



RFP# 20-252  
Berkeley County

**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT REPORT OF  
BERKELEY COUNTY FARMLAND PROTECTION BOARD  
BERKELEY COUNTY, WEST VIRGINIA  
REGULAR AUDIT

For the Year Ended June 30, 2021  
Fiscal Year Audited Under GAGAS: 2021

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One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 389-5775 • FAX (614) 467-3920  
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319  
PO Box 687 • 528 S. West Street • Piketon, OH 45661 • (740) 289-4131 • FAX (740) 289-3639  
PO Box 325 • 1017 Sixth Avenue • Huntington, WV 25708 • (304) 521-2648 • FAX (740) 289-3639

[www.bhmcpagroup.com](http://www.bhmcpagroup.com)

**BERKELEY COUNTY FARMLAND PROTECTION BOARD  
SCHEDULE OF FUNDS INCLUDED IN THE REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**GOVERNMENTAL FUND TYPES**

**MAJOR FUNDS**

General

**BERKELEY COUNTY FARMLAND PROTECTION BOARD  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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## **INTRODUCTORY SECTION**

**BERKELEY COUNTY FARMLAND PROTECTION BOARD  
BOARD MEMBERS  
For the Fiscal Year Ended June 30, 2021**

<b>OFFICE</b>	<b>NAME</b>
Chairman:	<u>Appointive:</u> Tom Gleason
Vice Chair:	J. Bradford Langdon
Secretary:	Laura Riggs
Treasurer:	Karen Burkhart
Board Members:	George Miller Sandy Hamilton
County Council Representative:	Dan Dulyea
Executive Director	F. Mark Schiavone

## **FINANCIAL SECTION**



**Independent Auditor's Report**

Berkeley County Farmland Protection Board  
Berkeley County, West Virginia  
229 East Martin Street  
Suite 300  
Martinsburg, West Virginia 25401

To the Board of Directors:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the government wide activities and major fund of the Berkeley County Farmland Protection Board (the Board), a component unit of Berkeley County, West Virginia as of June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Board's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Berkeley County Farmland Protection Board, Berkeley County, West Virginia, and the changes in net position, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis and schedules of net pension liabilities and contributions to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential 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 the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Board's basic financial statements taken as a whole.

The introductory section presents additional analysis and is not required part of the basic financial statements.

We did not subject the introductory section to the auditing procedures applied to the basic financial statements and, accordingly, we express no opinion or any other assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



BHM CPA Group, Inc  
Huntington, West Virginia  
March 30, 2022



Berkley County Farmland Protection Board  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the year ended June 30, 2021  
(Unaudited)

Our discussion and analysis of the Berkeley County Farmland Protection Board's ("Board") financial statements provides an overview of the Board's financial activities for the year ended June 30, 2021 in comparison to the year ended June 30, 2020. This discussion and analysis should be read in conjunction with the Board's basic financial statements.

### **FINANCIAL HIGHLIGHTS**

The Board's mission is to secure perpetual conservation easements on farmland and open land in Berkeley County through the purchase or donation of easements from willing landowners, or through the fee simple acquisition of land. The funding for easement purchases and the related administrative costs comes from a real estate transfer tax of \$2.20 per \$1,000 of property transfer in Berkeley County, West Virginia. The Board also seeks to secure matching Federal funding from the U.S. Department of Agriculture and matching State funding from the West Virginia Agricultural Land Protection Authority. The number of acres put under easement annually depends upon the level of transfer tax receipts, the level of Federal and State matching funds and the Board's offering price for easements.

The Board makes commitments of funds annually for conservation easement acquisition and legal defense. The Board has no fixed debt.

Real estate transfer tax revenues were \$2,479,102 in 2021 and \$1,755,328 in 2020. This represents an increase of \$723,774 or 41 percent from 2020 to 2021. There were two U.S. Department of Agriculture grants in 2021 in the amount of \$456,133 and one U.S. Department of Agriculture grants in 2020 in the amount of \$407,500. There were no state grants in 2021 and three state grants in 2020 in the amount \$124,324.

