AUDIT REPORT OF
THE MUNICIPALITY OF MARLINTON, WEST VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

THE MUNICIPALITY OF MARLINTON, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General
Coal Severance Tax
American Rescue Plan

NONMAJOR FUND

Special Revenue Fund

Parks

PROPRIETARY FUND TYPE

MAJOR FUNDS

Water
Sewerage

THE MUNICIPALITY OF MARLINTON, WEST VIRGINIA
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Page
INTRODUCTORY SECTION	
Municipal Officials	1
Financial Section	
Independent Auditor's Report	2-5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	6-8
Statement of Activities	9
Balance Sheet-Governmental Funds	10
Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Net Position - Proprietary Funds	14-15
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	16
Statement of Cash Flows - Proprietary Funds	17-18
Notes to the Financial Statements	19-32
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	33
Budgetary Comparison Schedule - Coal Severance Tax Fund	34
Schedule of the Government's Proportionate Share of the Net Pension Liability	35
Schedule of the Government's Proportionate Share of the Net OPEB Liability	36
Schedule of Government Contributions - PERS	37
Schedule of Government Contributions - PEIA	38
Supplementary Information	
Schedule of Rate Covenant Compliance	39-40
Accompanying Information	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	41-42
Schedule of Findings and Responses	43-44
Summary Schedule of Prior Audit Findings	45

INTRODUCTORY SECTION

MUNICIPALITY OF MARLINTON, WEST VIRGINIA
MUNICIPAL OFFICIALS
For the Fiscal Year Ended June 30, 2022

OFFICE	NAME	TERM
	Elective	
Mayor:	Samuel M. Felton, Jr.	07/01/20 / 06/30/25
Council Members:	Roberta J. Gudmundsson	07/01/20 / 06/30/25
	Doreen S. Helton	07/01/20 / 06/30/25
	Adam R. Irvine	07/01/20 / 06/30/25
	Norris F. Long	07/01/20 / 06/30/25
	Don E. Morrision	07/01/20 / 06/30/25
	Mark D. Strauss	07/01/20 / 06/30/25
	Appointive	
Finance Director:	Star Barlow	

FINANCIAL SECTION

Harold Fortner, CPA

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White Hall WV,
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
Municipality of Marlinton
Marlinton, West Virginia 24954

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Municipality of Marlinton ,West Virginia (the Municipality), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activites, each major fund, and the aggregate remaining fund information of the Municipality of Marlinton (the Muncipality), as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing of the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Municipality of Marlinton's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Governments' Proportionate Share of the Net Pension Liability and the Governments' Proportionate Share of the OPEB Liability and the Schedule of Government Contributions on pages 33 thru 38 be presented to supplement the basic financial statements. Such information is the responsibility of manageent, and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express and opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The Schedule of Rate Covenant Compliance is presented for purpose of additional analysis, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Schedule of Rate Covenant Compliance is fairly stated, in all material respects, in relation to the basic financial statements as a whole

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exits between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2023, on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality of Marlinton, West Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.

Respectfully submitted,

Harold Fortner

Harold Fortner, CPA
Whitehall, WV 26554

July 31, 2023

MUNICIPALITY OF MARLINTON
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 559,763	$ 565,296	$ 1,125,059
Investments	280,206	--	280,206
Receivables:			
Taxes	59,947	--	59,947
Accounts	59,167	216,734	275,901
Internal balances	222,889	(222,889)	--
Loans	100,000	--	100,000
Prepaids	12,575	5,055	17,630
Total current assets	1,294,547	564,196	1,858,743
Noncurrent assets:			
Regular account	--	27,574	27,574
Reserve account	--	185,223	185,223
Reserve for bond retirement	--	88,445	88,445
Reserve for depreciation	--	10,233	10,233
Reserve for construction	--	36,546	36,546
Customer deposits	--	49,341	49,341
Capital assets:			
Nondepreciable:			
Land	168,895	86,770	255,665
Construction in progress	--	3,017,042	3,017,042
Depreciable:			
Buildings	1,094,450	743,729	1,838,179
Structures and improvements	--	14,863,432	14,863,432
Infrastructure	198,035	--	198,035
Machinery and equipment	612,349	522,359	1,134,708
Less: accumulated depreciation	(1,242,054)	(6,409,771)	(7,651,825)
Total noncurrent assets	831,675	13,220,923	14,052,598
Total assets	2,126,222	13,785,119	15,911,341
Other debits:			
Net Pension Asset	100,432	127,822	228,254
Other post employment benefits asset	406	1,525	1,931
Total other debits	100,838	129,347	230,185

MUNICIPALITY OF MARLINTON
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities	Business-type Activities	Total
DEFERRED OUTFLOWS			
Public Employees Retirement System (PERS) and Public Employees Insurance Agency (PEIA):			
Contributions made after measurement date	17,556	25,008	42,564
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,748	31,937	40,685
Net difference between projected and actual investment earnings on pension plan and OPEB	19,109	24,320	43,429
Change in assumptions	11,462	14,588	26,050
Difference between expected and actual experience			
Total deferred outflows of resources	56,875	95,853	152,728
Total assets and deferred outflows	$ 2,283,935	14,010,319	16,294,254
LIABILITIES			
Current liabilities payable from current assets:			
Accounts payable	$ 44,680	$ 19,015	$ 63,695
Compensated absences	8,197	13,863	22,060
Customer deposits	- -	27,206	27,206
Notes payable	- -	100,000	100,000
Bonds payable	- -	245,270	245,270
Total current liabilities	52,877	405,354	458,231
Noncurrent liabilities due in more than one year:			
Bonds payable	- -	6,422,015	6,422,015
Total noncurrent liabilities	- -	6,422,015	6,422,015
Total liabilities	52,877	6,827,369	6,880,246

MUNICIPALITY OF MARLINTON
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS			
Public Employees Retirement System (PERS) and Public Employees Insurance Agency (PEIA):			
Difference between expected and actual experience	3,179	11,010	14,189
Changes in proportion and differences between employer contributions and proportionate share of contributions	730	1,206	1,936
Change in assumptions	9,393	33,309	42,702
Net difference between projected and actual investment earnings on pension plan and OPEB investments	131,429	174,226	305,655
Total deferred inflows of resources	144,731	219,751	364,482
Total liabilities and deferred inflows	197,608	7,047,120	7,244,728
NET POSITION			
Net investment in capital assets	831,675	6,156,676	6,988,351
Restricted for:			
Debt service	--	252,087	252,087
Depreciation	--	10,233	10,233
Construction	--	85,887	85,887
Customer deposits	--	21,949	21,949
Unrestricted	1,254,652	436,367	1,691,019
Total net position	$ 2,086,327	$ 6,963,199	$ 9,049,526

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

MUNICIPALITY OF MARLINTON, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities	Net (Expense) Revenues and Changes in Net Position: Business-type Activities	Net (Expense) Revenues and Changes in Net Position: Total
Governmental activities:						
General government	$ 168,961	$ 108,913	$ 483,014	$ 422,966	$ --	$ 422,966
Public safety	120,963	25	3,000	(117,938)	--	(117,938)
Streets and transportation	135,104	--	--	(135,104)	--	(135,104)
Health and sanitation	213,024	269,554	--	56,530	--	56,530
Culture and recreation	72,174	16,850	--	(55,324)	--	(55,324)
Social services	69,878	--	--	(69,878)	--	(69,878)
Capital projects	15,836	--		(15,836)	--	(15,836)
Interest on long-term debt	--	--	--	--	(47,386)	(47,386)
Total governmental activities	798,989	395,342	486,014	85,416	(47,386)	38,030
Business-type activities:						
Water	514,900	680,349	4,640	--	170,089	170,089
Sewerage	413,665	308,957	65,150	--	(39,558)	(39,558)
Total business-type activities	514,900	680,349	4,640	--	130,531	130,531
Total government	$ 1,313,889	$ 1,075,691	$ 490,654	85,416	83,145	161,724
General revenues:						
Ad valorem property taxes				170,127	--	170,127
Business and occupation tax				100,149	--	100,149
Alcoholic beverages tax				6,364	--	6,364
Utility tax				45,187	--	45,187
Hotel motel Tax				26,759	--	26,759
Gas and oil severance tax				1,841	--	1,841
Amusement tax				12,818	--	12,818
Animal tax				510	--	510
Coal severance tax				3,900	--	3,900
Unrestricted investment earnings				2,789	1,335	4,124
Video lottery				1,191	--	1,191
Miscellaneous				14	--	14
Total general revenues				371,649	1,335	372,984
Change in net position				457,065	84,480	541,545
Net position - beginning				1,629,262	6,878,719	8,507,981
Net position - ending				$ 2,086,327	$ 6,963,199	$ 9,049,526

