

Shepherdstown Finance Committee Agenda

Wednesday, July 01, 2026

6:30 P.M.

Town Hall

104 N. King Street

or by Zoom

<https://us06web.zoom.us/j/86067120451?pwd=fWNLscmYpiOmof8Pknlig4oZKNXa8i.1>

1. Call to order
2. Approval of the minutes June 3rd
3. Community Grant Applications
 - a. Shepherd Village Solar
4. Edmunds. Gov software implementation - update
5. Update on State Audit for FY 2025 – Final Financial Statement for Corp. Shepherdstown.
6. Adjournment

SHEPHERDSTOWN FINANCE COMMITTEE MEETING MINUTES (DRAFT)

Wednesday, June 3, 2026

Town Hall – 104 North King Street and Zoom

1. Call to Order

2. Attendance

- a. **Members Present** James Gatz (J Gatz), Marcy Bartlett (M Bartlett), Marty Amerikaner (M Amerikaner)
- b. **Staff Present** Maged Kirolos (M Kirolos), Hunter Wetzel (H Wetzel)
- c. **Visitors Present:** Addison Reese (Rose Hill Cemetery)

3. Approval of Minutes

- a. M Bartlett motioned to approve and seconded by M Amerikaner. The motion passed unanimously.

4. Shepherdstown Community Grant Applications

- a. Roving Peregrine Theatre Company
 - i. The Committee reviewed Roving Peregrine Theatre Company's request for \$1,250 to support production costs for Gutenberg. The applicant discussed the production schedule, anticipated ticket revenue, and efforts to partner with local businesses.
 - ii. A motion was made by M Bartlett and seconded by M Amerikaner to recommend approval of a \$1,250 grant to Town Council. The motion passed unanimously.
- b. Rose Hill Cemetery
 - i. Addison Reese presented the request for Rose Hill Cemetery. The funding would support clearing work, including removal of dead or dangerous trees and invasive growth, in preparation for future ground-penetrating radar work to identify unmarked burials.
 - ii. The Committee discussed whether the funds should go through the Jefferson County Landmarks Commission or directly to the Rose Hill Cemetery Board. The Committee agreed the work was important and that updated nonprofit information should be provided before Town Council review.
 - iii. A motion was made by M Bartlett and seconded by M Amerikaner to recommend to Town Council approval of a \$2,000 grant to the Rose Hill Cemetery Board for the specified work, with updated nonprofit information to be provided for Town Council review. Motion passed unanimously.
- c. Contemporary American Theater Festival
 - i. Representatives from CATF requested renewal of the Town's grant support for the 2026 season in the amount of \$25,000. CATF discussed its planned digital marketing campaign, local user-generated content, Welcome Center presence, and improved tracking of ticket sales and visitor impact.
 - ii. A motion was made by M Amerikaner and seconded by M Bartlett to recommend approval of a \$25,000 grant to CATF for 2026. The motion passed unanimously.

5. Status of FY26 Budgeted Procurements

- a. The Committee briefly discussed FY26 procurements. No formal action was taken.

6. Proposed Procurement - Trash Truck

- a. The Committee discussed a possible trash truck purchase. Members requested additional information regarding the condition of the current trucks, the need for replacement, the proposed truck, and financing options.
 - i. No recommendation was made, and the item will require further review.

7. Overview of Draft FY27 Water Authority Budget and Sanitary Authority Budget

- a. The Committee reviewed the draft FY27 Water Authority and Sanitary Authority budgets. Discussion focused on revenues, expenses, deficits, reserve requirements, and how the Water, Sewer, and Town finances connect overall.
- b. Staff were asked to prepare clearer summary information for Town Council, including explanation of the global account and due-to/due-from balances.
- c. No action was taken.

8. Town Council Work Session on Bond Financing, June 9

- a. The Committee discussed the upcoming bond financing work session. Members considered whether the meeting should be postponed, allowing more preparation time and advance review of materials.
- b. No formal action was taken.

9. Edmunds Gov Software Implementation – Update

- a. M Kirolos provided an update on the Edmunds Gov software implementation. He reported that the project is progressing well, with no current delays.
- b. The anticipated go-live date is July 1, 2027, allowing the Town to begin a new fiscal year in the new system.
- c. No action was taken.

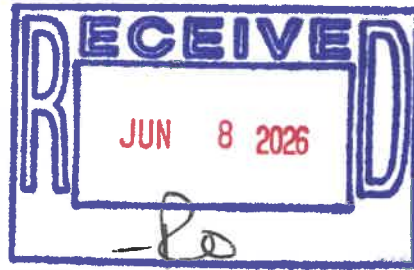
10. FY2025 Town Financial Audit - Update

- a. M Kirolos reported that the FY2025 compilation work has been completed and that BHM is expected to be on site from June 9 through June 12. The final audit report is expected shortly after onsite work is completed.
- b. No formal action was taken.

11. Real Estate Matters

- a. A motion was made by M Bartlett and seconded by M Amerikaner to enter executive session to discuss real estate matters. The motion passed by voice vote unanimously.

12. Adjourn - The meeting adjourned after Executive Session.



Shepherdstown
WEST VIRGINIA

**Shepherdstown
Community Grant Application**

Date: June 5, 2026

Applicant Information

Applicant organization name: Shepherd Village

Mailing address: 42 Shepherd Village Circle, Shepherdstown, WV 25443

Physical address, if different:

Website: <https://www.shepherdvillage.net/>

Year organization was founded: 2017

Organization's tax-exempt number (EIN): 82-2839089

Organization's total operating budget for current fiscal year: \$62,459

Name/title of the organization's representative for this application:

Gale Seiler, Shepherd Village Permaculture Team Lead

Telephone: 515-357-7278

Email: galeslr@gmail.com

Brief description of the applicant's experience and qualifications for administering the grant and managing the project to be funded:

Gale Seiler will lead this project. She was a science educator for 35 years and has led the Permaculture Team at Shepherd Village for the past five years. She gained experience leading grant-funded projects when she was a university professor and is accustomed to managing budgets and timelines. She recently led a project to develop a rainwater harvesting system for Shepherd Village's garden. This successful initiative was partly funded by the Eastern Panhandle Conservation District, and they often refer to it as a model for water conservation.

Other residents who are involved in this solar project have engineering and architectural expertise, and one person has previously designed and built a solar system like this at a high school where he taught physics. Thus, we have a knowledgeable and well-managed group working on this initiative.

Grant Request Information

Project name: Active solar heating of greenhouse

Amount requested: \$2,273

Non-grant funds and in-kind services to be provided by the applicant:

Four solar panels have already been obtained cost-free.

A group of five residents of Shepherd Village have been working on the design of this solar system for several months and will continue to do all the construction, installation and maintenance of it on a volunteer basis.

Implementation timeline, including delivery of any progress reports and the final report: Our goal is to have the system up and running by November 2026, so it can be used in winter 2026-2027. The final report will be provided by January 2027, with a progress report submitted in September 2026.

Project budget (including both grant and non-grant funds):

Greenhouse solar system cost estimates:

- Hybrid Inverter – 3KW, Growatt off grid 24 V = \$785.00
- Two Eco-worthy 24V 100Ah batteries = \$758.00
- Solar connectors (MC-4 Y branch MMF, FFM,2S/2P) = 14.00 x 4 = \$56.00
- Cable - 100-foot roll Vevor solar pair cable = \$105.00
- Victron safety main solar disconnect switch = \$40.00
- Solar cable combiner box (4-2 string) = \$53.00
- Hardware and wood for mounting solar panels, hybrid system & battery rack = \$200.00

Total estimate: \$1977 + 15% (shipping & tax) ~ \$2273.00

Project description:

At Shepherd Village, we have a large community garden, which is managed by the Permaculture Team. In the garden, we grow vegetables and fruits to share with residents and to use in our community meals about once a week, and we occasionally give some of our harvest to Shepherdstown Shares. We have a greenhouse that we use to start seedlings such as tomatoes, peppers, leeks and squash, which are then transplanted into the garden. We give extra seedlings to Village residents and others in the wider community via Buy Nothing Shepherdstown.

At present, our greenhouse is used very little in the coldest months (e.g., December and January) because to heat it with electricity would be costly. We have made efforts to increase the passive solar capacity of the greenhouse. For example, we built a brick and cobb mass wall to retain heat and tried using barrels of water heated by the sun to keep the greenhouse warm. We also use bubble wrap and other types of covers to create smaller areas to heat, thus reducing the energy needs.

We would like to get more use out of the greenhouse, perhaps growing crops like greens throughout the winter and starting seedlings earlier. Therefore, we would like to supplement these passive solar measures with an active solar system to capture and store energy, so that the greenhouse could be utilized more efficiently and sustainably. The proposed project would use solar panels that we were given and other necessary components that would be purchased to build a system for this purpose (more details in design plan).

Last winter, we experimented with growing microgreens in the greenhouse during the coldest months. From that, we learned how much heat/electricity is needed to make this possible, and the system we designed is based on what we learned from that trial. Drawing on the expertise of several residents, we have designed a system to collect solar energy during the day and store it in marine batteries, so that it will be available to run heating pads and heaters in the greenhouse overnight during the winter months or during times of electricity disruptions. This initiative contributes to our efforts to grow more of our own food, live sustainably and be resilient, particularly in the face of uncertainty stemming from climate change.