The Board had no donated conservation easements during 2021 and 2020.

Capital outlays for conservation easements amounted to \$5,488,378 in 2021 as compared to \$2,514,784 in 2020. Costs necessary to close and record an easement are capitalized as part of the easement costs. Administrative costs for the Board are relatively fixed, amounting to \$107,588 in 2021 and \$118,134 in 2020. Administrative costs have decreased from approximately 5 percent of program revenues for 2020 to 4 percent of program revenues for 2021.

The Board anticipates the availability of federal and state matching funds to be approximately \$419,000 in 2022 which can be used to match \$419,200 of local funds for easement acquisition.

During 2020, the Board joined Terrafirma Insurance, a charitable risk pool owned by participating land trusts. Terrafirma insures members in connection with defending conservation easements. Terrafirma will pay for any legal action that involves defending the terms and conditions of a conservation easement after a \$5,000 deductible up to a maximum limit per easement per year of \$500,000.

### **GOVERNMENTAL AND FUND FINANCIAL STATEMENTS**

The Board's only fund is a governmental fund (general fund) using the modified accrual basis of accounting. The general fund's Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance are presented showing conservation easements as capital outlay expenditures, along with fund balance committed by the Board for easement purchases not yet completed. A statement of net position is also presented where adjustments are made to capitalize easement costs and to present other long-term assets and liabilities.

Berkeley County Farmland Protection Board  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 For the year ended June 30, 2020  
 (Unaudited)

**GOVERNMENTAL AND FUND FINANCIAL STATEMENTS (continued)**

The Board is a component unit of the Berkeley County Council with a separate legal existence. As well as being a unit of government, the Board is an IRS section 501(c)(3) organization empowered both by West Virginia State Code as well as the Internal Revenue Service Code to be a conservation organization with the special ability to hold perpetual conservation easements.

**CONDENSED FINANCIAL INFORMATION**

The assets of the Board typically consist of either cash or short-term investments, transfer taxes receivable, and capital assets in the form of conservation easements and fee simple acquisitions of property. For the fiscal years ended June 30, 2021 and June 30, 2020, the Board's policy was, to the extent possible, to commit or assign available funds toward the purchase of conservation easements. While fee simple acquisitions of real estate can be sold by the Board, the conservation easements represent an expended value that is extinguished by the Board. Although conservation easements are recognized as a particular public benefit to Berkeley County, West Virginia, the State of West Virginia, and to the Federal Government, the development rights that give rise to the conservation easement are extinguished by the Board and are prohibited from being sold by West Virginia Code. Unlike cash, investments, transfer taxes receivable, and real estate, these conservation easements have no future cash value to the Board.

**GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION**

	2021	2020
Assets		
Cash and cash equivalents	\$ 2,762,631	\$ 5,504,854
Transfer taxes receivable	256,417	171,761
Prepaid expenses	2,868	2,998
Total assets	\$ 3,021,916	\$ 5,679,613
Liabilities	\$ 6,514	\$ 11,125
Fund Balance		
Nonspendable	\$ 2,181	\$ 2,181
Committed for easement purchases	1,564,692	5,639,753
Assigned for program purposes	1,448,529	26,554
Total fund balance	\$ 3,015,402	\$ 5,668,488

Berkley County Farmland Protection Board  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the year ended June 30, 2021  
(Unaudited)

**GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION (continued)**

	2021	2020
Reconciliation to Statement of Net Position:		
Total fund balance	\$ 3,015,402	\$ 5,668,488
Conservation easements	35,729,024	30,179,549
Deferred easement acquisition costs	23,468	70,504
Deferred outflows and inflows, net	11,905	12,882
Accrued easement acquisition costs	(14,061)	-
Accrued compensated absences	(3,011)	(2,764)
Net OPEB liability	(4,607)	(14,737)
Collective net pension liability	(16,241)	(6,992)
Total net position	\$ 38,741,879	\$ 35,906,930

Cash and cash equivalents decreased by \$2,742,223 or 50 percent. This decrease primarily relates to the timing of easement closings and availability of matching funds. Capitalized easements increased \$5,549,475 or 18 percent. Conservation easements include expenditures required to close the easement (including survey, appraisal, baseline, and legal costs) and the appraised value of any easement donations. Nine easements were closed during fiscal year 2021. Eight easements were closed during fiscal year 2020. Assigned net position generally represents amounts not yet invested in or committed for easements or expended for administrative costs. Assigned net position increased by \$1,421,975 from 2020 to 2021.