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

MUNICIPALITY OF MARLINTON, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	General	Coal Severance Tax	American Rescue Plan	Other Governmental Funds	Total Governmental Funds
ASSETS					
Assets:					
Current:					
Cash and cash equivalents	$ 100,005	$ 3,531	$ 424,984	$ 31,243	$ 559,763
Investments	280,206	--	--	--	280,206
Receivables:					
Taxes	58,630	1,317	--	--	59,947
Accounts	59,167	--	--	--	59,167
Grants	100,000	--	--	--	100,000
Due from other funds	222,889	--	--	--	222,889
Prepaids	12,575	--	--	--	12,575
Total assets	$ 833,472	$ 4,848	424,984	$ 31,243	$ 1,294,547
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	44,188	492	--	--	44,680
Compensated absences	8,197	--	--	--	8,197
Total liabilities	52,385	492	--	--	52,877
Deferred inflows					
Taxes	10,447	--		--	10,447
Deferred license fees	5,794	--		--	5,794
Total deferred inflows	16,241	--		--	16,241
Total liabilities and deferred inflows	68,626	492		--	69,118
Fund balances:					
Restricted	12,575	--	424,984		437,559
Committed	--	4,356	--	--	4,356
Assigned	--	--	--	31,243	31,243
Unassigned	752,271	--	--	--	752,271
Total fund balances	764,846	4,356	424,984	31,243	1,225,429
Total liabilities and fund balances	$ 833,472	4,848	424,984	$ 31,243	$ 1,294,547

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

MUNICIPALITY OF MARLINTON
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total fund balances on the governmental fund's balance sheet	$	1,225,429
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 not reported in the funds (Note III.C.).		831,675
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. This is the amount of deferred taxes and defrred license fees (Note III.B.).		16,241
Other long-term assets that are not available to pay for current-year expenditures and, therefore,		
Net pension asset (liability)		100,432
Other post employment benefits asset (liability)		406
Deferred inflows and outflows related to pension activity and health care are not required to be reported in the funds but are required to be reported at the government-wide level (Note VI.A and VII.A.)		
Public Employees Retirement System (PERS) and Public employees Insurance Agency		
Deferred outflows:		
Contributions made after the measurement date		17,556
Changes in proportion and differences between employer contributions and proportionate of contributions		8,748
Net difference between projected and actual investment earnings on pension plan investments		
Change in assumptions		19,109
Difference between expected and actual experience		11,462
Deferred inflows:		
Changes in proportion and differences between employer contributions and proportionte share of contributions		(730)
Net difference between projected and actual investment earnings on pension plan investments		(131,429)
Difference between expected and actual experience		(3,179)
Change in assumptions		(9,393)
Net position of governmental activities	$	2,086,327

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

MUNICIPALITY OF MARLINTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2022

	General	Coal Severance Tax	American Rescue Plan	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Ad valorem property taxes	$ 170,095	$ --	$ --	$ --	$ 170,095
Business and occupation tax	100,149	--	--	--	100,149
Alcoholic beverage tax	6,364	--	--	--	6,364
Utility tax	45,187	--	--	--	45,187
Amusement tax	12,818	--	--	--	12,818
Hotel motel tax	26,759	--	--	--	26,759
Gas and oil severance tax	1,841	--	--	--	1,841
Animal tax	510	--	--	--	510
Coal severance tax	--	3,900	--	--	3,900
Intergovernmental:					
Federal	33,926	--	424,798	--	458,724
State	3,000	--	--	--	3,000
Local	24,290	--		--	24,290
Licenses and permits	108,913	--	--	--	108,913
Charges for services	269,554	--	--	--	269,554
Fines and forfeits	25	--	--	--	25
Interest and investment earnings	2,598	--	186	5	2,789
Video lottery	1,191	--	--	--	1,191
Contributions and donations	--	--	--	16,850	16,850
Miscellaneous	14		--	--	14
Total revenues	807,234	3,900	424,984	16,855	1,252,973
EXPENDITURES					
Current:					
General government	202,388	--	--	--	202,388
Public safety	109,474	--	--	--	109,474
Streets and transportation	122,051	4,366	--	--	126,417
Health and sanitation	205,962	--	--	--	205,962
Culture and recreation	72,069	--	--	--	72,069
Social services	66,843	--	--	--	66,843
Capital projects	--	--	--	15,836	15,836
Total expenditures	778,787	4,366	--	15,836	798,989
Net change in fund balances	28,447	(466)	424,984	1,019	453,984
Fund balances - beginning	736,399	4,822	--	30,224	771,445
Fund balances - ending	$ 764,846	$ 4,356	424,984	$ 31,243	$ 1,225,429

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

MUNICIPALITY OF MARLINTON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

Net change in fund balances - total governmental funds	$	453,984
Capital outlays are reported as an expenditure in the governmental funds but are considered an asset at the government-wide level. This is the amount of capital assets that were purchased during the fiscal year (Note III.C.).		35,423
Capital outlays are reported as an expenditure in the governmental funds. In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense charged during the year (Note III.C.).		(67,392)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference in deferred taxes and deferred license fees from the prior year (Note III.B.)		32
Certain pension expenses and health care expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB 68 and GASB 75 (Note II):		
Public Employees Retirement System:		
Change in contributions		1,731
Amount of pension expense recognized at the government-wide level		30,593
Public Employees Insurance Agency:		
Change in contributions		(329)
Amount of health care expense recognized at the government-wide level		3,023
Change in net position of governmental activities	$	457,065

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

MUNICIPALITY OF MARLINTON, WEST VIRGINIA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2022

	Business-type Activities - Enterprise Funds		
	Water	Sewerage	Totals
ASSETS			
Current:			
Cash and cash equivalents	$ 565,296	$ --	$ 565,296
Receivables:			
Accounts	128,222	88,512	216,734
Prepaids	2,776	2,279	5,055
Total current assets	696,294	90,791	787,085
Noncurrent assets:			
Restricted assets:			
Regular account	20,506	7,068	27,574
Reserve account	111,855	73,368	185,223
Reserve for depreciation	10,122	111	10,233
Reserve for construction	54,894	30,993	85,887
Reserve for bond retirement	42,323	94	42,417
Customer deposits	46,028	--	46,028
Total restricted assets	285,728	111,634	397,362
Nondepreciable:			
Land	29,263	57,507	86,770
Construction in progress	2,988,070	29,305	3,017,375
Depreciable:			
Buildings	597,848	145,881	743,729
Infrastructure	10,588,594	4,224,744	14,813,338
Equipment	155,872	416,248	572,120
Less: accumulated depreciation	(4,452,962)	(1,956,809)	(6,409,771)
Total capital assets (net of accumulated depreciation)	9,906,685	2,916,876	12,823,561
Total noncurrent assets	10,192,413	3,028,510	13,220,923
Total assets	$ 10,888,707	$ 3,119,301	$ 14,008,008
Other debits:			
Net pension obligation	95,867	31,955	127,822
Other post employment benefits payable	1,081	444	1,525
Total other debits	96,948	32,399	129,347
DEFERRED OUTFLOWS			
Public Employees Retirement System (PERS) and Public Employees Insurance Agency:			
Contributions made after measurement date	18,590	6,418	25,008
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,659	9,278	31,937
Difference between expected and actual experience	10,941	3,647	14,588
Changes in assumptions	18,240	6,080	24,320
Total deferred outflows of resources	70,430	25,423	95,853
Total assets and deferred outflows	11,056,085	3,177,123	14,233,208