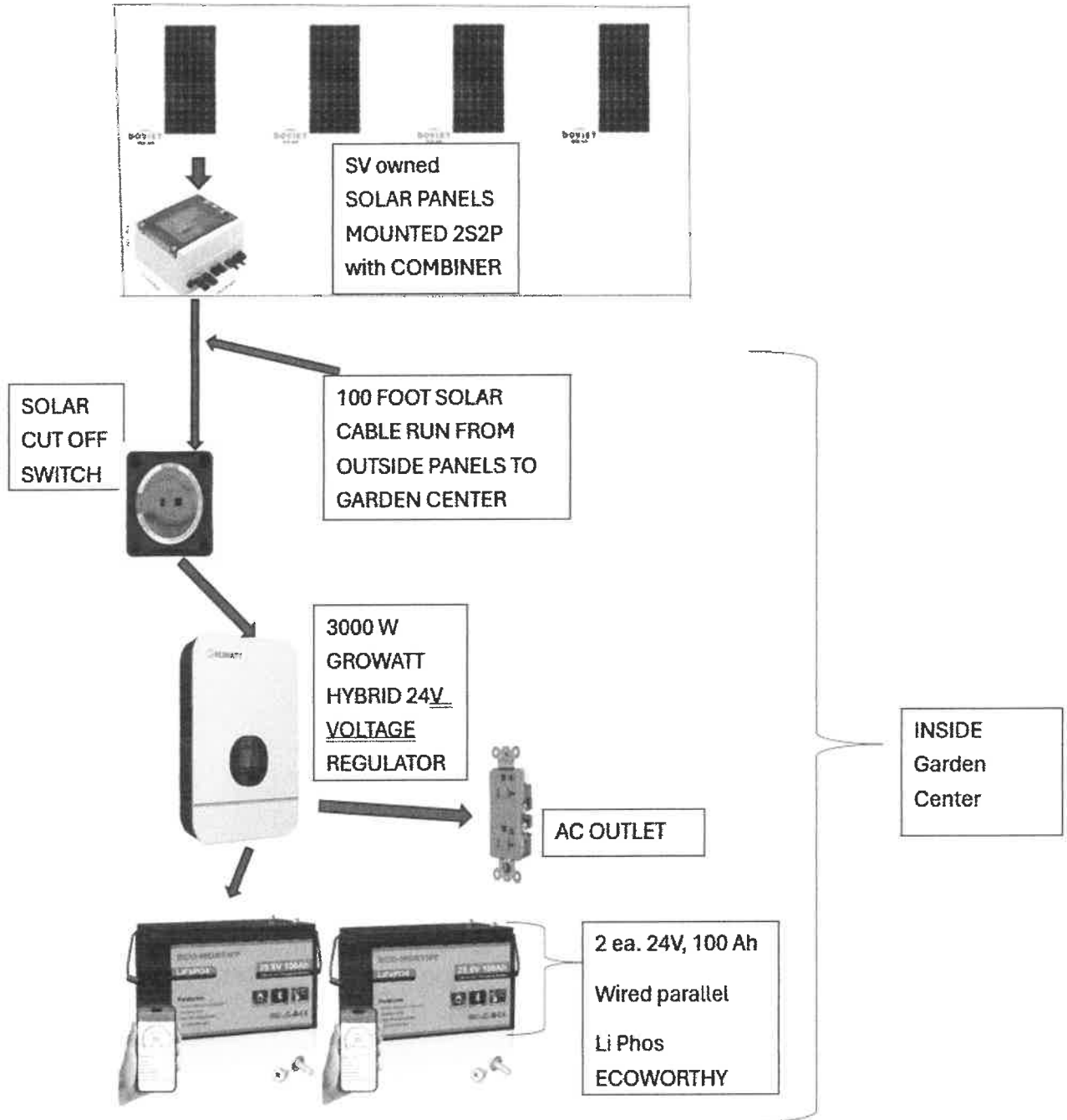
We view this project as benefitting not only the residents of Shepherd Village, but the wider Shepherdstown community, as well. Our community garden was on the 2025 Shepherdstown Back Alley Garden Tour, and that provided the opportunity to show visitors our rainwater harvesting system. Recently, we were asked to make a presentation about rainwater harvesting at the WV Potomac Watershed Gathering. This kind of outreach enables us to share with others how such a system can be constructed and its benefits. Likewise, we will use our solar system to demonstrate active solar heating in a greenhouse and growing food more sustainably. Thus, we feel this project can have a wide educational impact and is aligned with the Town's Comprehensive Plan, notably PS23 (promoting renewable energy).

Applicant's signature & date:

Shepherd Village Garden Solar Power System

June 2, 2026

Shepherd Village Proposed Garden solar power system after team final meeting



To summarize the key points of the Shepherdstown FY2025 Financial Statements, I focused on the Management’s Discussion and Analysis, financial highlights, fund and debt summaries, and notes to the financial statements. This approach ensures a comprehensive overview of the Corporation’s financial health, major activities, and compliance for the fiscal year ending June 30, 2025. The summary below is structured to be clear and actionable for stakeholders such as officials, citizens, and financial analysts.

Shepherdstown FY2025 Financial Statements: Key Points Summary

1. Overview and Structure

- The report covers the fiscal year ending June 30, 2025, for the Corporation of Shepherdstown, West Virginia.
- It includes government-wide and fund financial statements, budgetary comparisons, and detailed notes.
- Major funds: General Fund, Coal Severance Fund, Housing Authority Fund (governmental); Water Fund, Sewer Fund (business-type).

2. Financial Highlights

- **Net Position:** Increased by \$1.5 million to \$30.6 million (from \$29.1 million in 2024).
 - Governmental activities net position rose by \$0.3 million (3%).
 - Business-type activities net position rose by \$1.2 million (7%).
- **Revenues and Expenses:**
 - Governmental activities: Revenues up \$0.3 million (11%), expenses up \$0.3 million (13%).
 - Business-type activities: Revenues up \$1.4 million (35%), expenses up \$0.5 million (14%).
- **General Fund:** Ended with a \$6.7 million balance, up \$0.1 million (2%).
- **Capital Additions:** \$0.6 million in governmental capital projects; \$5.8 million in water fund projects (funded by bonds, grants, internal funds).
- **Debt:** No new fixed debt issued in 2025; total outstanding debt decreased by \$0.4 million to \$9.9 million.
- **Retirement and OPEB:** All required payments made to retirement and post-employment benefit plans.

- **Accounting Changes:** Implemented GASB 101 (Compensated Absences), resulting in a \$0.1 million decrease in net position for both governmental and business-type activities.

3. Fund Performance and Budgetary Compliance

- **Governmental Funds:** Combined fund balance of \$6.8 million, up 1% (\$0.1 million).
- **General Fund:**
 - Actual revenues exceeded budget by \$0.6 million.
 - Actual expenditures were \$0.8 million less than budgeted.
 - Some categories (general government, culture and recreation) exceeded budget due to personnel and capital costs, but overall compliance was maintained using fund balances and grants.
- **Coal Severance Fund:** Ended with a \$7,330 balance.

4. Capital Assets and Infrastructure

- **Total Capital Assets:** \$28.3 million (net of depreciation), up \$1.8 million (7%).
 - Major additions: Bike path, vehicles, market house renovations, water main lines, water treatment equipment, sewer monitoring system.
- **Depreciation:** \$275,840 for governmental activities; \$925,530 for business-type activities.

5. Debt and Long-Term Liabilities

- **Outstanding Debt:** \$9.9 million (all business-type, mainly water and sewer bonds).
- **No new debt issued in 2025.**
- **Bond Covenants:** Debt service coverage and reserve requirements met.

6. Economic Factors and Outlook

- The Corporation is optimistic about future growth due to population increases, infrastructure improvements, annexation, and successful grant procurement.

7. Governance and Compliance

- All required financial reporting standards (GASB) followed.
- No significant legal or grant compliance issues identified.

- No subsequent events requiring disclosure after June 9, 2026.

8. Retirement and OPEB Plans

- IRS Section 457 retirement plan with up to 200% employer match.
- Participation in West Virginia OPEB plan; no net OPEB asset reported for 2025.

9. Key Officials (as of June 30, 2025)

- Mayor: James Gatz
- Recorder: Marty Amerikaner
- Council Members: Marcy Bartlett, Linus Bicker, Cheryl Roberts, Shannon Thomas, Carrie Blessing

In summary: Shepherdstown ended FY2025 in a strong financial position, with increased net assets, prudent management of funds, significant capital investments, and compliance with all major financial and legal requirements. The outlook for continued growth and stability is positive.

CORPORATION OF SHEPHERDSTOWN

SHEPHERDSTOWN, WEST VIRGINIA

**FINANCIAL STATEMENTS
(WITH SUPPLEMENTAL INFORMATION)**

FOR THE YEAR ENDED JUNE 30, 2025

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Corporation of Shepherdstown, West Virginia
SCHEDULE OF FUNDS INCLUDED IN REPORT
June 30, 2025

GOVERNMENTAL FUND TYPES

Major Funds

General Fund
Coal Severance Fund
Housing Authority Fund

BUSINESS-TYPE FUNDS

Major Funds

Water Fund
Sewer Fund

Corporation of Shepherdstown, West Virginia
Corporation Officials
June 30, 2025

Office	Name	Term
Mayor:	James Gatz	7/1/2024-6/30/2026
Recorder:	Marty Amerikaner	7/1/2024-6/30/2026
Council Members:	Marcy Bartlett	7/1/2024-6/30/2026
	Linus Bicker	7/1/2024-6/30/2026
	Cheryl Roberts	7/1/2024-6/30/2026
	Shannon Thomas	7/1/2024-6/30/2026
	Carrie Blessing	7/1/2024-6/30/2026

ACCOUNTANT'S COMPILATION REPORT ON FINANCIAL STATEMENTS

Honorable Mayor and Council
Corporation of Shepherdstown
Shepherdstown, West Virginia

Management is responsible for the accompanying financial statements of the governmental activities, the business type activities and each major fund of Corporation of Shepherdstown (the "Corporation"), as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 6 to 12, budgetary comparison information on pages 46 and 47, and Schedule of the Corporation's Proportionate Share of the Net OPEB Liability, and Schedule of the Corporation's Contributions - OPEB on pages 48 through 50 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required 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. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on such information.

We are not independent with respect to the Corporation of Shepherdstown.

CoxHollidayYoung, PLLC

Martinsburg, WV

June 9, 2026

Corporation of Shepherdstown
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

The discussion and analysis of the Corporation of Shepherdstown's financial performance provides an overview of the Corporation's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the Corporation's financial statements.

FINANCIAL HIGHLIGHTS

The Corporation's net position increased by \$1.5 million as a result of this year's operations. Net position of the business-type activities increased by \$1.2 million compared to the previous year or 7 percent, net position of the governmental activities increased by \$0.3 million or 3 percent.

During the year, the Corporation had expenses for governmental programs that were \$2 million more than the \$0.7 million generated by governmental program revenues, which includes fees for services, grants and contributions, and intergovernmental aid. The remaining cost of governmental activities was financed with general revenues, which totaled \$2.3 million for the year. The business-type programs had program revenues (including capital contributions) in excess of program expenses of \$0.4 million.

The Corporation's governmental activities revenues increased by \$0.3 million or 11 percent and governmental activities expenses increased by \$0.3 million or 13 percent. Business-type activities revenues increased \$1.4 million or 35 percent. Business-type expenses increased \$0.5 million or 14 percent compared to the previous year.

During 2025, the Corporation had capital additions of \$0.6 million including construction in progress.

The Corporation had water fund additions of \$5.8 million including projects funded with bond proceeds, grants, and internal funds.

The general fund ended the year with a fund balance of \$6.7 million, a \$0.1 million increase from 2024 or 2 percent.

The Corporation issued no fixed debt during 2025.

The Corporation made all required contractual payments to the Corporation's retirement plan and other post employment benefit plan during 2025.