**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES**

	2021	2020
Program Revenues		
Transfer taxes	\$ 2,479,102	\$ 1,755,328
Capital grants and contributions	456,133	531,824
Total program revenues	2,935,235	2,287,152
General Revenues (Expenditures)		
Investment earnings and other income	7,645	25,349
Total general revenues	7,645	25,349
Total revenues	2,942,880	2,312,501

Berkeley County Farmland Protection Board  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the year ended June 30, 2020  
(Unaudited)

**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE/STATEMENT OF ACTIVITIES (continued)**

	2021	2020
Expenditures		
Conservation easements	5,488,378	2,514,784
Farmland protection administration	107,588	118,134
Total expenditures	5,595,966	2,632,918
Excess (deficit) of revenues over expenditures	\$ (2,653,086)	\$ (320,417)
	2021	2020
Reconciliation to Statement of Activities		
Excess (deficit) of revenues over expenditures	\$ (2,653,086)	\$ (320,417)
Conservation easement expenditures	5,488,378	2,514,815
Decrease in accrued compensated absences	(251)	(1,101)
OPEB expense in excess of OPEB expenditures	160	(3,354)
Pension expense in excess of pension expenditures	(252)	(3,259)
Change in net position	\$ 2,834,949	\$ 2,186,684

Federal income is primarily from the U.S. Department of Agriculture under the Agricultural Conservation Easements Program. Federal income is typically a percentage match funding for either State or local easement funding. Awards under this program are recognized as revenue when the funds are utilized to purchase a conservation easement, regardless of the fiscal year the funds were awarded. There were two USDA grants in 2021 and one in 2020.

State grant income in the amount of \$0 for 2021 and \$124,325 for 2020 is from the West Virginia Department of Environmental Protection Clean Water Act Section 319 program. State grants have provided matching funds for funding being provided by the U.S. Department of Agriculture or local funds.

Berkeley County Farmland Protection Board  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the year ended June 30, 2021  
(Unaudited)

**CONSERVATION EASEMENT ACQUISITION**

Under the Berkeley County Farmland Protection Program, easements are purchased in priority ranking according to a published criteria awards system. Such properties are funded based on the landowner's asking price as long as the price is not above the fair market value of the easement as determined by a certified appraiser retained by the Board and does not exceed \$6,500 per acre. The only exception to the ranking system is when 50 percent or more matching funds are awarded to an easement through USDA or other grants. During fiscal year 2021, nine easements were acquired with two USDA matching grants and no state grants. During fiscal year 2020, eight easements were acquired with one USDA matching grant and three state grants.

The Board placed 1,395 and 548 acres under easement during 2021 and 2020, respectively. The average value of a purchased conservation easement was \$3,851 and \$4,322 per acre in 2021 and 2020, respectively. The Board caps the payout per acre at \$6,500. In addition to the purchase price, the average amount expended in order to complete an easement (excluding staff time) was approximately \$19,630 and \$13,852 in fiscal years 2021 and 2020, respectively.

**CONTACTING THE BOARD**

This financial report is designed to provide the citizens of Berkeley County as well as our Federal and State funding sources the Board's accountability for the funds it receives. If you have questions about this report or need additional information, contact the Board at (304) 260-3770 or write to us at P.O. Box 1243, Martinsburg, WV 25402.