MUNICIPALITY OF MARLINTON, WEST VIRGINIA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2022

	Business-type Activities - Enterprise Funds		
	Water	Sewerage	Totals
LIABILITIES			
Current liabilities payable from current assets:			
Accounts payable	$ 11,561	7,454	$ 19,015
Compensated absences	6,849	7,014	13,863
Customer deposits	27,206	- -	27,206
Due to other funds	- -	222,889	222,889
Bonds payable	175,850	69,420	245,270
Notes payable	- -	100,000	100,000
Total current liabilities payable from current assets	221,466	406,777	628,243
Noncurrent liabilities			
Bonds payable	5,477,819	944,196	6,422,015
Total noncurrent liabilities	5,477,819	944,196	6,422,015
Total liabilities	5,699,285	1,350,973	7,050,258
DEFERRED INFLOWS			
Public Employees Retirement System (PERS) and Public Employees Insurnce Agency:			
Difference between expected and actual experience	7,824	3,186	11,010
Changes in proportion and differences between employer contributions and proportionate share of contributions	892	314	1,206
Net difference between projected and actual investments and non-investment earnings on pension plan and health investments	130,237	43,989	174,226
Changes in assumptions	23,654	9,655	33,309
Total deferred inflows of resources	162,607	57,144	219,751
Total liabilities and deferred inflows	5,861,892	1,408,117	7,270,009
NET POSITION			
Net investment in capital assets	4,253,416	1,903,260	6,156,676
Restricted for debt service	171,557	80,530	252,087
Restricted for depreciation	10,122	111	10,233
Restricted for construction	54,894	30,993	85,887
Restricted for customer deposits	21,949	- -	21,949
Unrestricted	682,255	(245,888)	436,367
Total net position	$ 5,194,193	$ 1,769,006	$ 6,963,199

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

MUNICIPALITY OF MARLINTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds		
	Water	Sewerage	Totals
Operating revenues:			
Sales and services to customers	$ 680,349	$ 308,957	$ 989,306
Total revenues	680,349	308,957	989,306
Operating expenses:			
Personal services	144,202	62,104	206,306
Contractual services	12,460	25,226	37,686
Administrative and general	35,809	34,302	70,111
Rents	1,193	994	43,419
Miscellaneous	9,913	139,395	149,308
Materials and supplies	67,725	16,769	84,494
Utilities	35,484	19,274	54,758
Depreciation	208,114	115,601	323,715
Total operating expenses	514,900	413,665	928,565
Operating income (loss)	165,449	(104,708)	60,741
Nonoperating revenues (expenses):			
Interest revenue	1,263	72	1,335
Interest and fiscal charges	(43,200)	(4,186)	(47,386)
Tap fees	4,640		4,640
Total nonoperating revenues (expenses)	(37,297)	(4,114)	(41,411)
Income before operating transfers and contributions			
Capital contributions	--	65,150	65,150
Change in net position	128,152	(43,672)	84,480
Net position at beginning of year	5,066,041	1,812,678	6,878,719
Net position at end of year	$ 5,194,193	$ 1,769,006	$ 6,963,199

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

MUNICIPALITY OF MARLINTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS- PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds		
	Water	Sewerage	Totals
Cash flows from operating activities:			
Cash received from customers	$ 666,009	$ 297,147	$ 963,156
Cash paid for goods and services	(192,501)	(218,471)	(410,972)
Cash paid to employees	(145,078)	(61,458)	(206,536)
Net cash provided (used) by operating activities	328,430	17,218	345,648
Cash flows from noncapital and related financing activities:			
Tap fees	4,640	--	4,640
Net cash provided (used) by noncapital and related financing activities	4,640	--	4,640
Cash flows from capital and related financing activities:			
Capital contributions	--	65,150	65,150
Principal paid on capital debt	(174,943)	(69,422)	(244,365)
Interest paid on capital debt	(43,200)	(4,186)	(47,386)
Purchase of capital assets	(173,049)	(139,155)	(312,204)
Proceeds from capital debt	--	56,528	56,528
Net cash provided (used) by capital and related financing activities	(391,192)	(91,085)	(482,277)
Cash flows from investing activities:			
Interest received	1,263	72	1,335
Net cash provided (used) by investing activities	1,263	72	1,335
Net increase (decrease) in cash and cash equivalents	(56,859)	(80,323)	(137,182)
Cash and cash equivalents, July 1, 2021 (including $615,522 in restricted accounts)	907,883	191,957	1,099,840
Cash and cash equivalents, June 30, 2022 (including $398,362 in restricted accounts)	$ 851,024	$ 111,634	$ 962,658

MUNICIPALITY OF MARLINTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS- PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds		
	Water	Sewerage	Totals
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	$ 165,449	(104,708)	$ 60,741
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	208,114	115,601	323,715
Decrease (increase) in accounts receivable	(14,598)	(11,810)	(26,408)
Decrease (increase) in prepaids	2,002	582	2,584
Decrease (increase) deferred outflows	31,877	9,987	41,864
Increase (decrease) in customer deposits	258	- -	258
Increase (decrease) in accounts payable	(4,023)	(4,336)	(8,359)
Increase (decrease) in compensated absences	(876)	646	(230)
Increase (decrease) in net pension obligation	(153,061)	(51,020)	(204,081)
Increase (decrease) in deferred inflows	110,278	36,018	146,296
Increase (decrease) in post employment benefits payable	(16,990)	(6,978)	(23,968)
Increase (decrease) in due to other funds	- -	33,236	33,236
Net cash provided by operations	$ 328,430	$ 17,218	$ 345,648

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Municipality of Marlinton, West Virginia, do not conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

Reporting Entity

The Municipality of Marlinton is a municipal corporation governed by an elected mayor and eight member council. The accompanying financial statements present the government as required by generally accepted accounting principles.

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

The accompanying financial statements present the government as required by the accounting principles generally accepted in the United States. In determining whether to include a governmental department, agency, commission or organization as a component unit, the government must evaluate each entity as to whether they are legally separate and financially accountable based on the criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of (1) its corporate name, (2) the right to sue and be sued and (3) the right to buy, sell or lease and mortgage property. Financial accountability is based on (1) the appointment of the governing authority and (2) the ability to impose will or (3) the providing of specific financial benefit or imposition of specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the Municipality. Based upon the above criteria, the Municipality does not have any component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Municipality of Belington does not present government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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. Taxes and other items not properly included among program revenues are reported instead as general revenues. Interest on general long-term debt liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. 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.

Property taxes, franchise taxes, interest and special assessments are susceptible to accrual. Also, certain taxpayer-assessed revenues such as business and occupation and utility taxes are accrued as revenue at year end. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The government reports the following major governmental funds:

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

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

The *American Rescue Plan fund*, a special revenue fund, accounts for revenues and expenditures from grant funds received from the federal government in response to the coronavirus pandemic.

The government reports the following major proprietary funds:

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the water and sewerage funds (enterprise funds) are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

Deposits and Investments

The Municipality of Marlinton's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of less than three months from the date of acquisition. For purposes of the Statement of Cash Flows, restricted assets may be considered cash equivalents based on liquidity.

The government reports its investments at fair value, except for 1) non-participating investment contracts (nonnegotiable certificates of deposits and repurchase agreement) which are reported at cost, which approximates fair value and 2) investments held by 2a7-like external investment pools such as the WV Money Markey and WV Government Money Market pools which are measured at amortized cost, as permissible under Governmental Accounting Board (GASB) Statement No.31, as amended by GASB Statement Nos. 72 and 79. Investments of the Municipal Bond Commission are reported at fair value. All investment income, including changes in fair value of investments, are recognized as revenue in the operating statement. Fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The composition of investments and fair value are presented in Note III-A.

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof; certificates of deposit (which mature in less than one year), general and direct obligations of the State of West Virginia; obligations of the federal mortgage association; indebtedness secured by first lien deeds of trust for property situated within this State if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that is properly graded in the top three ratings, at the time of acquisition; interest earning deposits which are fully insured or collateralized; and mutual funds registered with S.E.C. which have fund assets over three hundred million dollars.