During the fiscal year ended June 30, 2025, the Corporation implemented GASB 101, Compensated Absences resulting in a prior period adjustment that decreased the net position of \$0.1 million for governmental activities and \$0.1 million for business-type activities. These restatements are indicated in below presented tables.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net position and the Statement of Activities provide information about the activities of the Corporation as a whole and present a longer-term view of the Corporation's finances. Fund financial statements present a shorter term view, and tell how governmental services were financed in the near term as well as funds remaining for future spending. Fund financial statements also report the Corporation's operations in more detail than the government-wide statements by providing information about the Corporation's most significant funds.

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

Corporation of Shepherdstown
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

USING THIS ANNUAL REPORT (CONTINUED)

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

Reporting the Corporation as a Whole

In the Statement of Net position and the Statement of Activities, the Corporation is divided into two kinds of activities:

Governmental activities-Most of the Corporation's basic services are reported here, including the police, streets, sanitation, culture and recreation, and general administration. Property taxes, sales taxes, business and occupation taxes, and general revenues finance most of these activities.

Business-type activities-The Corporation charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Corporation's water and sewer system is reported here.

Reporting the Corporation's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds-not the Corporation as a whole. Some funds are required to be established by State law. However, the Corporation Council establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Corporation's two kinds of funds-governmental and proprietary-use different accounting approaches.

Governmental funds-Most of the Corporation's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Corporation's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Corporation's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is described in the reconciliations following each of the fund financial statements.

Proprietary funds-When the Corporation charges customers for the services it provides-whether to outside customers or to other units of the Corporation-these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net position and the Statement of Activities. In fact, these funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows.

Corporation of Shepherdstown
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

THE CORPORATION AS A WHOLE

The Corporation's combined net position increased \$1.5 million from a year ago-increasing from \$29.1 million to \$30.6 million. Reviewing the net position of governmental and business-type activities separately provides more detail about these changes. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Corporation's governmental and business-type activities.

Table 1
Net position

	Governmental		Business-Type		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 7.1	\$ 7.0	\$ 6.0	\$ 7.2	\$ 13.1	\$ 14.2
Capital assets	5.4	5.2	23.0	21.3	28.4	26.5
Total assets	12.5	12.2	29.0	28.5	41.5	40.7
Deferred outflows of resources						
Total assets and deferred outflows of resources	\$ 12.5	\$ 12.2	\$ 29.0	\$ 28.5	\$ 41.5	\$ 40.7
Long-term debt outstanding	\$	\$	\$ 9.9	\$ 10.3	\$ 9.9	\$ 10.3
Other liabilities	0.4	0.4 *	0.6	0.9 *	1.0	1.3
Total liabilities	0.4	0.4	10.5	11.2	10.9	11.6
Deferred inflows of resources						
Net position						
Net investment in capital assets	5.4	5.2	13.1	11.0	18.5	16.2
Restricted	0.1	0.1	5.0	5.2	5.1	5.3
Unrestricted	6.6	6.5 *	0.4	1.1 *	7.0	7.6
Total net position	12.1	11.8 *	18.5	17.3	30.6	29.1
Total liabilities deferred inflows of resources and net position	\$ 12.5	\$ 12.2	\$ 29.0	\$ 28.5	\$ 41.5	\$ 40.7

* Includes prior period restatement related to GASB 101

Net position of the Corporation's governmental activities increased by 2 percent (\$0.2 million). Unrestricted net position-the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal increased from \$6.5 million at June 30, 2024 to \$6.6 million at June 30, 2025.

Corporation of Shepherdstown
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

THE CORPORATION AS A WHOLE (CONTINUED)

The net position of business-type activities increased by \$1.2 million compared to the previous year or 7 percent. Unrestricted net position decreased by \$0.7 million compared to the previous year or 64 percent. The Corporation generally can use unrestricted net position to finance the continuing operations of the water and sewer funds.

Table 2
Changes in Net position
(in Millions)

	Governmental		Business-Type		Total	
	2025	2024	2025	2024	2025	2024
Revenue						
Program revenues:						
Charges for services	\$ 0.5	\$ 0.5	\$ 3.3	\$ 3.2	\$ 3.8	\$ 3.7
Operating grants and contributions	0.2				0.2	0.0
Capital grants and contributions			1.8	0.5	1.8	0.5
General revenues:					0.0	0.0
Property taxes	0.3	0.2			0.3	0.2
Sales tax	0.6	0.6			0.6	0.6
Business and occupation tax	0.1	0.1			0.1	0.1
Alcoholic beverage tax	0.2	0.2			0.2	0.2
Utility service tax	0.1	0.1			0.1	0.1
Hotel/motel tax	0.2	0.2			0.2	0.2
Video lottery/table gaming	0.4	0.4			0.4	0.4
Other general revenues	0.4	0.4	0.3	0.3	0.7	0.7
Total revenues	3.0	2.7	5.4	4.0	8.4	6.7
Expenses						
General government	0.8	0.7			0.8	0.7
Public safety	1.0	1.0 *			1.0	1.0
Streets and transportation	0.4	0.3			0.4	0.3
Health and sanitation	0.3	0.2			0.3	0.2
Culture and recreation	0.2	0.2			0.2	0.2
Water			2.4	2.1 *	2.4	2.1
Sewer			1.8	1.6 *	1.8	1.6
Total expenses	2.7	2.4	4.2	3.7	6.9	6.1
Change in net position	\$ 0.3	\$ 0.3	\$ 1.2	\$ 0.3	\$ 1.5	\$ 0.6

* Includes prior period restatement related to GASB 101, Compensated Absences

The Corporation's total revenues increased by \$1.7 million during the year or 25 percent. The total cost of all programs and services increased \$0.8 million to \$6.9 million during 2025. The analysis separately considers the operations of governmental and business-type activities.

Corporation of Shepherdstown
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

THE CORPORATION AS A WHOLE (CONTINUED)

Governmental Activities

Revenues for the Corporation's governmental activities increased \$0.3 million to \$3.0 million and total expenses increased \$0.3 million to \$2.7 million.

The cost of all governmental activities was \$2.7 million for 2025 and \$2.4 million for 2024. However, as shown in the Statement of Activities, the 2025 amount that taxpayers ultimately financed for these activities through Corporation general revenues was \$1.9 million (\$1.8 million for 2024) because some of the cost was paid by those who directly benefitted from the programs (\$0.7 million for 2025 and \$0.5 million for 2024).

The Corporation paid for the "public benefit" portion of governmental activities with \$1.9 million in taxes (some of which could only be used for certain programs) and general revenues, such as video lottery/table gaming revenues (\$0.4 million for 2025).

Business-Type Activities

Revenues of the Corporation's business-type activities (see Table 2) increased \$1.4 million or 35 percent, mainly due to capital grant revenues, and expenses increased \$0.5 million or 14 percent compared to the previous year.

THE CORPORATION'S FUNDS

As the Corporation completed the year, the governmental funds reported a combined fund balance of \$6.8 million, which is an increase of 1 percent (\$0.1 million).

General Fund Budgetary Highlights

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

Even with the above mentioned amendments, the Corporation's actual revenues exceeded budgeted revenues by \$0.6 million and actual expenditures were \$0.8 million less than reflected budgeted expenditures. Actual ending general fund balance exceeded budgeted ending general fund balance by \$6.7 million.

Corporation of Shepherdstown
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2025, the Corporation had \$28.3 million invested in a broad range of capital assets, including land, structures, infrastructure, equipment and vehicles, and water and sewer utility plant. (See Table 3 below). This amount represents a net increase (including accumulated depreciation) of \$1.8 million, or 7 percent from the previous year.

Table 3
Capital Assets at Year-End
(Net of Depreciation, in Millions)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land	\$ 0.9	\$ 0.9	\$ 0.1	\$ 0.1	\$ 1.0	\$ 1.0
Structures	3.8	3.5			3.8	3.5
Equipment, vehicles and software	1.8	1.6			1.8	1.6
Infrastructure	3.5	3.5			3.5	3.5
Utility plant			32.7	26.9	32.7	26.9
Construction in progress	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>3.6</u>	<u>0.2</u>	<u>3.7</u>
Total	10.1	9.6	32.9	30.6	43.0	40.2
Accumulated depreciation	<u>(4.7)</u>	<u>(4.4)</u>	<u>(10.0)</u>	<u>(9.3)</u>	<u>(14.7)</u>	<u>(13.7)</u>
Capital assets, net of accumulated depreciation	<u>\$ 5.4</u>	<u>\$ 5.2</u>	<u>\$ 22.9</u>	<u>\$ 21.3</u>	<u>\$ 28.3</u>	<u>\$ 26.5</u>

This year's major additions included
(in millions)

<u>Governmental Activities</u>	
Bike path in progress	\$ 0.1
Vehicles	0.2
Market house renovations	<u>0.3</u>
	<u>\$ 0.6</u>

<u>Business Type Activities</u>	
Water main lines	\$ 2.9
Water equipment	0.1
Water treatment plant equipment	2.8
Sewer monitoring system	0.2
Sewer equipment	<u>0.2</u>
	<u>\$ 6.2</u>

This year's major disposals included
(in millions)

<u>Governmental Activities</u>	
Market house renovations in progress	\$ <u>(0.1)</u>

<u>Business Type Activities</u>	
Filtration system	\$ (0.5)
Water projects in progress	<u>(3.6)</u>
	<u>\$ (4.1)</u>

Corporation of Shepherdstown
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2025

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt and Long-term Liabilities

At year-end, the Corporation had \$9.9 million of outstanding debt, a decrease of \$0.4 million over the prior year. No fixed debt was issued in 2025 and 2024.

Table 4
 Outstanding Long-Term Liabilities at Year-End (in Millions)

	Governmental		Business-Type		Total	
	Restated		Restated		Restated	
	2025	2024	2025	2024	2025	2024
Accrued compensated absences	\$ <u>0.1</u>	\$ <u>0.1</u>	\$ <u>0.3</u>	\$ <u>0.2</u>	\$ <u>0.4</u>	\$ <u>0.3</u>
Bonds payable	\$ <u>-</u>	\$ <u>-</u>	\$ <u>9.9</u>	\$ <u>10.3</u>	\$ <u>9.9</u>	\$ <u>10.3</u>

The prior year compensated absences required restatement for the implementation of GASB Statement No. 101, Compensated Absences. Resulting in a \$.01 million increase to prior year compensated absences for business-type activities.

ECONOMIC FACTORS

The Corporation's elected and appointed officials considered many factors when setting the fiscal year 2024 budget, tax rates, and fees. Factors include the general economy and County's increasing population.