**BERKELEY COUNTY FARMLAND PROTECTION BOARD**  
 Governmental Funds Balance Sheet / Statement of Net Position  
 As of June 30, 2021

	General	Adjustments Page 10	Statement of Net Position
<b>ASSETS:</b>			
Current assets:			
Cash and Cash Equivalents	\$ 2,762,631	\$ -	\$ 2,762,631
Transfer Taxes Receivable	256,417	-	256,417
Prepaid Expenses	2,181	-	2,181
Security Deposits	687	-	687
<b>Total Current Assets</b>	<b>3,021,916</b>	<b>-</b>	<b>3,021,916</b>
Capital assets:			
Conservation Easements	-	35,729,024	35,729,024
Other assets:			
Deferred Costs	-	23,468	23,468
<b>Total Other Assets</b>	<b>-</b>	<b>23,468</b>	<b>23,468</b>
<b>Total Assets</b>	<b>3,021,916</b>	<b>35,752,492</b>	<b>38,774,408</b>
<b>DEFERRED OUTFLOWS</b>			
Defined Benefit Pension Plan Contributions	-	4,774	4,774
Other Post Employment Benefit Plan Contributions	-	1,920	1,920
Collective Deferred Outflows Related to Pension	-	7,570	7,570
Collective Deferred Outflows Related to Post Employment Benefit Plan	-	13,274	13,274
<b>Total Deferred Outflows</b>	<b>-</b>	<b>27,538</b>	<b>27,538</b>
<i>Total Assets and Deferred Outflows</i>	<u>\$ 3,021,916</u>	<u>\$ 35,780,030</u>	<u>\$ 38,801,946</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	\$ 3,977	\$ -	\$ 3,977
Accrued Easement Costs	-	14,061	14,061
Compensation Liabilities	2,537	-	2,537
<b>Total Current Liabilities</b>	<b>6,514</b>	<b>14,061</b>	<b>20,575</b>
Long-Term Liabilities:			
Accrued Compensated Absences	-	3,011	3,011
Net Other Post Employment Benefit Plan Liability	-	4,607	4,607
Net Collective Pension Plan Liability	-	16,241	16,241
<b>Total Long-term Liabilities</b>	<b>-</b>	<b>23,859</b>	<b>23,859</b>
<i>Total Liabilities</i>	<u>6,514</u>	<u>37,920</u>	<u>44,434</u>
<b>DEFERRED INFLOWS</b>			
Collective Deferred Inflows Related to other Post Employment Benefit Plan	-	13,779	13,779
Collective Deferred Inflows Related to Pension Plan	-	1,854	1,854
<b>Total Deferred Inflows</b>	<b>-</b>	<b>15,633</b>	<b>15,633</b>
<b>FUND BALANCE:</b>			
Nonspendable	2,181	(2,181)	-
Committed	1,564,692	(1,564,692)	-
Assigned	1,448,529	(1,448,529)	-
<i>Total Fund Balance</i>	<u>3,015,402</u>	<u>(3,015,402)</u>	<u>-</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 3,021,916</u>	<u>(2,961,849)</u>	<u>60,067</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets		35,729,024	35,729,024
Unrestricted		3,012,855	3,012,855
<i>Total Net Position</i>		<u>38,741,879</u>	<u>38,741,879</u>
<i>Total Liabilities, Deferred Inflows, and Net Position</i>		<u>\$ 35,780,030</u>	<u>\$ 38,801,946</u>

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

**BERKELEY COUNTY FARMLAND PROTECTION BOARD**  
 Reconciliation of the Balance Sheet - Governmental Funds to  
 the Statement of Net Position  
 June 30, 2021

<b>Total Governmental Fund Balance</b>		\$ 3,015,402
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Purchases of capital assets are expensed in fund-level financial statements but reported at board cost or fair market value, if donated, in the government-wide Statement of Net Position as follows:		
Conservation easements		35,729,024
Easement pre-acquisition costs are expensed in fund-level financial statements but reported as deferred costs in the government-wide Statement of Net Position		23,468
Easement post-acquisition costs are not recorded in fund-level financial statements but reported as accrued costs in the government-wide Statement of Net Position		(14,061)
Deferred inflows and outflows are not required to be reported in the fund but are required to be reported at the government-wide level:		
Deferred outflows - Collective outflows related to pension and other post employment benefit plans	20,844	
Deferred outflows - Employer contributions to the pension and other post employment benefit plans after the measurement date	6,694	
Deferred inflows - Collective inflows related to pension and other post employment benefit plans	<u>(15,633)</u>	
Total deferred outflows and inflows		11,905
The collective net pension liability is not due and payable in the current period and therefore not reported in the fund		(16,241)
The collective net post employment benefit plan liability is not due and payable in the current period and therefore not reported in the fund		(4,607)
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds		
Accrued compensated absences		<u>(3,011)</u>
<b>Net Position of Governmental Activities</b>		<u>\$ 38,741,879</u>