State statute §8-13-22c places limitations on the aforementioned investments include the following: at no time can investment portfolios consist of more than seventy-five percent of the indebtedness of any private corporation nor can the portfolio have over twenty-five percent of its portfolio consisting of the indebtedness of a private corporation's debt which matures in less than one year; at no time may more than nine percent of the portfolio be invested in securities issued by a single private corporation or association; and at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

The Municipality categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Municipal Bond Commission investments are considered Level 1.

The government recognizes transfers of assets into and out of levels as of the date an event or change in circumstances caused the transfer. There were no transfers between levels in the year ended June 30, 2020.

Receivables and Payables

Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables or payables" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balance outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Trade Receivables

All trade receivables are shown at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The government periodically analyzes delinquent accounts and uses the direct write-off method. There were $2,942 of accounts written off during the year.

Property Tax Receivable

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 the following March and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If the taxes are not paid on or before the date in 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 the date they are paid.

All municipalities within the State are authorized to levy taxes not in excess of the following maximum levies per $100 of assessed valuation: On Class I property, twelve and five-tenths cents (12.5 cents); On Class II property, twenty-five cents (25 cents); On Class IV property, fifty cents (50 cents). In addition, municipalities may provide for an election to lay an excess levy; the rates not to exceed statutory limitations, provided at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the Municipality per $100 of assessed valuation for each class of property for the fiscal year ended June 30, 2020, were as follows:

Class of Property	Assessed Valuation For Tax Purposes	Current Expense
Class I	--	12.50 cents
Class II	9,934,538	25 cents
Class IV	29,453,967	50 cents

Restricted Assets

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

The "regular" account is used to segregate resources accumulated for debt service payments over the next twelve months.

The "reserve" account is used to report resources set aside to make up potential future deficiencies in the regular account.

The "reserve for bond retirement" account is used to report those proceeds of revenue bond and grants that are restricted for use in debt service payments.

The "reserve for depreciation" account is used to report those proceeds of revenue bond and grants that are restricted for use in emergency repairs and replacement to utility plant.

The "customer deposit" account is used to report the segregation of returnable cash deposits from customers of the utility upon initial receipt of the service.

The "reserve for construction" account is used to report the segregation of cash deposits used fro future construction projects.

Capital Assets and Depreciation

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of capitalization policy amount example $5,000 or more and estimated to have a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is not reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds during the same period.

Capital assets of the government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	05-50
Infrastructure	05-50
Equipment	05-10

5. **Compensated Absences**

The government's policy permits employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the financial statements in accordance with GASB Statement No. 16, Accounting for Compensated Absences.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Fund Balances

In the governmental fund financial statements, fund balance is reported in five classifications.

Nonspendable fund balance	Inventories and prepaid amounts represent fund balance amounts that are not in spendable form.
Restricted	The restricted category is the portion of fund balance that is externally imposed by creditors, grantors, contributors or laws or regulations. It also is imposed by law through constitutional provisions or enabling legislation. There is no restricted fund balance for the year.
Committed	The committed category is the portion of fund balance whose use is constrained by limitations have been approved by an order (the highest level of formal action) of the City Council, and that remain binding unless removed in the same manner. The approval does not automatically lapse at the end of the fiscal year.
Assigned	The assigned category is the portion of fund balance that has been approved by formal action of the City Council to assign amounts for any amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
Unassigned	The unassigned category is the portion of fund balance that has not been reported in any other classification. Only the general fund can report a positive amount of unassigned fund balance. However, any governmental fund in a deficit position could report a negative amount of unassigned fund balance.

The City Council is the government's highest level of decision-making authority. The Council would take formal action to establish, and modify or rescind, a fund balance commitment or to assign fund balance amounts to a specific purpose. The government has adopted a revenue spending policy that provides guidance for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The government has the authority to deviate from this policy if it is in the best interest of the Municipality.

Deferred Outflows/inflows of Resources

In addition to assets, the statement of net position 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.

In addition to liabilities, the statement of net position 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.

11. **Pensions**

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

12. **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 expenses, information about the fiduciary net position of the West Virginia Retiree Health Benefits Trust Fund (RHBT) and additions to/deductions from the RHBT's fiduciary net position have been determined on the same basis as they are reorted by the RHBT. RHBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

II. ADJUSTMENTS SHOWN ON THE FINANCIAL STATEMENTS

A. Explanation of Adjustments Shown on the Statement of Revenues, Expenditures , and Changes in Fund Balance/ Statement of Activities

Deferred inflows and outflows related to pension activity are not required to be reported in the funds but are required to be reported at the government-wide level. The details of the $ 30,593 pension expense are as follows:

Change in net pension liability	$ 160,349
Changes in deferred outflows:	
Net Increase (Decrease) in differences in expected and actual experience	(2,645)
Net Increase (Decrease) in changes in proportion and difference between employer contributions and proportionate share of contributions	(1,703)
Net Increase (Decrease) in assumptions	19,108
Net difference between projected and actual investment earnings on pension plan investments	(18,991)
Changes in deferred inflows:	
Net Decrease (Increase) in changes in proportion and difference between employer contributions and proportionate share of contributions	852
Net Decrease (Increase) in assumptions	1,826
Net difference between projected and actual investment earnings on pension plan investments	(128,637)
Net Decrease (Increase) in differences in expected and actual experience	854
Amount of pension expenses recognized at government-wide level*	$ 30,593

Deferred inflows and outflows related to health care activity are not required to be reported in the funds but are required to be reported at the government-wide level. The details of the $ 3,023 health care expense are as follows:

Change in other post employment benefits payable	$ (6,371)
Changes in deferred outflows:	
Net Increase (Decrease) in differences in expected and actual experience	2,138
Net Increase (Decrease) in changes in proportion and difference between employer	
Net Increase (Decrease) in assumptions	6,789
Changes in deferred inflows:	
Net Decrease (Increase) in changes in proportion and difference between employer contributions and proportionate share of contributions	6,626
Net Decrease (Increase) in assumptions	
Net difference between projected and actual investment earnings on health care plan investments	(3,868)
Net Decrease (Increase) in assumptions	(4,887)
Net Decrease (Increase) in differences in expected and actual experience	2,596
Amount of health care expenses recognized at government-wide level*	$ 3,023

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Coal Severance Tax Special Revenue Fund. All annual appropriations lapse at fiscal year end.

The Municipality of Marlinton, West Virginia prepares its budget for the general fund and coal severance tax fund on the cash basis of accounting, therefore, a reconciliation has been performed on the Statement of Revenues, Expenditures and Changes it Fund Balance - Budget and Actual for the General Fund and Coal Severance Tax Fund.

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

The appropriated budget is prepared by fund, function and department. Transfers of appropriations between departments and revenue related revisions to the budget require approval from the governing council and then submission to the State Auditor for approval. Revisions become effective when approved by the State Auditor and budgeted amounts in the financial statements reflect only such approved amounts. The governing body made the following material supplementary budgetary appropriations throughout the year:

Amount	Description
$ 62,602	General Government Expenditure Increase - General Fund
$ 3,360	Public Safety Expenditure Increase - General Fund
$ 27,809	Streets and Transportation Expenditure Increase - General Fund
$ 41,832	Health and sanitation Expenditure Increase - General Fund
$ 157,633	Culture and Recreation Expenditure Increase - General Fund
$ 18,733	Social Services Expenditure Increase - General Fund
$ 4,000	Streets and Transportation Expenditure Increase - Coal Severance Tax Fund

DETAILED NOTES ON ALL FUNDS

Deposits and Investments

At year end, the government had investments with the Municipal Bond Commissioon and the Consolidated Investment Account with the State of West Virginia.

The government had the following investments with the recurring fair value measurement as of June 30, 2022.