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

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money its receives. If you have questions about this report or need additional financial information, contact the Corporation of Shepherdstown at P.O. Box 248, Shepherdstown, West Virginia, 25443.

Corporation of Shepherdstown
STATEMENT OF NET POSITION
June 30, 2025

PRIMARY GOVERNMENT

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current:			
Cash	\$ 5,252,762	\$ 1,723,612	\$ 6,976,374
Restricted cash	140,995	5,231,415	5,372,410
Receivables, net of allowances:			
Taxes	310,866	-	310,866
Accounts	57,442	303,128	360,570
Accrued interest receivable	-	19,670	19,670
Beneficial interest in assets held by others	60,007	-	60,007
Internal balances	1,224,948	(1,224,948)	-
Prepaid expenses	21,728	328	22,056
	<u>7,068,748</u>	<u>6,053,205</u>	<u>13,121,953</u>
Total current assets			
Capital assets:			
Land	894,254	-	894,254
Structures and improvements	3,772,199	-	3,772,199
Equipment	1,788,987	-	1,788,987
Infrastructure	3,462,484	-	3,462,484
Utility plant in service	-	32,754,223	32,754,223
Less: accumulated depreciation	(4,679,219)	(9,958,713)	(14,637,932)
	<u>5,238,705</u>	<u>22,795,510</u>	<u>28,034,215</u>
Capital assets in service, net			
Construction in progress	<u>135,767</u>	<u>137,365</u>	<u>273,132</u>
Total capital assets	<u>5,374,472</u>	<u>22,932,875</u>	<u>28,307,347</u>
Total assets	<u>12,443,220</u>	<u>28,986,080</u>	<u>41,429,300</u>
Deferred outflows of resources			
Deferred outflows related to post employment benefit plan	<u>14,252</u>	<u>3,158</u>	<u>17,410</u>
Total deferred outflows	<u>14,252</u>	<u>3,158</u>	<u>17,410</u>
Total assets and deferred outflows of resources	<u>\$ 12,457,472</u>	<u>\$ 28,989,238</u>	<u>\$ 41,446,710</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Liabilities:			
Current liabilities			
Accounts payable	\$ 115,938	\$ 63,589	\$ 179,527
Payroll liabilities	103,691	45,970	149,661
Accrued interest	-	35,182	35,182
Customer deposits	26,593	161,754	188,347
Engineering review fees	-	34,837	34,837
Bonds payable (current portion)	-	468,505	468,505
	<u>246,222</u>	<u>809,837</u>	<u>1,056,059</u>
Total current liabilities			
Long-term liabilities			
(net of current portion):			
Bonds payable	-	9,383,136	9,383,136
Accrued compensated absences	143,274	275,884	419,158
	<u>143,274</u>	<u>9,659,020</u>	<u>9,802,294</u>
Total long-term liabilities			
Total liabilities	<u>389,496</u>	<u>10,468,857</u>	<u>10,858,353</u>
Deferred inflows of resources			
Deferred inflows related to post employment benefit plan	<u>5,697</u>	<u>4,940</u>	<u>10,637</u>
Total liabilities and deferred inflows	<u>395,193</u>	<u>10,473,797</u>	<u>10,868,990</u>
Net Position:			
Net investment in capital assets	5,374,472	13,081,234	18,455,706
Restricted	114,402	4,999,642	5,114,044
Unrestricted	<u>6,573,405</u>	<u>434,565</u>	<u>7,007,970</u>
Total net position	<u>12,062,279</u>	<u>18,515,441</u>	<u>30,577,720</u>
Total liabilities, deferred inflows, and net position	<u>\$ 12,457,472</u>	<u>\$ 28,989,238</u>	<u>\$ 41,446,710</u>

Corporation of Shepherdstown
STATEMENT OF ACTIVITIES
For the year ended June 30, 2025

	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
FUNCTIONS/PROGRAMS							
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 754,237	\$ 82,816	\$ 5,000	\$ -	\$ (666,421)	\$ -	\$ (666,421)
Public safety	988,427	200,945	2,900	-	(784,582)	-	(784,582)
Streets and transportation	442,657	-	42,120	-	(400,537)	-	(400,537)
Health and sanitation	340,582	198,983	-	-	(141,599)	-	(141,599)
Culture and Recreation	233,820	-	168,017	-	(65,803)	-	(65,803)
Total governmental activities	<u>2,759,723</u>	<u>482,744</u>	<u>218,037</u>	<u>-</u>	<u>(2,058,942)</u>	<u>-</u>	<u>(2,058,942)</u>
Business-type activities:							
Water	2,404,381	1,752,557	-	1,664,399	-	1,012,575	1,012,575
Sewer	1,782,550	1,584,518	-	85,605	-	(112,427)	(112,427)
Total business-type activities	<u>4,186,931</u>	<u>3,337,075</u>	<u>-</u>	<u>1,750,004</u>	<u>-</u>	<u>900,148</u>	<u>900,148</u>
Total primary government	<u>\$ 6,946,654</u>	<u>\$ 3,819,819</u>	<u>\$ 218,037</u>	<u>\$ 1,750,004</u>	<u>(2,058,942)</u>	<u>900,148</u>	<u>(1,158,794)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					251,865	-	251,865
Sales tax					625,496	-	625,496
Business and occupation tax					134,630	-	134,630
Alcoholic beverage tax					199,270	-	199,270
Utility services tax					89,111	-	89,111
Hotel/motel tax					244,548	-	244,548
Coal severance tax					4,978	-	4,978
Other taxes					5,828	-	5,828
Franchise fees					10,708	-	10,708
Interest income					227,996	288,982	516,978
Rent					56,632	-	56,632
Video lottery and table gaming					435,115	-	435,115
Reimbursements and rebates					16,057	-	16,057
Miscellaneous					15,714	1,900	17,614
Transfers in/(out)					-	-	-
Total general revenues					<u>2,317,948</u>	<u>290,882</u>	<u>2,608,830</u>
Change in net position					259,006	1,191,030	1,450,036
Total net position at beginning of year					11,865,456	17,436,793	29,302,249
Restatement (See Note 17)					(62,183)	(114,382)	(176,565)
Total net position at beginning of year					<u>11,803,273</u>	<u>17,322,411</u>	<u>29,127,684</u>
Total net position at end of year					<u>\$ 12,062,279</u>	<u>\$ 18,515,441</u>	<u>\$ 30,577,720</u>

See accountant's compilation report and notes to financial statements.

Corporation of Shepherdstown
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

	GENERAL FUND	COAL SEVERANCE FUND	HOUSING AUTHORITY FUND	TOTALS
ASSETS				
Cash	\$ 5,222,471	\$ 28,576	\$ 1,715	\$ 5,252,762
Restricted cash	140,995	-	-	140,995
Receivables, net of allowances:				
Taxes	309,362	1,504	-	310,866
Accounts	57,442	-	-	57,442
Prepaid expenses	21,728	-	-	21,728
Beneficial interest in assets held by others	-	-	60,007	60,007
Due from other funds	1,291,761	-	-	1,291,761
Total assets	<u>\$ 7,043,759</u>	<u>\$ 30,080</u>	<u>\$ 61,722</u>	<u>\$ 7,135,561</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 115,938	\$ -	\$ -	\$ 115,938
Payroll liabilities	89,439	-	-	89,439
Customer deposits	26,593	-	-	26,593
Due to other funds	44,063	22,750	-	66,813
Total liabilities	<u>276,033</u>	<u>22,750</u>	<u>-</u>	<u>298,783</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	24,630	-	-	24,630
Total deferred inflows of resources	<u>24,630</u>	<u>-</u>	<u>-</u>	<u>24,630</u>
Fund balances				
Nonspendable	21,728	-	-	21,728
Restricted	114,402	-	-	114,402
Committed	-	-	60,007	60,007
Assigned	6,606,966	7,330	1,715	6,616,011
Unassigned	-	-	-	-
Total fund balances	<u>6,743,096</u>	<u>7,330</u>	<u>61,722</u>	<u>6,812,148</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,043,759</u>	<u>\$ 30,080</u>	<u>\$ 61,722</u>	<u>-</u>

Amounts reported for governmental activities
in the statement of net position are different
because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,374,472
Other long-term assets are not available to pay for current period expenditures and therefore are not recognized in the funds.	24,630
Deferred inflows and outflows of resources related to other post employment benefits are not required to be reported in the funds but are required to be reported at the government-wide level.	(5,697)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(143,274)</u>
Net position of governmental activities.	<u>\$ 12,062,279</u>

Corporation of Shepherdstown
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUNDS**
 For the year ended June 30, 2025

	GENERAL FUND	COAL SEVERANCE FUND	HOUSING AUTHORITY FUND	TOTALS
REVENUES				
Taxes (including interest and penalties)	\$ 1,545,012	\$ -	\$ -	\$ 1,545,012
Licenses, permits and miscellaneous fees	19,519	-	-	19,519
Intergovernmental:				
Federal	-	-	-	-
State	-	4,978	-	4,978
Other grants and donations	215,137	2,900	-	218,037
Charges for services	399,928	-	-	399,928
Fines and forfeits	63,297	-	-	63,297
Franchise fees	10,708	-	-	10,708
IRP fees	-	-	-	-
Interest and investment earnings	220,297	391	7,308	227,996
Rent	56,632	-	-	56,632
Video lottery and table gaming	435,115	-	-	435,115
Reimbursements and rebates	16,057	-	-	16,057
Miscellaneous	15,716	-	-	15,716
Total revenues	2,997,418	8,269	7,308	3,012,995
EXPENDITURES				
General government	596,394	-	578	596,972
Public safety	925,980	22,750	-	948,730
Streets and transportation	388,618	-	-	388,618
Health and sanitation	312,179	-	-	312,179
Culture and recreation	214,730	-	-	214,730
Capital outlays	463,562	-	-	463,562
Total expenditures	2,901,463	22,750	578	2,924,791
Excess (deficiency) of revenues over expenditures	95,955	(14,481)	6,730	88,204
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	95,955	(14,481)	6,730	88,204
Fund balance at beginning of year	6,647,141	21,811	54,992	6,723,944
Fund balance at end of year	<u>\$ 6,743,096</u>	<u>\$ 7,330</u>	<u>\$ 61,722</u>	<u>\$ 6,812,148</u>

See accountant's compilation report and notes to financial statements.

