>341</u>	\$ <u>(59,774)</u>

See independent auditor's report.

CITY OF PHILIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2024

Federal Grantor Pass Through Grantor Program or Cluster Title	Assistance Listing #	Pass- Through Entity Name	Pass- Through Entity #	Federal Expenditures
United States Department of Commerce				
<i>Economic Development Cluster</i>				
Economic Adjustment Assistance	11.307	N/A	N/A	\$ 1,324,770
Total Economic Adjustment Assistance				<u>1,324,770</u>
<i>Total Economic Development Cluster</i>				<u>1,324,770</u>
<i>Total United States Department of Commerce</i>				1,324,770
United States Department of the Treasury				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	N/A	1,041,240
Total Coronavirus State and Local Fiscal Recovery Funds				<u>1,041,240</u>
<i>Total United States Department of the Treasury</i>				<u>1,041,240</u>
Total Expenditures of Federal Awards				<u>\$ 2,366,010</u>

See independent auditor's report.

CITY OF PHILIPPI

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Philippi, West Virginia (the "City") under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniformed Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The City has elected to use the 10 percent de minimus indirect cost rate allowed under Uniformed Guidance.

See independent auditor's report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Council of the
City of Philippi
Philippi, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Philippi, West Virginia (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 20, 2025.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-003.

City's Response to Findings

Government Auditing Standards required the auditor to perform limited procedures on The City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



David L. Howell, CPA
Belle, West Virginia
March 20, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and Council of
City of Philippi
Philippi, West Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Philippi (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City 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 each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



David L. Howell, CPA
Belle, West Virginia
March 20, 2025

CITY OF PHILIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2024

Section I- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that is/are not considered to be material weakness(es)?	No

Type of auditor's report issued on compliance for major program(s): Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance? No

Identification of major program(s):

AL Number(s)	Name of Federal Program or Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
11.307	Economic Adjustment Assistance (Economic Development Cluster)

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

Did auditee qualify as low-risk auditee? No

CITY OF PHILIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended June 30, 2024

Section II - Financial Statement Findings

2024-001 SEGREGATION OF DUTIES

CONDITION: It was noted during our audit, that the responsibilities for approving, executing and recording transactions and custody of the resulting asset arising from the transactions were not assigned to different individuals.

CRITERIA: Proper internal control dictates responsibility for approving, executing and recoding transactions should rest with different individuals. Custody of resulting assets should also be assigned to individuals with no responsibilities in the above areas.

CAUSE: The size of the entity does not permit adequate segregation of duties.

EFFECT: Internal control structure elements do not reduce to a relatively low level, the risk that errors and irregularities, in amounts that would be material in relation to the financial statements, may occur and not be detected in a timely manner and causes the risk of fraud to be high. The lack of segregation of controls over cash disbursements will allow fraud to occur and to be concealed.

REPEAT FINDING	PRIOR YEAR FINDING NUMBER
Yes	2023-001

RECOMMENDATION: Management should distribute, among the accounting staff, the duties of approving, executing and recording transactions to the extent as being economically practicable.

VIEW OF RESPONSIBLE OFFICIAL AND PLANNED CORRECTIVE ACTIONS: Management recognizes that there is a need to segregate duties among the office staff and duties will be adjusted accordingly.

CITY OF PHILIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended June 30, 2024

2024-002 RATE COVENANT - WATER REVENUE BONDS

CONDITION: It was determined during our examination that the City failed to assess sufficient rates or charges to comply with the rate covenants prescribed in the Series 2009 B Water Revenue Bond. The system failed to meet this covenant by an amount of \$183,537 during the fiscal year ended June 30, 2024.

CRITERIA: The City’s Series 2009 B Water Revenue Bond states in part that:

"...the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest on this Bond payable in any year ..."

CAUSE: The City’s water system failed to assess adequate rates and charges to pay all operating expenses of the system and meet the bond rate covenant requirements.

EFFECT: The City may be in violation of the rate covenant set forth in the bond document.

REPEAT FINDING	PRIOR YEAR FINDING NUMBER
Yes	2023-002

RECOMMENDATION: City officials are directed to review this ordinance and comply with the provisions set forth therein.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS: The City will monitor expenses and implement cost saving measures, where possible, and consider the potential need for a rate increase.

CITY OF PHILIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended June 30, 2024

2024-003 RATE COVENANT - SEWER REVENUE BONDS

CONDITION: It was determined during our examination that the City failed to assess sufficient rates or charges to comply with the rate covenants prescribed in the Series 2002 Sewer Revenue Bond. The system failed to meet this covenant by an amount of \$340,064 during the fiscal year ended June 30, 2024.

CRITERIA: The City's Series 2002 Sewer Revenue Bond states in part that:

"...charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds..."

CAUSE: The City's sewer system failed to assess adequate rates and charges to pay all operating expenses of the system and meet the bond rate covenant requirements.

EFFECT: The City may be in violation of the rate covenant set forth in the bond document.

REPEAT FINDING	PRIOR YEAR FINDING NUMBER
Yes	2023-003

RECOMMENDATION: City officials are directed to review this ordinance and comply with the provisions set forth therein.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS: The City will monitor expenses and implement cost saving measures, where possible, and consider the potential need for a rate increase.

CITY OF PHILIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended June 30, 2024

Section III - Federal Award Findings and Questioned Costs

No federal award findings or questioned costs reported.

CITY OF PHILIPPI

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended June 30, 2024

<u>Finding Number</u>	<u>Description</u>	<u>Status</u>
2023-001	Segregation of Duties	Uncorrected
2023-002	Rate Covenant - Water Revenue Bonds	Uncorrected
2023-003	Rate Covenant - Sewer Revenue Bonds	Uncorrected