		Credit Risk Rating	
	Fair Value	Standard & Poor's and Fitch	Moody's Investment Services
West Virginia Consolidated Investment Fund-General Fund	$ 162,751	n/a	n/a
West Virginia Consolidated Investment Fund-Water Fund	42,324	n/a	n/a
West Virginia Consolidated Investment Fund-Sewerage Fund	95	n/a	n/a
Municipal Bond Commission - Sewerage Fund	80,436	n/a	n/a
Municipal Bond Commission - Water Fund	132,361	n/a	n/a
Total	$ 417,967		

Custodial Credit Risk

For deposits, the government could be exposed to risk in the event of a bank failure where the government's deposits may not be returned. The government's policy for custodial credit risk is to pledge funds in excess of the FDIC limits. At year end, the government's bank balances were $1,309,624 of which $250,000 was collateralized by the FDIC and the remainder was collateralized by the financial institution's trust department or agent in the government's name.

For investments, the government could be exposed to risk in the event of the failure of the counterparty where the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The government does not have a deposit policy for custodial credit risk. At year end, the government's investment balances were $317,943 which was collateralized by the West Virginia Municipal Bond Commission.

A reconciliation of cash and investments as shown on the Statement of Net Position of the government is as follows:

Cash and cash equivalents	$ 1,309,624
Investments - collateralized and secured	417,967
Total	$ 1,727,591
Cash and cash equivalents	$ 1,125,059
Cash and cash equivalents-restricted	184,565
Investments	205,170
Investments-restricted	212,797
Total	$ 1,727,591

Receivables

Receivables at year end for the government's individual major funds, including applicable allowances for uncollectible accounts, are as follows:

	General	Coal Severance	Water	Sewerage	Total
Receivables:					
Accounts	$ 59,167	- -	$ 128,222	$ 88,512	$ 275,901
Taxes	58,630	1,317	- -	- -	59,947
Gross Receivables	117,797	1317	128,222	88,512	335,848
Less: Allowance for Uncollectible	- -	- -	- -	- -	- -
Net Total Receivables	$ 117,797	$ 1,317	$ 128,222	$ 88,512	$ 335,848

Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental-type activities:				
Capital assets, not being depreciated:				
Land	$ 164,895	$ 4,000	$ --	$ 168,895
Total capital assets, not being depreciated	164,895	4,000	--	168,895
Capital assets being depreciated:				
Buildings	1,094,450	--	--	1,094,450
Equipment	580,926	31,423	--	612,349
Infrastructure	198,035	--	--	198,035
Less: accumulated depreciation	(1,174,662)	(67,392)	--	(1,242,054)
Total capital assets being depreciated, net	698,749	(35,969)	--	662,780
Governmental-type activities capital assets, net	$ 863,644	(31,969)	$ -	$ 831,675

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 86,770	$ --	$ --	$ 86,770
Contruction in progress	3,017,375	-		3,017,375
Total capital assets, not being depreciated	3,104,145	--	--	3,104,145
Capital assets being depreciated:				
Buildings	743,729	--	--	743,729
Equipment	564,620	7,500	--	572,120
Infrastructure	14,566,427	304,704	(57,793)	14,813,338
Less: accumulated depreciation	(6,143,849)	(323,715)	57,793	(6,409,771)
Total capital assets being depreciated, net	9,730,927	(11,511)	--	9,719,416
Business-type activities capital assets, net	$ 12,835,072	(11,511)	$ -	$ 12,823,561

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	$ 37,014
Public safety	11,489
Streets and highways	8,687
Health and sanitation	7,062
Culture and recreation	105
Social services	3,035
Total depreciation expense-governmental activities	$ 67,392

Depreciation expense was charged to functions/programs of the government as follows:

Business-type activities:	
Water	$ 208,114
Sewerage	115,601
Total depreciation expense-business-type activities	$ 323,715

Interfund Receivables, Payables, and Transfers

The composition of interfund balances of the proprietary and governmental funds as of June 30, 2022, is as follows:

Interfund receivables payables:

Receivable Fund	Payable Fund	Purpose	Amount
General	Sewerage	Reimbursement	$ 222,889
	Total		$ 222,889

Fund Balance Detail

At year-end, the detail of the government's fund balances is as follows:

	General Fund	Coal Severance	American Rescue Plan	Other Governmental Funds	Totals Fund Balances
Restricted:					
Capital projects	$ --	$ --	$ 424,984	$ --	$ 424,984
Committed					
Streets and transportation	--	4,356	--	--	4,356
Assigned					
Culture and recreation	--	--	--	31,243	31,243
Unassigned	764,846	--	--	--	764,846
Total fund balances	$ 764,846	$ 4,356	$ 424,984	$ 31,243	$ 1,225,429

Long-term Debt

Revenue Bonds (Direct Placements)

The Municipality issues bonds where the government pledges income derived from acquired or constructed assets to pay debt service.

The proceeds of these bonds are being used to fund the water project which includes the extension and replacement of water lines. The bonds are secured by revenues of the system, which are required to be in sufficient amount to pay principal and interest on the bonds when due. Revenue bonds outstanding at year end are as follows:

Purpose	Maturity Dates	Interest Rates	Issued	Retired	June 30, 2022
Business-type activities:					
Series 1997 A	2030	0%	$ 239,495	$ (151,182)	$ 88,313
Series 1997 B	2037	0%	555,450	(344,520)	210,930
Series 1998 A	2037	0%	705,400	(523,181)	182,219
Series 2005 A	2037	0%	1,660,766	(858,080)	802,686
Series 2008 A	2049	0%	2,187,000	(710,430)	1,476,570
Series 2018 A	2058	1%	3,996,291	(89,724)	3,906,567
	Total Revenue Bonds		9,344,402	(2,677,117)	6,667,285

Revenue bond debt service requirements to maturity are as follows:

Year Ended	Business-type Activities Principal	Interest	Total
2023	$ 245,270	$ 38,730	$ 284,000
2024	246,179	37,821	284,000
2025	247,098	36,902	284,000
2026	248,026	35,974	284,000
2027	248,963	35,037	284,000
2028 - 2032	1,231,791	158,780	1,390,571
2033 - 2037	1,157,640	144,780	1,302,420
2038 - 2040	846,818	124,780	971,598
2041 - 2045	838,600	51,743	890,343
2046 - 2050	719,290	36,475	755,765
2051 - 2055	627,610	29,838	657,448
2056 - 2060			
Totals	$ 6,667,285	$ 730,860	7,398,145

Utility Pledged Revenues

The Municipality has pledged future water customer revenues, net of specified operating expenses, to repay $239,495 in water system revenue bonds issued in 1997. Proceeds from the bonds provided financing for the construction of new water lines. The bonds are payable solely from water customer net revenues and are payable through 2030. Annual principal payments on the bonds are expected to require less than 2 percent of net revenues. The total principal remaining to be paid on the bonds is $94,300. Principal paid for the current year and total customer net revenues was $5,987 and $ 287,811, respectively.

The Municipality has pledged future water customer revenues, net of specified operating expenses, to repay $705,400 in water system revenue bonds issued in 1998. Proceeds from the bonds provided financing for the construction of new water plant. The bonds are payable solely from water customer net revenues and are payable through 2037. Annual principal payments on the bonds are expected to require less than 9 percent of net revenues. The total principal remaining to be paid on the bonds is $205,730. Principal paid for the current year and total customer net revenues was $23,512 and $ 287,811, respectively.

The Municipality has pledged future sewerage customer revenues, net of specified operating expenses, to repay $555,450 in sewerage system revenue bonds issued in 1997. Proceeds from the bonds provided financing for the construction of new sewerage plant. The bonds are payable solely from sewerage customer net revenues and are payable through 2052. Annual principal payments on the bonds are expected to require more than 100 percent of net revenues. The total principal remaining to be paid on the bonds is $224,992. Principal paid for the current year and total customer net revenues was $14,062 and $ 10,965, respectively.

The Municipality has pledged future sewerage customer revenues, net of specified operating expenses, to repay $1,660,766 in sewerage system revenue bonds issued in 2005. Proceeds from the bonds provided financing for the construction of new sewerage plant. The bonds are payable solely from sewerage customer net revenues and are payable through 2052. Annual principal payments on the bonds are expected to require more than 100 percent of net revenues. The total principal remaining to be paid on the bonds is $858,046. Principal paid for the current year and total customer net revenues was $55,360 and $ 10,965, respectively.