Corporation of Shepherdstown
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
 For the year ended June 30, 2025

Net change in fund balance - total governmental funds	\$	88,204
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlays	\$	463,562
Depreciation expense		<u>(275,840)</u>
Amount capital outlays exceed depreciation expense		187,722
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. Deferred revenues increased by this amount in the current period.</p>		
		5,736
<p>Certain other post employment benefit expense in the statement of activities is recognized on the accrual basis of accounting in accordance with GASB #75</p>		
Amount of other post employment benefit expense (offset) recognized at government-wide level		<u>6,302</u>
Amount that other post employment benefit expense (offset) exceeded other post employment benefit payments in the current period		6,302
<p>Expenses in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds. Accrued compensated absences increased by this amount in current period.</p>		
		<u>(28,958)</u>
Change in net position of governmental activities	\$	<u><u>259,006</u></u>

See accountant's compilation report and notes to financial statements.

Corporation of Shepherdstown
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
Water and Sewer Funds
June 30, 2025

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Water Fund	Sewer Fund	Total
CURRENT ASSETS			
Cash	\$ 274,985	\$ 1,448,627	\$ 1,723,612
Receivables, net of allowances of \$5,000 and \$5,000, respectively	167,419	135,709	303,128
Accrued interest receivable	11,495	8,175	19,670
Due from general fund	-	44,063	44,063
Prepaid expenses	-	328	328
Total current assets	453,899	1,636,902	2,090,801
RESTRICTED ASSETS			
Revenue bond debt service	95,546	25,851	121,397
Revenue bond reserve	380,518	239,732	620,250
Revenue bond depreciation	549,018	581,812	1,130,830
Construction funds	490,893	-	490,893
Capital capacity improvement	1,429,036	648,007	2,077,043
Cash working capital reserve	790,950	52	791,002
Total restricted assets	3,735,961	1,495,454	5,231,415
CAPITAL ASSETS			
Utility plant in service	18,296,791	14,457,432	32,754,223
Less: accumulated depreciation and amortization	(4,794,389)	(5,164,324)	(9,958,713)
Net utility plant in service	13,502,402	9,293,108	22,795,510
Construction in Progress	106,053	31,312	137,365
Total capital assets	13,608,455	9,324,420	22,932,875
OTHER ASSETS			
Net OPEB asset	-	-	-
Total other assets	-	-	-
Total assets	17,798,315	12,456,776	30,255,091
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to post employment benefit plan	1,580	1,578	3,158
Total deferred outflows	1,580	1,578	3,158
Total assets and deferred outflows	\$ 17,799,895	\$ 12,458,354	\$ 30,258,249

See accountant's compilation report and notes to financial statements.

Corporation of Shepherdstown
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
Water and Sewer Funds
June 30, 2025

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
CURRENT LIABILITIES			
Current Liabilities (payable from current assets)			
Accounts payable	\$ 38,191	\$ 25,398	\$ 63,589
Due to general fund	874,791	394,220	1,269,011
Accrued payroll and benefits	<u>21,365</u>	<u>24,605</u>	<u>45,970</u>
Total current liabilities (payable from current assets)	<u>934,347</u>	<u>444,223</u>	<u>1,378,570</u>
Current Liabilities (payable from restricted assets)			
Bonds payable (amounts due in one year)	261,365	207,140	468,505
Accrued interest	35,182	-	35,182
Customer deposits	93,073	68,681	161,754
Engineering review fees	<u>18,053</u>	<u>16,784</u>	<u>34,837</u>
Total current liabilities (payable from restricted assets)	<u>407,673</u>	<u>292,605</u>	<u>700,278</u>
Total current liabilities	<u>1,342,020</u>	<u>736,828</u>	<u>2,078,848</u>
LONG-TERM LIABILITIES			
Accrued compensated absences	130,445	145,439	275,884
Bonds payable (less current portion above)	<u>6,068,905</u>	<u>3,314,231</u>	<u>9,383,136</u>
Total long-term liabilities	<u>6,199,350</u>	<u>3,459,670</u>	<u>9,659,020</u>
Total liabilities	<u>7,541,370</u>	<u>4,196,498</u>	<u>11,737,868</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to other post employment plan	<u>2,474</u>	<u>2,466</u>	<u>4,940</u>
Total liabilities and deferred inflows	<u>7,543,844</u>	<u>4,198,964</u>	<u>11,742,808</u>
NET POSITION			
Net investment in capital assets	7,278,185	5,803,049	13,081,234
Restricted	3,589,653	1,409,989	4,999,642
Unrestricted	<u>(611,787)</u>	<u>1,046,352</u>	<u>434,565</u>
Total net position, restated	<u>10,256,051</u>	<u>8,259,390</u>	<u>18,515,441</u>
Total liabilities, deferred inflows and net position	<u>\$ 17,799,895</u>	<u>\$ 12,458,354</u>	<u>\$ 30,258,249</u>

See accountant's compilation report and notes to financial statements.

Corporation of Shepherdstown
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
Water and Sewer Funds
For the year ended June 30, 2025

	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Sales and services to customers	\$ 1,752,557	\$ 1,584,518	\$ 3,337,075
Miscellaneous revenues	1,900	-	1,900
 Total operating revenues	 <u>1,754,457</u>	 <u>1,584,518</u>	 <u>3,338,975</u>
EXPENSES			
Operation and maintenance	1,488,893	1,305,444	2,794,337
Payroll taxes	36,353	35,783	72,136
Depreciation and amortization	484,207	441,323	925,530
 Total expenses	 <u>2,009,453</u>	 <u>1,782,550</u>	 <u>3,792,003</u>
 Income (loss) from operations	 <u>(254,996)</u>	 <u>(198,032)</u>	 <u>(453,028)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	166,535	122,447	288,982
Interest expense	(141,239)	-	(141,239)
Gain (Loss) from utility plant disposition	(253,689)	-	(253,689)
 Total other income (expense)	 <u>(228,393)</u>	 <u>122,447</u>	 <u>(105,946)</u>
 Income (loss) before contributed capital and transfers	 <u>(483,389)</u>	 <u>(75,585)</u>	 <u>(558,974)</u>
CONTRIBUTED CAPITAL			
 Change in net position	 1,181,010	 10,020	 1,191,030
Net position at beginning of year, previously stated	<u>9,127,895</u>	<u>8,310,898</u>	<u>17,438,793</u>
 Restated (See Note 17)	 (52,854)	 (61,528)	 (114,382)
Net position at beginning of year, as restated	9,075,041	8,249,370	17,324,411
 Net position at end of year	 <u>\$ 10,256,051</u>	 <u>\$ 8,259,390</u>	 <u>\$ 18,515,441</u>

See accountant's compilation report and notes to financial statements.

Corporation of Shepherdstown
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Water and Sewer Funds
For the year ended June 30, 2025

	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,756,535	\$ 1,609,195	\$ 3,365,730
Cash payments for operation and maintenance expenses	(1,722,233)	(1,283,749)	(3,005,982)
Cash paid for taxes other than income taxes	(41,852)	(31,416)	(73,268)
	(7,550)	294,030	286,480
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	166,535	122,447	288,982
	166,535	122,447	288,982
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(2,362,003)	(443,400)	(2,805,403)
Principal payments on bonds	(258,264)	(207,140)	(465,404)
Interest paid on bonds	(141,239)	-	(141,239)
Net advances to other funds	909,432	79,789	989,221
Proceeds from capital capacity fees, customer deposits, and other non-operating income	1,665,641	1,449	1,667,090
	(186,433)	(569,302)	(755,735)
Net cash provided by (used in) capital and related financing activities	(186,433)	(569,302)	(755,735)
Net increase (decrease) in cash and cash equivalents	(27,448)	(152,825)	(180,273)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,038,394	3,096,906	7,135,300
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,010,946	\$ 2,944,081	\$ 6,955,027
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ (254,996)	\$ (198,032)	\$ (453,028)
Depreciation and amortization	484,207	441,323	925,530
Adjustments to reconcile operating income to net cash provided by operating activities:			
Decrease (increase) in operating assets	2,077	24,678	26,755
Increase (decrease) in operating liabilities	(238,838)	26,061	(212,777)
	\$ (7,550)	\$ 294,030	\$ 286,480
RECONCILIATION OF CASH			
Cash per Statement of Net Position	\$ 274,985	\$ 1,448,627	\$ 1,723,612
Restricted cash per Statement of Net Position	3,735,961	1,495,454	5,231,415
	\$ 4,010,946	\$ 2,944,081	\$ 6,955,027
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Noncash investing, capital, and financing transactions:			
None			

See accountant's compilation report and notes to financial statements.

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Corporation of Shepherdstown, West Virginia (“Corporation”) is a municipal corporation in which citizens elect the mayor at large and five council members. The Corporation engages in a comprehensive range of services, including general government administration, public safety and administration of justice, public works, sanitation services, water and sewer services, recreation, and cultural and historic activities.

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

The Corporation follows the GASB Standards for financial reporting. Certain significant components of the Standards include the following:

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

These financial statements present all fund types of the Corporation.

Individual Component Unit Disclosure

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

The Corporation has no blended component units as of and for the year ended June 30, 2025.

The Corporation has no discretely presented component units as of and for the year ended June 30, 2025.

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Organizations

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

Government-wide and Fund Financial Statements

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

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

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2025

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

The emphasis in fund financial statements is on major funds in the governmental and business-type categories. Non-major funds by category are summarized into a single column, if applicable. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental categories combined) for the determination of major funds.

Corporation management may electively add funds as major funds, when it is determined the funds have specific community or management focus. The Coal Severance Fund and Housing Authority Fund have been added by management as major governmental funds.

Government-wide and Fund Financial Statements (continued)

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

Governmental Funds

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

General Fund

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

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Special Revenue Funds

Special revenue funds account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities. Special revenue funds considered to be major funds consist of the Coal Severance, and Housing Authority Funds.

Proprietary Funds

Proprietary funds are used to account for operations that are financed in a manner similar to private business enterprises where the intent is that the cost of providing goods and services to the general public, on a continuing basis, be financed or recovered primarily through user charges. The Corporation's proprietary funds account for the operation of water and sewer activities.

Basis of Accounting

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

The government-wide statements of net position and statements of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus.

Basis of Accounting (continued)

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

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

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

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

1. The governing body of the Corporation is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the Corporation 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.

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

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

Encumbrances

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

Customer Receivables

The Corporation uses the reserve method of providing for possible losses in the collection of its accounts receivable. The general fund allowance for doubtful accounts of \$2,000 and water and sewer funds allowance for doubtful accounts of \$10,000 at June 30, 2025, are deemed adequate by management to provide for collection losses.

Inventories

The Corporation considers inventories of materials and supplies as expended at the time of purchase. Therefore, they do not appear in the Corporation's financial statements.

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets

Restricted cash of the General fund consists of customer deposits to guarantee collection for garbage services.