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

**BERKELEY COUNTY FARMLAND PROTECTION BOARD**  
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance/  
Statement of Activities  
For the Fiscal Year Ended June 30, 2021

	<u>General</u>	<u>Adjustments Page 12</u>	<u>Statement of Activities</u>
<b>EXPENDITURES/EXPENSES:</b>			
<b>Current:</b>			
Farmland Protection Administration	\$ 107,588	\$ 343	\$ 107,931
Easement Acquisition/Capital Outlays	5,488,378	(5,488,378)	-
<i>Total Expenditures/Expenses</i>	<u>5,595,966</u>	<u>(5,488,035)</u>	<u>107,931</u>
<b>PROGRAM REVENUES:</b>			
Transfer Taxes	2,479,102	-	2,479,102
Capital Grants			
Federal	456,133	-	456,133
<i>Total Program Revenues</i>	<u>2,935,235</u>	<u>-</u>	<u>2,935,235</u>
<i>Net Program Revenues</i>	<u>(2,660,731)</u>	<u>5,488,035</u>	<u>2,827,304</u>
<b>GENERAL REVENUES:</b>			
Interest and Investment Earnings	7,643	-	7,643
Other	2	-	2
<i>Total General Revenues</i>	<u>7,645</u>	<u>-</u>	<u>7,645</u>
Net Change in Fund Balance	(2,653,086)	5,488,035	
Change in Net Position			2,834,949
<i>Fund Balance/Net Position at Beginning of Year</i>	<u>5,668,488</u>	<u>30,238,442</u>	<u>35,906,930</u>
<i>Fund Balances/Net Position at End of Year</i>	<u>\$ 3,015,402</u>	<u>\$ 35,726,477</u>	<u>\$ 38,741,879</u>

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



**BERKELEY COUNTY FARMLAND PROTECTION BOARD**  
 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, 2021

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**Net Change in Fund Balance - Total Governmental Funds** \$ (2,653,086)

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

Governmental funds report easement acquisition costs as expenditures. However, the cost of those assets are either capitalized or deferred and reported as assets in the Statement of Net Position.

Capital outlays	\$ 5,478,971
Deferred easement acquisition costs, net of unrecoverable	23,468
Accrued easement acquisition costs	<u>(14,061)</u>

Amount of capital outlays and easement acquisition costs incurred for current year 5,488,378

Pension expense in the Statement of Activities is recognized on the accrual basis of accounting in accordance with Governmental Accounting Standards Pronouncements

Amount of pension expenditures at fund modified accrual level	4,774
Amount of pension expense recognized at government-wide level	<u>(5,026)</u>

Pension expense in excess of pension expenditures (252)

Other post employment benefit plan expense in the Statement of Activities is recognized on the accrual basis of accounting in accordance with Governmental Accounting Standards Pronouncements

Amount of other post employment benefit plan expenditures on the modified accrual level	1,920
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Amount of other post employment benefit plan expense recognized at the government-wide level	<u>(1,760)</u>
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Other post employment benefit plan expense in excess of other post employment benefit plan expenditures 160

Expenses in the Statement of Activities that do not require the use of current financial resources are not reported as expenditures in governmental funds. Accrued compensated absences increased by this amount in the current period.