The Municipality has pledged future water customer revenues, net of specified operating expenses, to repay $2,187,000 in water system revenue bonds issued in 2008. Proceeds from the bonds provided financing for the construction of new water plant. The bonds are payable solely from water customer net revenues and are payable through 2052. Annual principal payments on the bonds are expected to require more less than 20 percent of net revenues. The total principal remaining to be paid on the bonds is $1,532,290. Principal paid for the current year and total customer net revenues was $55,720 and $287,811, respectively.

The Municipality has pledged future water customer revenues, net of specified operating expenses, to repay $4,056,472 in water system revenue bonds issued in 2018. Proceeds from the bonds provided financing for the construction of new water plant. The bonds are payable solely from water customer net revenues and are payable through 2058. Annual principal and interest payments on the bonds are expected to require less than 34 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $4,706,205. Principal and interest paid for the current year and total customer net revenues was $96,229 and $ 287,811, respectively.

All of the bonds contain similar default conditions including (a) failure to pay bond principal and interest when due, (b) issuer's failure to comply with conditions set forth in the agreement and (c) bankruptcy or insolvency of the issuer. Default remedies for the borrower include (a) bringing suit to recover unpaid principal and interest and, (b) by action of law compel the issuer to perform duties including the collection of sufficient rates for the system.

Changes in Long-term Liabilities

	Governmental-type Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net Pension Liability (Asset)	$ 59,917	$ -	$ (288,172)	$ (228,255)	$ - -
OPEB (Asset)	5,966	- -	(7,897)	(1,931)	- -
Governmental-type activities Long-term liabilities	$ 65,883	$ - -	$ (296,069)	$ (230,186)	$ - -

	Business-type Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	$ 6,905,122	$ 56,528	$ (294,365)	$ 6,667,285	$ 245,270
Total bonds payable	6,905,122	56,528	(294,365)	6,667,285	245,270
Net Pension Liability (Asset)	76,259	- -	(204,081)	(127,822)	- -
OPEB (Asset)	22,443	- -	(23,968)	(1,525)	- -
Notes payable	50,000	50,000		100,000	- -
Business-type activities Long-term liabilities	$ 7,053,824	$ 106,528	$ (522,414)	$ 6,637,938	$ 245,270

Restricted Assets

The balances of the restricted asset accounts for the government are as follows:

	Business-type Activities
Customer deposits	$ 46,028
Revenue bond operations and maintenance account	255,214
Revenue bond depreciation account	10,233
Construction	85,887
Total restricted assets	$ 397,362

V. OTHER INFORMATION

Risk Management

The government 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 insurance with Hudson Insurance Company for umbrella (general liability) insurance for these various risks.

Workers' Compensation Fund (WCF): Private insurance companies could begin to offer workers compensation coverage to government employers beginning July 1, 2010. Workers compensation coverage is provided for this entity by Brickstreet Insurance Company.

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

Contingent Liabilities

It is the opinion of the government's counsel that there are no pending lawsuits or unasserted claims against the Municipality of Marlinton, West Virginia.

Subsequent Events

The Town's management has evaluated the effect that subsequent events would have on the financial statements through September 30, 2020, which is the date the financial statements were available to be released.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

EMPLOYEE RETIREMENT SYSTEMS AND PLANS

Plan Descriptions, Contribution Information and Funding Policies

The Municipality of Marlinton participates in state-wide, cost-sharing, multiple-employer defined benefit plans on behalf of municipal employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and state appropriations, as necessary.

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

Public Employees Retirement System (PERS)

Eligibility to participate	All government full-time employees
Authority establishing contribution	State Statute
Obligations and benefit provisions:	
Plan member's contribution rate	4.50%
Plan member's contribution rate hired after 7/01/2015	6.00%
Municipality's contribution rate	10.00%
Period required to vest	Five years
Benefits and eligibility for distribution	Tier I. A member who has attained age 60 and has earned 5 or more years of contributing service; or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.
	Tier II. A member who has attained age 62 and has earned 10 or more years of contributing service. The final average salary (five highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of living	No

Death benefits	Yes

Trend Information

Public Employees Retirement System (PERS)

Fiscal Year	Annual Pension Cost	Percentage Contributed
2022	$ 38,468	100%
2021	$ 41,402	100%
2020	$ 40,026	100%
2019	$ 39,257	100%
2018	$ 39,599	100%
2017	$ 37,373	100%

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

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

At fiscal year-end, the government reported the following liabilities for its proportionate share of the net pension liabilities. The net pension asset or liability, deferred inflows and outflows of resources, and pension expense were determined by actuarial valuations as of July 1, 2020 rolled forward to June 30, 2021, which is the measurement date. The government's proportion of the net pension liabilities and net pension assets was based on a projection of the government's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2021, the government's reported the following proportions and decreases from its proportion measured as of June 30, 2020:

	PERS
Amount for proportionate share of net pension liability	($ 228,255)
Percentage for proportionate share of net pension liability	0.00260%
Increase % from prior proportion measured	0.00002%

For this fiscal year, the government recognized the following pension expense:

	PERS
Pension expense	$ 39,636

The government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Public Employees Retirement System	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between government contributions and proportionate share of contributions	$ 890	$ -
Net difference between projected and actual investment earnings on pension plan investments	- -	(292,357)
Difference between expected and actual experience	26,050	(865)
Deferred difference in assumptions	43,429	(1,850)
Government contributions subsequent to the measurement date	37,468	- -
	$ 107,837	$ (295,072)

The amount reported as deferred outflows of resources related to pensions resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2023	$ (43,823)
2024	(37,346)
2025	(59,648)
2026	(83,886)
Total	$ (224,703)

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

Public Employere Retirement System

Actuarial cost method	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value
Amortization method	Level dollar, fixed period
Amortization period	Through fiscal year 2035
Actuarial assumptions	
Inflation rate	2.75%
Projected salary increases	State 2.75% - 5.5%, Nonstate 3.60% - 6.75%
Investment Rate of Return	7.25% net of investment expense
Mortality rates	Active - 100% of Pub-2010 General Employees table, below -median, headcount weighted, projected generationally with scale MP-2018
	Healthy male retirees - 108% of Pub -2010 General Retiree Male Table, below- median, headcount weighted, projected generationally with Scale MP-2018
	Healthy female retirees - 1228% of Pub -2010 General Retiree Female Table, below- median, headcount weighted, projected generationally with Scale MP-2018
	Disabled male - 118% of Pub -2010 General/ Teachers Disabled Male table, headcount weighted, projected generationally with Scale MP-2018
	Disabled male - 117% of Pub -2010 General/ Teachers Disabled Male table, headcount weighted, projected generationally with Scale MP-2018
Withdrawal rates	State 2.28% - 45.63%, Nonstate 2.50% - 35.88%
Disability rates	0.005% - 0.540%
Retirement rates	12% - 100%

The date range of the most recent experience study/review was from 2015-2020 Economic assumptions 2013-2018

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

Investment	Long-term Expected Real Rate of Return	Target Asset Allocation
Domestic Equity	5.5%	27.5%
International Equity	7.0%	27.5%
Fixed Income	2.2%	15.0%
Real Estate	6.6%	10.0%
Private Equity	8.5%	10.0%
Hedge Funds	4.0%	10.0%
		100.0%

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

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

	1% Decrease 6.50%	1% Increase 7.50%	1% Increase 8.50%
Government's proportionate share of PERS's net pension liability	$ (2,598)	$ (228,255)	$ 423,087

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

Postemployment Benefits Other Than Pensions (OPEB)

General Information about the OPEB Plan

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

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

Contributions. Paygo premiums are established by the Finance Board annually. All participating employers are required by statute to contribute to the RHBT the pay-go premium at the established rate for every active policyholder per month. The active premiums subsidized the retirees' health care by approximately $137 million for the fiscal year ending June 30, 2021. Contributions to the OPEB plan from the government were $317 for the current fiscal year.