Restricted cash of the water and sewer funds consists of the following:

Revenue bond debt service funds and debt service reserve funds represent funds required by debt covenants under the various debt ordinances. These funds are to be used to pay bond interest and principal.

Revenue bond depreciation funds are held by a bank under the water and sewer bond ordinances. Withdrawals may be made for replacement and emergency repairs.

Construction funds represent funds held by banks as trustees under the bond ordinances. These funds are to be used solely for payment of construction costs associated with the water and sewer funds.

Capital capacity improvement funds are established by ordinance. Capital capacity improvement funds are kept apart from all other funds. Withdrawals and disbursements are made for improvements and upgrades to the system that maintain or increase capacity to service customers.

Cash working capital reserve funds represent reserve funds held by state statute. Withdrawals may be made for operation and maintenance purposes as required to supplement other working capital funds.

All carrying values are the same as market values.

Investments

The Corporation has not adopted a formal investment policy as of June 30, 2025.

Capital Assets

Capital outlays are recorded as expenditures of the general and special revenue funds and as assets in the government-wide financial statements to the extent the Corporation's capitalization threshold of \$5,000 is met. Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Infrastructure	50 years
Buildings	40 years
Land improvements	10-20 years
Equipment/Software	3-15 years
Vehicles	3-5 years

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

To the extent that the Corporation's capitalization threshold of \$5,000 is met, capital outlays of the water and sewer funds are recorded as fixed assets and depreciated over their estimated useful lives on both the fund basis and the government-wide basis using the straight-line method and the following estimated useful lives:

Structures	10-40 years
Improvements	10-40 years
Utility plant	7-40 years
Equipment/Software	3-15 years
Vehicles	3-5 years

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

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Interest cost incurred before the end of a construction period is recognized as an expense in the period in which the cost is incurred.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position and or balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Corporation's deferred outflows relate to its OPEB plan and will be recognized based on GASB No. 75 measurement standards and actuarial determinations.

In addition to liabilities, the statements of net position and or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Corporation's deferred inflows of resources relate to unavailable property taxes as reported in the governmental funds balance sheet and the Corporation's OPEB plan that will be recognized based on actuarial determinations.

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The Corporation's policy is to permit employees to accumulate earned but unused vacation benefits up to 240 hours and sick leave up to 480 hours. The Corporation fully recognizes the liability related to compensated absences in the government-wide financial statements and proprietary fund financial statements.

Interfund Charges

The Corporation General Fund routinely pays for certain costs relating to the Water and Sewer Funds. These costs are reimbursed on a periodic (generally monthly) basis to the General Fund.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

Long-Term Obligations

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

Fund Balances

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

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2025

Net Position

Net position is classified into the following categories:

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

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

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

Statement of Cash Flows

For purposes of the Statement of Cash Flows, all highly liquid investments (including restricted assets) with a maturity of 3 months or less when purchased are considered to be cash equivalents.

Nonexchange Transactions

The water and sewer funds follow GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* (Statement 33), which establishes accounting and reporting guidelines for government entities that gives (or receives) value without directly receiving (or giving) equal value in return. The water and sewer funds receive voluntary nonexchange transactions from developer and customer donations of cash, property, lines, and improvements. In addition, the water and sewer funds receive various capital grants from federal and state agencies. These donations are considered capital contributions on the Statement of Revenues, Expenses and Changes in Net Position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Postemployment Benefits Other Than Pensions (OPEB)

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

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2025

NOTE 2: NEW ACCOUNTING PRONOUNCEMENT ADOPTED

The Corporation has adopted the following GASB Pronouncement during the fiscal year ended June 30, 2025:

The Corporation implemented GASB Statement No. 101, Compensated Absences, which is effective for fiscal years beginning after December 15, 2023. This statement modifies the criteria requiring a liability for compensated absences to be recognized. Under this statement a liability must be recognized for leave that has not been used, or leave that has been used but not yet paid in cash or settled through noncash means.

Furthermore, the liability for leave that has not been used is recognized if the leave is attributed to services already rendered, that accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. If the leave is considered more likely than not to be settled through conversion to a defined benefit post-employment benefit it should not be included in the liability for compensated absences. This statement also specifies certain types of benefits where the liability is not recognized until leave commences or where the liability is not recognized until the leave is used. The statement also provides guidance for measuring the liability and modifies the disclosure requirements allowing for disclosure of only the net change in the liability, and no longer requiring disclosure of which governmental

funds have been used to liquidate the liabilities. The adoption of this Statement did have a significant impact on the Corporation's financial statements. See further details in note 16.

The Corporation implemented GASB Statement No. 102, Certain Risk Disclosures, which is effective for fiscal years beginning after June 15, 2024. The objective of this statement is to provide financial statement users with information about risks due to concentrations or constraints common in a governmental environment. The standard requires an assessment of whether any concentrations or constraints increase the government's vulnerability to significant impacts, and whether events associated with concentrations and/or constraints have occurred or are more likely than not to occur within one year of issuance of the financial statements. Further, additional detailed disclosures may be required in certain situations. The adoption of this Statement did not have significant impact on the Board's financial statements.

NOTE 3: NEW ACCOUNTING PRONOUNCEMENTS

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

GASB Statement No. 103, *Financial Reporting Model Improvements*: This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

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

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2025

NOTE 4: PROPERTY TAXES

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

All municipalities within the state are authorized to levy taxes not in excess of the maximum levies per \$100 of assessed valuation. In addition, municipalities may provide for an election to lay an excess levy, the rates not to exceed fifty percent of such authorized maximum levies, provided that at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the Corporation per \$100 of assessed valuation for each class of property for the year ended June 30, 2025, were as follows:

<u>Class of Property</u>	<u>Assessed Values for Tax Purposes</u>	<u>Current Expense</u>
Class I	-	8.54
Class II	65,611,208	17.08
Class IV	46,071,264	34.16

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2025

NOTE 5: CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments represent amounts being held at banks and the Municipal Bond Commission and consist of the following accounts and amounts at June 30, 2025:

	Governmental Funds	Water and Sewer Funds	Total
Unrestricted accounts			
Bank accounts	\$ 5,252,362	\$ 1,723,612	\$ 6,975,974
Petty cash	400	-	400
Total unrestricted accounts	<u>\$ 5,252,762</u>	<u>\$ 1,723,612</u>	<u>\$ 6,976,374</u>
Restricted accounts			
Customer deposits	\$ 140,995	\$ -	\$ 140,995
Bond debt service and reserve funds	-	741,647	741,647
Revenue bond depreciation funds	-	1,130,830	1,130,830
Capital capacity improvement funds	-	2,077,043	2,077,043
Construction funds	-	490,893	490,893
Working capital reserve funds	-	791,002	791,002
Total restricted accounts	<u>\$ 140,995</u>	<u>\$ 5,231,415</u>	<u>\$ 5,372,410</u>

NOTE 6: COLLATERALIZATION OF DEPOSITS

The Corporation maintains its cash accounts at one financial institution. Corporation deposits held by financial institutions are insured up to \$250,000 at each financial institution by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2025, the Corporation's deposits (excluding funds held at the Municipal Bond Commission) in excess of FDIC insurance limits were collateralized with securities held by the financial institution.

NOTE 7: BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

An agency endowment fund was established on June 4, 2018, on behalf of the Corporation with the Eastern West Virginia Foundation, which was valued at \$60,007 as of June 30, 2025. The purpose of the fund is to provide for Shepherdstown low income home improvements. Earnings of the Fund will be paid as requested based on the spending policy of the Foundation. To the extent that the fund is not distributed to the Corporation, if the purpose for which the fund was created ever becomes obsolete or incapable of fulfillment, the Foundation's trustees have the authority to use the funds for a purpose as similar as possible to that of the Corporation.

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2025

NOTE 8: CHANGES IN CAPITAL ASSETS

The following is a summary of the changes in governmental and business-type capital assets:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 894,254	\$ --	\$ --	\$ --	\$ 894,254
Construction in progress	93,423	135,767	(93,423)	--	135,767
Total capital assets not being depreciated	987,677	135,767	(93,423)	--	1,030,021
Capital assets being depreciated:					
Structures and improvements	3,511,080	261,119	--	--	3,772,199
Equipment and vehicles	1,628,884	160,103	--	--	1,788,987
Infrastructure	3,462,484	--	--	--	3,462,484
Less: Total accumulated depreciation	(4,403,379)	(275,840)	--	--	(4,679,219)
Total capital assets being depreciated, net	4,199,069	145,382	--	--	4,344,451
Governmental activities capital as:	\$ 5,186,746	\$ 281,149	\$ (93,423)	\$ --	\$ 5,374,472
 Governmental activities:					
General government		\$ 152,624			
Public safety		28,014			
Highways and streets		51,288			
Health and sanitation		24,824			
Culture and recreation		19,090			
Total depreciation expense-governmental activities		\$ 275,840			

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2025

NOTE 8: CHANGES IN CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land and land rights	\$ 82,362	\$ --	\$ --	\$ --	\$ 82,362
Intangible plant	1,534	--	--	--	1,534
Construction in progress	3,587,285	137,365	(3,587,285)	--	137,365
Total capital assets not being depreciated	3,671,181	137,365	(3,587,285)	--	221,261
Capital assets being depreciated:					
Utility plant in service	26,915,004	6,255,323	(500,000)	--	32,670,327
Less: Total accumulated depreciation	(9,279,494)	(925,530)	246,311	--	(9,958,713)
Total capital assets being depreciated, net	17,635,510	5,329,793	(253,689)	--	22,711,614
Business-type activities capital a	\$ 21,306,691	\$ 5,467,158	\$ (3,840,974)	\$ --	\$ 22,932,875
 Business-type activities:					
Water		484,207			
Sewer		441,323			
Total depreciation expense - business type activities		\$ 925,530			

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2025

NOTE 9: LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2025 was as follows:

	Governmental Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Other Obligations:					
Compensated absences*	\$ 114,316	\$ 28,958	\$ --	\$ 143,274	\$ --
Net OPEB liability (asset)	(19,086)	19,086	--	--	--
<hr/>					
Governmental activities					
Long-term liabilities	\$ 95,230	\$ 48,044	\$ --	\$ 143,274	\$ --

*Beginning balance restated

	Business - Type Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Other Obligations:					
Compensated absences*	\$ 208,834	\$ 67,050	\$ --	\$ 275,884	\$ --
Net OPEB liability (asset)	(17,918)	17,918	--	--	--
<hr/>					
Governmental activities					
Long-term liabilities	\$ 190,916	\$ 84,968	\$ --	\$ 275,884	\$ --

Bonds payable

<i>Business-Type:</i>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2003A Water Revenue Bonds	\$ 221,481	\$ -	\$ (23,316)	\$ 198,165	\$ 23,316
2012 Water Revenue Bonds	3,056,831	-	(95,092)	2,961,739	96,046
2017 Water Revenue Bonds	2,250,000	-	(65,000)	2,185,000	65,000
2021 Water Revenue Bonds	1,060,222	-	(74,856)	985,366	77,003
2010A Sewer Revenue Bonds	3,728,511	-	(207,140)	3,521,371	207,140
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 10,317,045	\$ -	\$ (465,404)	\$ 9,851,641	\$ 468,505

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2025

NOTE 9: LONG-TERM LIABILITIES (continued)

2003 Series A Water Revenue Bonds

The 2003 Series A Water Revenue Bonds in the amount of \$669,459 were issued pursuant to an ordinance enacted by the Corporation of Shepherdstown, West Virginia on May 20, 2003 and mature December 1, 2033 bearing an interest rate of 0%.