(251)

**Net Change in Net Position of Governmental Activities** \$ 2,834,949

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

Berkeley County Farmland Protection Board  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Berkeley County Farmland Protection Board (“Board”) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

Reporting Entity

The Berkeley County Farmland Protection Board, a component unit of the Berkeley County Council, was created by West Virginia Code §8A-12 with the primary purpose to acquire easements from land owners whereby the property is dedicated to preservation for future years.

The Board is governed by a seven-member board which consists of six members appointed by the Berkeley County Council and one representative from the Berkeley County Council. The Board received the majority of its funding from property transfer taxes provided by the Berkeley County Council and capital contributions.

The accompanying financial statements present the reporting entity as required by generally accepted accounting principles. 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). There are no component units required to be reported as part of the Board's financial statements.

Government-Wide and Fund Financial Statements

For this single purpose government, combined government-wide and fund financial statements are presented. The government-wide section of the financial statements (i.e., the statement of net position and the statement of activities) reports information on all non-fiduciary activities of the primary government's *Governmental activities*, which normally are supported by taxes and intergovernmental revenues.

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) property transfer taxes, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide sections, which consist of the statement of net position and statement of activities, are reported using the *economic measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Berkeley County Farmland Protection Board  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The governmental fund sections, which consist of the general fund balance sheet and general fund statement of revenues, expenditures, and changes in fund balance, 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 collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property transfer taxes associated with the current fiscal year are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year.

The government reports the following major governmental funds:

The *General fund* is the Board's only operating fund. It accounts for all financial resources of the Board.

Restricted Assets

Restricted assets are generally liquid assets generated from revenues that have third party limitations on their use. If restricted assets are available, the Board will typically use restricted assets first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project. There were no restricted assets at June 30, 2021.

Cash and Cash Equivalents

The Board's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit.

Property Transfer Taxes Receivable

Property transfer taxes receivable are considered fully collectible as they consist of amounts provided to the Board by the Berkeley County Council.

Estimates

The preparation of financial statements in conformity with accounting standards generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Compensated Absences

The Board's policy is to permit employees to accumulate earned but unused vacation benefits. The Board fully recognizes the liability related to compensated absences in the government-wide financial statements. Accrued compensated absences are not reported in the fund financial statements because they do not require the use of current financial resources. Accrued compensated absences amounted to \$2,537 at June 30, 2021.

Berkeley County Farmland Protection Board  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balances

In accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Board classifies governmental fund balances within the following categories: Nonspendable fund balance, which includes amounts that cannot be spent because it is not in spendable form; restricted fund balance, which includes amounts constrained for specific purposes that are externally imposed by the resource providers; committed fund balance, which includes amounts constrained for specific purposes that are internally imposed through formal action of the Board; assigned fund balance, which includes amounts intended to be used for specific purposes that are neither restricted or committed, however, assigned by non-formal action of the Board; and unassigned fund balance, which is the residual classification for amounts in the general fund that have not been classified within the other categories.

Capital Assets and Depreciation

Capital assets are defined by the Board as assets with an initial, individual cost of \$25,000 or more and estimated to have a useful life in excess of one year.

Capital outlays are recorded as expenditures of the general fund and as assets in the government-wide financial statements. All of the Board's capital assets are deemed to be non-depreciable.

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

Deferred Costs

Deferred costs represent appraisal, survey, baseline, and legal costs related to unexecuted conservation easements. These costs are transferred to capital assets once conservation easements are executed.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources represents a consumption of net assets applicable to a future reporting period and will not be recognized as an expense until then. Deferred outflows related to the Board's defined benefit pension and OPEB plans will be recognized based on actuarial determinations.

A deferred inflow of resources represents an acquisition of net assets applicable to a future reporting period and will not be recognized as revenue until then. Deferred inflows related to the Board's defined benefit pension and OPEB plans will be recognized based on actuarial determinations.

Accrued Costs

Accrued costs represent expenses for conservation easement acquisition that relate to executed easements but are not yet due and payable.

Net Position

Governmental equity is classified as net position (governmental activities) and displayed as follows:

Berkeley County Farmland Protection Board  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of any related debt.