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

At fiscal year-end, the government reported a liability of $(1,931) for its proportionate share of the net OPEB liability. The net OPEB liability, deferred inflows and outflows of resources and OPEB expense were determined by an actuarial valuation date as of June 30, 2020, rolled forward to June 30, 2021, which is the measurement date. OPEB amounts were allocated to each contributing employer, including the government, based on their proportionate share of employer contributions to the RHBT for the fiscal year ended June 30, 2021. At June 30, 2021, the government's proportion was .00105%, which was a increase of .00001% from its proportion measured as of June 30, 2020.

For this fiscal year, the government recognized OPEB expense of $285.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between government contributions and proportionate share of contributions	$ 39,795	$ (640)
Difference between expected and actual experience	--	(15,299)
Net difference between projected and actual investment and non-investment earnings on OPEB plan investments	--	(13,324)
Changes of assumptions	--	(40,852)
Government contributions subsequent to the measurement date	5,096	--
	$ 44,891	$ (68,115)

The amount reported as deferred outflows of resources related to OPEB resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2023	$ (13,442)
2024	(11,325)
2025	(1,969)
2026	(1,584)
Total	$ (28,320)

Actuarial assumptions. The net OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions:

Inflation rate	2.25%

	Rates based on 2015-2020 OPEB Expereince Study and dependent on pension plan participation and attained age, and ranges from 2.75% to 5.18%, including inflation. Rates were first applied to the 2020 valuation
Salary increases	
Investment Rate of Return	6.65%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.05% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate tend rate of 4.25% is reached in plan year 2036
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll over a 20-year closed period beginning June 30, 2017
Retirement age	Rates based on 2015-2020 OPEB Expereince Study and Vary by pension plan participation and age/service at retirement. Rates first applied to the 2020 valuation
Wage inflation	2.75% for PERS and TRS, and 3.25% for Troopers
Asset valuation method	Market value
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

Mortality rates for Post-Retirement for PERS: Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables (110% males, 113% females) projected with MP-2019

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

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

The long-term rates of return on OPEB plan investments are determined using a building-block method in which estimates of expected future rates of return 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 rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions (CMA), and forecast returns were provided by the Plan's investment advisors, including West Virginia Investment Management Board (WVIMB). The projected return for the Money Market Pool held with the West Virginia Board of Treasury Investments (WVBTI) was estimated based on WVIMB assumed inflation of 2.0% plus a 25 basis point spread. The target allocation and estimates of annualized long-term expected real returns assuming a 10-year horizon are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.0%	4.8%
Core plus fixed income	15.0%	2.1%
Core real estate	10.0%	4.1%
Hedge fund	10.0%	2.4%
Private equity	10.0%	6.8%
	100.0%	

Discount rate. A discount rate of 6.65% was used to measure the total OPEB liability. This discount rate was based on the expected rate of return on OPEB plan investments of 6.65%. The projection of cash flows used to determine this discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Future pre-funding assumptions include a $30 million annual contribution from the State through 2037. Based on those assumptions, 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.

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

	1% Decrease	Current Discount Rate	1% Increase
	5.65%	6.65%	7.65%
Net OPEB liability (asset)	$ 13,763	$ (1,931)	$ (16,126)

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

	1% Decrease	Healthcare Discount Rate	1% Increase
Net OPEB liability (asset)	$ (1,893)	$ (1,931)	$ 17,385

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued audited financial statements and actuarial reports 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.

REQUIRED SUPPLEMENTARY INFORMATION

MUNICIPALITY OF MARLINTON, WEST VIRGINIA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Taxes:						
Ad valorem property taxes	$ 157,026	157,026	$ 170,095	$ 1,543	$ 171,638	$ 14,612
Business and occupation tax	95,000	95,000	100,149		100,149	5,149
Alcoholic beverage tax	5,000	5,000	6,364	--	6,364	1,364
Utility tax	52,029	44,750	45,187	--	45,187	437
Hotel motel tax	18,500	18,500	26,759	--	26,759	8,259
Amusement tax	11,000	11,000	12,818	--	12,818	1,818
Gas and oil severance tax	2,506	2,506	1,841	--	1,841	(665)
Animal tax	500	500	510	--	510	10
Intergovernmental:						
Federal	--	12,900	33,926	--	33,926	21,026
State	--	5,000	3,000	--	3,000	(2,000)
Local	--	--	24,290	--	24,290	24,290
Licenses and permits	61,711	61,711	108,913	(226)	108,687	46,976
Charges for services	254,850	254,850	269,554	(1,819)	267,735	12,885
Fines and forfeits	1,000	1,000	25	--	25	(975)
Interest earnings	7,500	7,500	2,598	--	2,598	(4,902)
Video lottery	1,000	1,000	1,191	--		(1,000)
Miscellaneous	1,594	1,593	14	--	14	(1,579)
Total revenues	669,216	679,836	807,234	(502)	806,732	126,896
EXPENDITURES						
Current:						
General government	308,193	370,795	202,388	56,264	258,652	112,143
Public safety	167,282	170,642	109,474	(919)	108,555	62,087
Streets and transportation	143,217	171,026	122,051	--	122,051	48,975
Culture and recreation	40,583	117,050	72,069	--	72,069	44,981
Health and sanitation	283,311	325,143	205,962		205,962	119,181
Social services	52,418	71,151	66,843	--	66,843	4,308
Total expenditures	995,004	1,225,807	778,787	55,345	834,132	391,675
Net change in fund balance	(325,788)	(545,971)	28,447	(55,847)	(27,400)	518,571
Fund balance - beginning	325,789	545,971	736,399	(328,788)	407,611	(138,360)
Fund balance - ending	$ 1	$ --	$ 764,846	$ (384,635)	$ 380,211	$ 380,211

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

MUNICIPALITY OF MARLINTON, WEST VIRGINIA
BUDGETARY COMPARISON SCHEDULE - COAL SEVERANCE TAX FUND
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Modified Accrual Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Taxes:						
Coal severance tax	$ 3,500	$ 3,500	$ 3,900	$ (630)	$ 3,270	$ (230)
Total revenues	3,500	3,500	3,900	(630)	3,270	(230)
EXPENDITURES						
Current:						
General government	500	1,122	--	--	--	1,122
Streets and transportation	3,200	7,200	4,366	--	4,366	2,834
Total expenditures	3,700	8,322	4,366	--	4,366	3,956
Net change in fund balance	(200)	(4,822)	(466)	(630)	(1,096)	3,726
Fund balance - beginning	200	4,822	4,822	(195)	4,627	(195)
Fund balance - ending	$ --	$ --	$ 4,356	$ (825)	3,531	3,531

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

MUNICIPALITY OF MARLINTON, WEST VIRGINIA
'SCHEDULES OF THE GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Fiscal Year Ended June 30, 2022

Public Employees Retirement System
Last 6 Fiscal Years*

	2021	2020	2019	2018	2017	2016
Government's proportion of the net pension liability (asset) (percentage)	0.002599%	0.002578%	0.002674%	0.002606%	0.022685%	0.022553%
Government's proportionate share of the net pension liability (asset)	$ $ (228,254)	$ 136,175	$ 57,494	$ 67,288	$ 97,919	207,288
Government's covered-employee payroll	$ 414,200	$ 400,260	$ 392,575	$ 359,988	$ 311,442	313,602
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-55.11%	34.02%	14.65%	18.69%	31.44%	66.10%
Plan fiduciary net position as a percentage of the total pension liability	101.81%	73.40%	93.67%	96.33%	93.67%	0.00%

* - The amounts presented for each fiscal year were determined as of June 30, 2020

MUNICIPALITY OF MARLINTON, WEST VIRGINIA
'SCHEDULE OF THE GOVERNMENT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
For the Fiscal Year Ended June 30, 2022

Public Employees Insurance Agency
Four Fiscal Years*

	2021	2020	2019	2018
Government's proportion of the net OPEB liability	0.00643%	0.00643%	0.00577%	0.00181%
Government's proportionate share of the net OPEB liability	$ (1,931)	$ 28,409	$ 95,790	$ 39,024
Government's covered payroll	$ 414,200	$ 400,260	$ 392,575	$ 359,988
Government's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-0.47%	7.10%	24.40%	10.84%
Plan fiduciary net position as a percentage of the total OPEB liability	39.69%	39.69%	39.69%	30.98%

* - Applicable information was available for only four years for this schedule.