Maturities of 2003 Series A Water Revenue Bonds are as follows:

Year	Principal	Interest	Total
2026	23,316	-	23,316
2027	23,316	-	23,316
2028	23,316	-	23,316
2029	23,316	-	23,316
2030	23,316	-	23,316
2031-2034	81,585	-	81,585
	198,165	-	198,165

The 2003 Series A bonds are secured by a lien and pledge of the net revenues derived from the operation of the system. As required by the bond ordinance, a debt service fund has been established with the West Virginia Municipal Bond Commission. The debt service fund is to be used for the purpose of paying the principal on the bonds. The debt service reserve is fully funded. The bonds are on parity with the other water fund bonds.

2012 Water Revenue Bonds

The 2012 Water Revenue Bonds in the amount of \$4,000,000 were issued pursuant to an ordinance enacted by the Corporation of Shepherdstown, West Virginia on July 29, 2012 and mature through June 1, 2052 bearing an interest rate of 1.00%.

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2025

NOTE 9: LONG-TERM LIABILITIES (continued)

Maturities of 2012 Series Water Revenue Bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	96,046	29,258	125,304
2027	97,010	28,294	125,304
2028	97,984	27,320	125,304
2029	98,967	26,337	125,304
2030	99,961	25,343	125,304
2031-2035	515,062	111,458	626,520
2036-2040	541,435	85,085	626,520
2041-2045	569,160	57,360	626,520
2046-2050	598,302	28,218	626,520
2051-2052	247,812	2,815	250,627
	<u>2,961,739</u>	<u>421,488</u>	<u>3,383,227</u>

The 2012 Series bonds are secured by a lien and pledge of the net revenues derived from the operation of the system. As required by the bond ordinance, a debt service fund has been established with the West Virginia Municipal Bond Commission. The debt service fund is to be used for the purpose of paying the principal and interest on the bonds. The debt service reserve is fully funded. The bonds are on parity with the other water fund bonds.

2017 Series Water Revenue Bonds

The 2017 Series Water Revenue Bonds in the amount of \$2,650,000 were issued pursuant to an ordinance enacted by the Corporation of Shepherdstown, West Virginia on March 1, 2017 and mature March 1, 2047 bearing an interest rate of 2.25% - 4.250%.

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2025

NOTE 9: LONG-TERM LIABILITIES (continued)

Maturities of 2017 Series Water Revenue bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	65,000	84,628	149,628
2027	70,000	82,678	152,678
2028	70,000	80,578	150,578
2029	75,000	78,268	153,268
2030	75,000	75,793	150,793
2031-2035	420,000	338,545	758,545
2036-2040	505,000	253,919	758,919
2041-2045	620,000	141,294	761,294
2046-2047	285,000	18,275	303,275
	<u>2,185,000</u>	<u>1,153,978</u>	<u>3,338,978</u>

The 2017 Series Revenue Bonds are secured by a lien and pledge of the net revenues derived from the operation of the system. As required by the bond ordinance, a debt service fund has been established with the West Virginia Municipal Bond Commission. The debt service fund is to be used for the purpose of paying the principal and interest on the bonds. The debt service reserve is fully funded. The bonds are on parity with the other water fund bonds.

2021 Series Water Revenue Bonds

The 2021 Series Water Revenue Bonds in the amount of \$1,250,000 were issued pursuant to an ordinance enacted by the Corporation of Shepherdstown, West Virginia on August 26, 2021 and mature October 1, 2036 bearing an interest rate of 2.350%.

Maturities of 2021 Series Water Revenue bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	77,003	22,302	99,305
2027	78,833	20,473	99,306
2028	80,705	18,600	99,305
2029	82,623	16,683	99,306
2030	84,585	42,491	127,076
2031-2035	454,037	2,057	456,094
2036-2037	127,580		
	<u>985,366</u>	<u>122,606</u>	<u>980,392</u>

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2025

NOTE 9: LONG-TERM LIABILITIES (continued)

2021 Series Water Revenue Bonds (continued)

The 2021 Series Water bonds are secured by a lien and pledge of the net revenues derived from the operation of the system. As required by the bond ordinance, a debt service fund has been established with the West Virginia Municipal Bond Commission. The debt service fund is to be used for the purpose of paying the principal and interest on the bonds. Annual debt service reserve payments of \$9,931 are required until the reserve is fully funded. The bonds are on parity with other water fund bonds.

2010 Series A Sewer Revenue Bonds

The 2010 Series A Sewer Revenue Bonds in the amount of \$9,172,697 were issued pursuant to an ordinance enacted by the Corporation of Shepherdstown, West Virginia on January 25, 2010 and mature June 1, 2042 bearing an interest rate of 0%.

Maturities of 2010 Series A Sewer Revenue Bonds are as follows:

Year	Principal	Interest	Total
2026	207,140	-	207,140
2027	207,140	-	207,140
2028	207,140	-	207,140
2029	207,140	-	207,140
2030	207,140	-	207,140
2031-2035	1,035,700	-	1,035,700
2036-2040	1,035,700	-	1,035,700
2041-2042	414,271	-	414,271
	3,521,371	-	3,521,371

The 2010 Series A Sewer bonds are secured by a lien and pledge of the net revenues derived from the operation of the system. As required by the bond ordinance, a debt service fund has been established with the West Virginia Municipal Bond Commission. The debt service fund is to be used for the purpose of paying the principal on the bonds. The debt service reserve is fully funded.

Bond Covenant Requirements

The covenants contained in the water and sewer bond issues include a required debt service coverage ratio of 115%. The water and sewer funds met the required coverage for the year ended June 30, 2025.

The water and sewer bond issues require monthly deposits to the renewal and replacement fund equal to 2-1/2% of monthly gross revenues. The Corporation's deposits, including necessary expenditures for renewals and replacements, exceeded this requirement for the year ended June 30, 2025.

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2025

NOTE 10: EMPLOYEES' RETIREMENT PLAN

The Corporation has adopted an IRS Section 457 retirement plan for its employees. The Corporation has set up the 457 Plan with AIC VALIC. Employees may contribute up to 10% of their compensation. The Corporation matches the employee contribution of up to 200%.

The Corporation contributed the following amounts to the plan:

2025 \$	109,334
2024	105,852
2023	109,316
2022	94,515

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan Description

The Corporation contributes to the West Virginia Other Postemployment Benefit Plan (The Plan), a cost-sharing, multiple-employer defined benefit postemployment healthcare plan. The financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with approval of the Finance Board. The Finance Board is comprised of ten 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. One member represents the hospitals, one member represents the non-hospital care providers, four members represent labor, education, public employees and public retirees and the four remaining members represent the public at large. The Plan had approximately 43,000 policyholders and 62,000 covered lives at June 30, 2024. 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, 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).

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2025

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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 \$60 million for the fiscal year ended June 30, 2024. For the year ended June 30, 2025, contributions to the OPEB plan from the Corporation were \$0 and \$14,282 for the governmental activities and business-type activities, respectively.

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

At June 30, 2025, the Corporation reported an asset of \$0 and \$0 for the governmental activities and business-type activities, respectively, for their proportionate share of the net OPEB asset. The net OPEB asset, deferred inflows and outflows of resources, and OPEB expense (offset) were determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, which is the measurement date. The Corporation's proportion of the net OPEB asset was based on a projection of the Corporation's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2024, the Corporation's proportionate share was 0.00%, which was a decrease of 100% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Corporation recognized OPEB expense (offset) of \$ 6,302 and \$2,030 for the governmental activities and business-type activities, respectively.

The Corporation 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>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ -
Changes in assumptions	-	-
Changes in proportion and differences between County	3,128	(10,637)
Differences between projected and actual experience	-	-
County contributions subsequent to the measurement	14,282	-
Total	<u>\$ 17,410</u>	<u>\$ (10,637)</u>

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2025

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)
OPEB Asset, OPEB Expense (Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

The amount reported as deferred outflows of resources related to OPEB resulting from Corporation contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in:

Year ended June 30:	Governmental Activities	Business- type Activities
2025	\$ (1,005)	\$ (871)
2026	(1,005)	(872)
2027	(1,006)	(872)
2028	(1,006)	(872)
Total	<u>\$ (4,022)</u>	<u>\$ (3,487)</u>

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	Dependent upon pension system, ranging from 2.75% to 5.18%, including inflation.
Investment rate of return	7.40%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Trend rate for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2033.
Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll over a 20-year closed period beginning June 30, 2017
Asset valuation method	Market value

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2025

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

Actuarial Assumptions (continued)

Wage inflation	2.75%
Mortality Rates	Post Retirement: Pub-2010 General Healthv Retiree Mortality Tables (100% males, 108% females) projected with MP-2021 for TRS. Pub-2010 General Below Median Healthv Retiree Tables (106% males, 113% females) projected with MP-2021 for PERS. Pub-2010 Public Safetv Healthv Retire Mortality Tables (100% males, 100% females) projected with Scale MP-2021 for Troopers A and B. Pre Retirement: Pub-2010 General Emolvtee Mortality Tables (100% males, 100% females) projected with Scale MP-2021 for TRS. Pub-2010 Below-Median Income General Emolvtee Mortality Tables projected with Scale MP-2021 for PERS. Pub-2010 Public Safetv Emolvtee Mortality Tables projected with Scale MP-2021 for Troopers A and B.

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

The long-term rates of return on OPEB plan investments are determined using a building-block method in which estimates of future real rates of returns (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The strategic asset allocation consists of 45% equity, 15% fixed income, 6% private credit and income, 12% private equity, 10% hedge fund and 12% 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:

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2025

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

Asset Class	Long-Term Expected Real Rate of Return
Equity	7.4%
Fixed Income	3.9%
Private Credit and Income	7.4%
Real Estate	7.7%
Hedge Fund	4.5%
Private Equity	10%

Discount Rate

A single discount rate of 7.40% was used to measure the OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.40%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with prefunding and investment policies. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates.