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

Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Non-exchange Transactions

The Board follows GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions* (Statement 33), which establishes accounting and reporting guidelines for government entities that gives (or receives) value without directly receiving (or giving) equal value in return. The Board receives voluntary non-exchange transactions through various operating and capital grants from federal and state agencies.

Pension

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

NOTE 2 – NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, *Leases*, aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Statement 87 will be effective for the fiscal year ending June 30, 2022.

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

GASB Statement No. 92, *Omnibus 2020*, enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB pronouncements. The effective date for Statement No. 92 ranges from fiscal year ending June 30, 2021 to fiscal year ending June 30, 2023, depending upon the effective date of the specific GASB pronouncement being addressed.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* aims to improve financial reporting by addressing issues related to public-private and financial reporting for availability payment arrangements. Statement 94 will be effective for fiscal year ending June 30, 2023. The Board has not yet determined the effect these Statements will have on its financial statements.

Berkeley County Farmland Protection Board  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

NOTE 2 – NEW ACCOUNTING PRONOUNCEMENTS (continued)

GASB Statement No.97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, clarifies how to determine component units that are defined contributions pension/OPEB plans. In addition, this standard explains how the guidance in GASB Statement Nos. 67, 74, and 84 should be applied to Section 457 plans and supersedes guidance in GASB Statement No. 32 for investment valuations in Section 457 plans. Requirements that change the accounting and reporting for Section 457 plans are effective for the year ended June 30, 2022.

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

NOTE 3 - DEPOSITS AND INVESTMENTS

Risk and Investment Limitations

Custodial risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. As of June 30, 2021, the Board's cash and cash equivalents were either insured by Federal Depository Insurance or fully collateralized by the financial institutions.

State statutes authorize the Board 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 federal mortgage associations; 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 as in the top two or three highest rating grades; interest earning deposits which are fully insured or collateralized; and mutual funds registered with SEC which have fund assets over three hundred million dollars. The Board has no investment policy that would further limit its investment choices.

State statute limitations concerning 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 Board has no policy that would further limit the amount that they may invest in any one issuer.

NOTE 4 – BUDGET

The Board is not legally required to prepare an annual budget but elects to do so for internal control and monitoring purposes.

Berkeley County Farmland Protection Board  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

NOTE 5 - CAPITAL ASSETS

Capital Asset activity for governmental activities for the fiscal year ended June 30, 2021 was as follows:

	Balance at June 30, 2020	Additions	Disposals	Balance at June 30, 2021
Capital assets not being depreciated:				
Conservation easements	\$30,179,549	\$5,549,475	-	\$35,729,024
<b>Total capital assets not being depreciated</b>	<b>30,179,549</b>	<b>5,549,475</b>	<b>-</b>	<b>35,729,024</b>
<b>Total governmental activities Capital Assets</b>	<b>\$30,179,549</b>	<b>\$5,549,475</b>	<b>-</b>	<b>\$35,729,024</b>

Conservation Easements

Conservation easements purchased by the Board are recorded in the statement of net position at cost plus any additional costs incurred to acquire the easements. Easements donated to the Board are recorded at the fair market value of the easement plus any additional costs incurred to acquire the easements. According to the WV State Code, these easements may never be sold. The easements can be transferred to a comparable conservation organization if the Berkeley County Farmland Protection Board is dissolved by the Berkeley County Council. The transfer must be approved by the Berkeley County Circuit Court.

NOTE 6 – LEASES

The Board entered into a lease agreement with the City of Martinsburg to lease office space at the Caperton Train Station effective October 1, 2018. The lease renews annually. Annual rent payments required under the lease are \$8,244. Total rent expense for the year ended June 30, 2021 was \$8,244.

NOTE 7 – EMPLOYEE RETIREMENT SYSTEM AND PLAN

Board employee participate in the West Virginia Public Employees Retirement System (PERS), a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of Board employees. The system is administered by an agency of the State of West Virginia and funded by contributions from participants, employees, and State appropriations, as necessary.