MUNICIPALITY OF MARLINTON, WEST VIRGINIA
SCHEDULE OF GOVERNMENT CONTRIBUTIONS-PERS
For the Fiscal Year Ended June 30, 2022

Public Employees Retirement System
Last 6 fiscal years

	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 37,468	$ 41,402	$ 40,026	$ 39,257	$ 39,599	$ 37,373
Contributions in relation to the contractually required contribution	(37,468)	(41,402)	(40,026)	(39,257)	(39,599)	(37,373)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Government's covered-employee payroll	$ 374,680	$ 414,200	$ 400,260	$ 392,575	$ 359,988	$ 311,442
Plan fiduciary net position as a percentage of the total pension liability	10.00%	10.00%	10.00%	10.00%	11.00%	12.00%

This schedule is presented to illustrate the requirement to show information for 3 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

MUNICIPALITY OF MARLINTON, WEST VIRGINIA
SCHEDULE OF GOVERNMENT CONTRIBUTIONS-OPEB
For the Fiscal Year Ended June 30, 2022

Public Employees Insurance Agency
Four fiscal years

	2022	2021	2020	2019
Contractually required contribution	$ 5,096	$ 11,840	$ 12,432	$ 11,895
Contributions in relation to the contractually required contribution	(5,096)	(11,840)	(12,432)	(11,895)
Contribution deficiency (excess)	$ --	$ --	$ --	$ --
Government's covered-employee payroll	$ 374,680	$ 414,200	$ 400,260	$ 392,575
Contributions as a percentage of covered payroll	3.66%	3.66%	3.66%	3.03%

Applicable information was available for Four years for this schedule.

SUPPLEMENTARY INFORMATION

MUNICIPALITY OF MARLINTON
SCHEDULE OF RATE COVENANT COMPLIANCE
For the Fiscal Year Ended June 30, 2022

I. The Muncipality of Marlinton, West Virginia is subject to rate covenant compliance associated with the issuance of the Series 2018 Water Bonds. Specifically, the entity must meet gross revenue targeted percentage and reserve debt requirements as shown in the bond document as follows:

"The issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2013 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve account established for any other obligations outstanding on a parity with or junior to the Bonds, including the prior Bonds, an amount at least equal to the requirement therefore, such percentage may be reduced to 110%."

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

Rate Covenant

	Net Gross Revenues	Maximum Amount Annual Debt Service	Percentage	Percentage Required
$	379,466	$ 75,290	504%	110%

As of June 30, 2022, the entity was in compliance with the provisions of the Series 2018 water revenue bond covenant which require revenues to be 115% or above the amount of the highest principal payment plus interest due in any given year.

The provisions of the Series 2018 A revenue bond covenant require that assets be accumulated in restricted accounts for the payment of future debt service. The covenant requires, at a minimum, that an amount equivalent to one-third of the current year's debt service payment be maintained in a revenue account. A reserve account must also be funded with one-tenth of one-twelfth of the highest debt service payment in any given year. The entity deposited $132,31 in the revenue and reserve accounts to comply with the bond provisions.

MUNICIPALITY OF MARLINTON
SCHEDULE OF RATE COVENANT COMPLIANCE
For the Fiscal Year Ended June 30, 2022

1. The Muncipality of Marlinton, West Virginia is subject to rate covenant compliance associated with the issuance of the Series 2005 Sewerage Bonds. Specifically, the entity must meet gross revenue targeted percentage and reserve debt requirements as shown in the bond document as follows:

"The issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2012 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve account established for any other obligations outstanding on a parity with or junior to the Bonds, including the prior Bonds, an amount at least equal to the requirement therefore, such percentage may be reduced to 110%."

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

Rate Covenant

	Net Gross Revenues	Maximum Amount Annual Debt Service	Percentage	Percentage Required
$	10.965	$ 69.420	16%	110%

As of June 30, 20212 the entity was not in compliance with the provisions of the Series 2005 sewerage revenue bond covenant which require revenues to be 110% or above the amount of the highest principal payment plus interest due in any given year.

The provisions of the Series 2005 A revenue bond covenant require that assets be accumulated in restricted accounts for the payment of future debt service. The covenant requires, at a minimum, that an amount equivalent to one-third of the current year's debt service payment be maintained in a revenue account. A reserve account must also be funded with one-tenth of one-twelfth of the highest debt service payment in any given year. The entity deposited $80,436 in the revenue and reserve accounts to comply with the bond provisions.

ACCOMPANYING INFORMATION

Harold Fortner, CPA

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

Independent Auditor's Report

Honorable Mayor and Council
Municipality of Marlinton
Marlinton, West Virginia 26250

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Municipality of a Marlinton, West Virginia (the Municipality), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated July 31, 2023. In that report our opinion was adverse for failure to prepare government wide financial statements and detailed capital asset and depreciation schedules in the governmental funds.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2022-001 and 2022-002.

Entity's Response to Findings

The Municipality's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Municipality's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Respectfully submitted,

Harold Fortner

Harold C Fortner, CPA
Whitehall, WV 26554

July 31, 2023

Subsidizing Operation of Sewerage Fund
2022-001

CONDITION:

It was determined during this examination that the officials of the Municipality of Marlinton paid certain expenses of the Sewerage Fund from the General Fund. Although municipalities may make grants to their utility systems, such grants must be to fund plant expansion or to pay for unforeseen repair costs.

CRITERIA:

An opinion of the State Attorney General rendered April 3, 1979, (38 Op. Att'y Gen. 60 (1979) states in part that:

> "...It is the opinion that
> (1) a municipal corporation may not loan monies to its utility systems no matter what the source of the funds
>
> (2) the municipal corporation may make nonbinding grants to a municipal utility to fund plant expansion or to pay for unforeseen repair costs and those grants may include revenue sharing funds received by the municipality and
>
> (3) a municipal corporation may not subsidize the operation of its utilities with federal revenue sharing funds or any other funds in order to forego the necessity of increasing user charges to those levels prescribed by law..."

CAUSE:

The Municipal officials transferred money into the Sewerage Fund from the General Fund for operating expenses.

The Sewerage Fund are not operating as an independent fund and is being subsidized by the General Fund.

RECOMMENDATION:

The municipal officials are directed to discontinue subsidizing the operations of the Sewerage Fund from other municipal funds.

AUDITED AGENCY'S RESPONSE:

The municipal officials stated that they will cease subsidizing operations in the future.

Sewerage Refunding Revenue Bond Ordinance -Rate Covenant
2022-002

CONDITION:

It was determined during our examination that the Municipality of Marlinton Sewerageworks failed to assess sufficient rates or charges to comply with the 2005 Bond Rate Covenant Ordinance. The sewerageworks system failed to meet this covenant by an amount of $57,359 during the fiscal year ended June 30, 2022.

CRITERIA:

The Municipality of Marlinton's 2005 Sewerage Refunding Revenue Bond Ordinance Rate Covenant states in part that:

> "...The sewerageworks rates and charges shall be sufficient to provide each year gross revenues to make required payments into funds and accounts created by the bond ordinance. Gross revenues shall be equal to but not less than 110 percent of the average annual debt service requirements, principal and interest, and sufficient to pay all reasonable operating expenses of the system."

CAUSE:

The municipal sewerageworks system failed to assess adequate rates and charges to pay all operating expenses of the system and meet the bond rate covenant requirements.

EFFECT:

The Municipality incurred a net loss in the current fiscal year and therefore is in violation of the bond rate covenant. Further losses could inhibit the ability of the system from meeting financial obligations.

RECOMMENDATION:

The municipal officials are directed to review this ordinance and comply with the provisions set forth therein.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The Municipal officials stated that will monitor the situation in future years.

MUNICIPALITY OF MARLINTON, WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2022

Status of Prior Year Audit Findings

2021-001	Sewerage Refunding Revenue Bond Ordinance-Rate Covenant	Not resolved
2021-002	Subsidizing Operations of the Sewerage Fund	Not resolved
2021-003	Failure to Revise the Unencumbered Balance-General Fund	Resolved