Sensitivity of the Corporation's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

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

Sensitivity of the Corporation's Proportionate Share of the Net OPEB
Asset to Changes in the Discount Rate

	1% Decrease 6.40%	Discount Rate 7.40%	1% Increase 8.40%
Governmental activities	-	-	-
Business-type activities	-	-	-
Total	-	-	-

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2025

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

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

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

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

	1% Decrease 6.40%	Discount Rate 7.40%	1% Increase 8.40%
Governmental activities	-	-	-
Business-type activities	-	-	-
Total	-	-	-

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.

Summary of Deferred Outflow/Inflow Balances

	Governmental Activities	Business-type Activities	Total
Net difference between projected and actual earnings	\$ -	\$ -	-
Changes in assumptions	-	-	-
Changes in proportion and differences between County	(5,697)	(1,812)	(7,509)
Differences between projected and actual experience	-	-	-
County contributions subsequent to the measurement	14,252	-	14,252
Total	\$ 8,555	\$ (1,812)	6,743

NOTE 12: COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grant agencies are subject to financial and compliance audits by the grantors or their representatives. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2025

Litigation

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

Federal and State Grants

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

NOTE 13: RISK MANAGEMENT

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

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

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

Note 14: BUDGETARY COMPLIANCE

For the year ended June 30, 2025, actual expenditures exceeded the legally adopted budget in the following funds:

General Fund

General Government		Culture and Recreation	
Budgeted	\$ 629,271	Budgeted	\$ 401,600
Actual	756,497	Actual	518,189
Over budget	<u>\$ (127,226)</u>	Over budget	<u>\$ (116,589)</u>

Overages were mainly due to personnel costs (general fund) and capital outlays (culture and recreation). While the overages resulted in a negative budget variance for above funds, the government maintained overall budgetary compliance. The general fund utilized available unassigned fund balances and culture and recreation utilized grant funding received for the capital outlays.

Corporation of Shepherdstown, West Virginia
NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2025

NOTE 15: FUND BALANCE

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

	General	Coal Severance	Housing Authority
Nonspendable:			
Prepaid items	\$ 21,728	\$ --	\$ --
Restricted:			
Customer deposits	114,402	--	--
Committed:			
Low income housing improvements	--	--	60,007
Assigned:			
General government	--	--	1,715
Public safety	--	7,330	--
Carryover in fiscal year June 30, 2026 budget	6,606,966	--	--
	<u>\$ 6,743,096</u>	<u>\$ 7,330</u>	<u>\$ 61,722</u>
Total fund balances	<u>\$ 6,743,096</u>	<u>\$ 7,330</u>	<u>\$ 61,722</u>

NOTE 16: SUBSEQUENT EVENTS

The Corporation has evaluated all subsequent events through June 9, 2026, the date the financial statements were available to be issued. The Corporation has determined there are no additional subsequent events that require recognition or disclosure.

NOTE 17. RESTATEMENT OF BEGINNING NET POSITION AND FUND BALANCES

The net position at the beginning of the year required restatement for the implementation of GASB Statement No. 101, Compensated Absences as follows:

	Governmental Activities	Business-Type Activities	
		Water	Sewer
Beginning Net Position as previously reported at June 30, 2024	\$ 11,865,456	\$ 9,127,895	\$ 8,310,898
GASB 101 Implementation	(62,183)	(52,854)	(61,528)
Net Position as Restated at July 1, 2024	<u>\$ 11,803,273</u>	<u>\$ 9,075,041</u>	<u>\$ 8,249,370</u>

Fund balances did not require restatement for the implementation of GASB Statement No. 101, Compensated Absences.

Corporation of Shepherdstown
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND**
For the year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
REVENUES				
Taxes (including interest and penalties):				
General property tax	\$ 262,831	\$ 262,831	\$ 246,129	\$ (16,702)
Sales tax	560,000	560,000	625,496	65,496
Business and occupation tax	83,000	83,000	134,630	51,630
Alcoholic beverages tax	185,000	185,000	199,270	14,270
Utility services tax	56,000	56,000	89,111	33,111
Hotel/motel tax	300,000	300,000	244,548	(55,452)
Other taxes	20,400	20,400	5,828	(14,572)
Total taxes	1,467,231	1,467,231	1,545,012	77,781
Licenses, permits and miscellaneous fees	24,000	24,000	19,519	(4,481)
Other grants and donations	-	-	215,137	215,137
Charges for services	295,000	295,000	399,928	104,928
Fines and forfeits	87,000	87,000	63,297	(23,703)
Franchise fees	9,000	9,000	10,708	1,708
IRP fees	7,000	7,000	-	(7,000)
Interest and investment earnings	80,000	80,000	220,297	140,297
Rent	45,000	45,000	56,632	11,632
Video lottery and table gaming	350,000	350,000	435,115	85,115
Reimbursements and rebates	12,000	12,000	16,057	4,057
Miscellaneous	34,350	34,350	15,716	(18,634)
Total revenues	2,410,581	2,410,581	2,997,418	586,837
EXPENDITURES				
General government	909,271	629,271	756,497	(127,226)
Public safety	919,305	919,305	925,980	(6,675)
Streets and transportation	217,105	387,105	388,618	(1,513)
Health and sanitation	1,378,900	1,408,900	312,179	1,096,721
Culture and recreation	321,600	401,600	518,189	(116,589)
Total expenditures	3,746,181	3,746,181	2,901,463	844,718
Excess (deficiency) of revenues over expenditures	(1,335,600)	(1,335,600)	95,955	1,431,555
Other financing sources (uses):				
Transfers in	1,095,600	1,095,600	-	1,095,600
Total other financing sources (uses)	1,095,600	1,095,600	-	1,095,600
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(240,000)	(240,000)	95,955	2,527,155
Fund balance at beginning of year	240,000	240,000	6,647,141	6,407,141
Fund balance at end of year	\$ -	\$ -	\$ 6,743,096	\$ 8,934,296

See accountant's compilation report and notes to financial statements.

Corporation of Shepherdstown
**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND**
For the year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
State	\$ 9,000	\$ 9,000	\$ 4,978	\$ (4,022)
Donations	-	-	2,900	2,900
Interest	500	500	391	(109)
Total revenues	<u>9,500</u>	<u>9,500</u>	<u>8,269</u>	<u>(1,231)</u>
EXPENDITURES				
Public safety	<u>29,000</u>	<u>29,000</u>	<u>22,750</u>	<u>6,250</u>
Total expenditures	<u>29,000</u>	<u>29,000</u>	<u>22,750</u>	<u>6,250</u>
Excess (deficiency) of revenues over expenditures	(19,500)	(19,500)	(14,481)	5,019
Fund balance at beginning of year	<u>19,500</u>	<u>19,500</u>	<u>21,811</u>	<u>2,311</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,330</u>	<u>\$ 7,330</u>

See accountant's compilation report and notes to financial statements.

Corporation of Shepherdstown
 SCHEDULE OF THE CORPORATION'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
 For the year ended June 30, 2025

Public Employees Insurance Agency

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Corporation's proportion of the net OPEB liability (asset)	0.00000000%	0.02338284%	0.023623955%	0.029129471%	0.027726476%	0.0270021280%	0.027024302%	0.025139443%	0.027537252%
Corporation's proportionate share of the net OPEB liability (asset) \$	-	\$ (37,004)	\$ 26,293	\$ (8,662)	\$ 122,467	\$ 448,001	\$ 579,788	\$ 618,176	\$ 683,840
Corporation's covered-employee payroll	\$ 1,950,284	\$ 1,778,011	\$ 1,692,730	\$ 1,376,742	\$ 1,424,475	\$ 1,266,125	\$ 1,226,948	\$ 1,191,711	\$ 1,151,845
Corporation's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	-2.08%	1.55%	-0.63%	8.60%	35.38%	47.25%	51.87%	59.37%
Plan fiduciary net position as a percentage of the total OPEB liability	-2.77%	109.66%	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%	21.64%

*Applicable information was available for nine years for this schedule

Corporation of Shepherdstown
 SCHEDULE OF THE CORPORATION'S OPEB PLAN CONTRIBUTIONS
 For the year ended June 30, 2025

Public Employees Insurance Agency

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 14,282	\$ -	\$ 31,290	\$ 27,776	\$ 53,120	\$ 53,592	\$ 50,874	\$ 52,491	\$ 51,636
Contributions in relation to the contractually required contribution	<u>(14,282)</u>	<u>-</u>	<u>(31,290)</u>	<u>(27,776)</u>	<u>(53,120)</u>	<u>(53,592)</u>	<u>(50,874)</u>	<u>(52,491)</u>	<u>(51,636)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Corporation's covered-employee payroll	\$ 1,950,284	\$ 1,778,011	\$ 1,692,730	\$ 1,376,742	\$ 1,424,475	\$ 1,266,125	\$ 1,226,948	\$ 1,191,711	\$ 1,151,845
Contributions as a percentage of covered-employee payroll	0.73%	0.00%	1.85%	2.02%	3.73%	4.23%	4.15%	4.40%	4.48%

*Applicable information was available for nine years for this schedule

REQUIRED SUPPLEMENTAL INFORMATION

Corporation of Shepherdstown, West Virginia
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025

Other Postemployment Benefits (OPEB)

The information presented in the schedule of proportionate share of the net OPEB liability only includes fiscal years ended June 30, 2025, through 2017, which are the only years currently available. The schedule of contributions includes information from the fiscal years ended June 30, 2025, to 2017 which are also the only years currently available. Municipality of Corporation of Shepherdstown will be adding additional years to the accompanying schedule as information is available.

Changes in Assumptions

Below are changes in the assumptions between the 2024 and 2023 valuations:

Projected salary increases	State 2.75% - 6.86%, Nonstate 3.57% - 7.37%
Mortality	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2021
	Retired healthy males-111% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2021
	Retired healthy females-118% of Pub-2010 Annuitant, Scale AA fully generational General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018
	Disabled males-119% of Pub-2010 General /Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2021
	Disabled females-124% of Pub-2010 General /Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2021
	Beneficiary Males - 109% of Pub -2010 Contingent Survivor Male Table, below-median, headcount weighted, projected with generationally with scale MP-2021
	Beneficiary Females - 121% of Pub -2010 Contingent Survivor Male Table, below-median, headcount weighted, projected with generationally with scale MP-2021