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

Trend Information

Year	Employer Contributions	Percentage Contributed
2021	\$ 4,774	100%
2020	\$ 4,774	100%
2019	\$ 4,774	100%

Berkeley County Farmland Protection Board  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)

Further benefit, trend and other information regarding this plan is presented in the PERS annual financial report, which may be obtained by writing to the Public Employees’ Retirement System, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

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

At fiscal year-end, the Board reported the following liabilities for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2020, and the total pension liability used to calculate the net pension liabilities were determined by the actuarial assumptions and methods described in the appropriate section of this note.

The Board’s proportion of the net pension liabilities was based on a projection of the Board’s long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. The Board’s proportion of the net pension liability was based on a projection of the Board’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. On June 30, 2021, the Board reported the following proportion:

	<u>PERS</u>
Amount for proportionate share of net pension liability	\$16,241
Percentage for proportionate share of net pension liability	0.003072%
Increase/(decrease)% from prior proportion measured	(0.00018)%

For the year ended June 30, 2021, the Board recognized the following pension expenses:

	<u>PERS</u>
Pension Expense	<u>\$5,026</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,390	\$ 335
Differences between expected and actual earnings on plan investments	5,148	-
Changes in proportion and differences between government contributions and proportionate share of contributions	32	803
Differences in assumptions	-	716
Contributions subsequent to the measurement date	4,774	-
	<u>\$ 12,344</u>	<u>\$ 1,854</u>



Berkeley County Farmland Protection Board  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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	
2022	3,805
2023	1,219
2024	692

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2019 for all plans, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation Rate	3.00%
Salary Increases	3.35% – 6.50%
Investment Rate of Return	7.50%

Mortality rates for non-disabled participants were based on the 1983 Group Annuity Mortality Table for males and the 1971 Group annuity Table for females, as appropriate. Mortality rates for disabled participants were based on the 1983 Group annuity Mortality Table for Males and Revenue Ruling 96-7 for Females.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2019 through June 30, 2020.

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

Investment	Long-term Expected Real Rate of Return	Target Asset Allocation
US Equity	5.80%	27.5%
International Equity	7.70%	27.5%
Private Equity	8.80%	10.0%
Fixed Income	3.30%	15.0%
Hedge Funds	4.40%	10.0%
Real Estate	6.10%	10.0%
		100.0%

Berkeley County Farmland Protection Board  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)

**Discount Rate**

The discount rate used to measure the total pension liability was 7.5 percent for PERS. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that the government contributions to all plans will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 liability.

The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rate 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 6.5%	Discount Rate 7.5%	1% Increase 8.5%
Board’s proportionate share of the net pension liability (asset)	\$(41,380)	\$(16,241)	\$5,014

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

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan Description

The Board began participation in the West Virginia Other Postemployment Benefit Plan (The Plan), a cost-sharing, multiple-employer defined benefit postemployment healthcare plan in September 2018. The Board began making monthly contributions in the same month. The financial activities of the Pan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration cabinet secretary serves as Chairman of the Board. Four members represent labor, education, public employees and public retirees. The four remaining members represent the public at large. The Plan had approximately 43,000 policyholders and 64,000 covered lives at June 30, 2020 The RHBT audited financial statements and actuarial reports can be found on the PEIA website at [www.peia.wv.gov](http://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.

Berkeley County Farmland Protection Board  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Benefits Provided

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

Contributions

Paygo premiums are established by the Finance Board annually. All participating employers are required by statute to contribute this premium to the THBT at the established rate for every active policyholder per month. The active premiums subsidized the retirees' health care by approximately \$142 million for the fiscal year ended June 30, 2020. Contributions to the OPEB plan from the Board were \$1,920 for the year ended June 30, 2021.

Contributions to the OPEB plan from the Board were as follows:

Year	Annual Contractual OPEB Cost	Percentage Contributed
2021	\$ 1,920	100%
2020	\$ 2,016	100%
2019	\$ 1,830	100%

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

At June 30, 2021, the Board reported a liability of \$4,607 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. The Board's proportion of the net OPEB liability was based on a projection of the Board's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2021, the Board's proportionate share was 0.001043002%.

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

Changes in net OPEB liability for the year ended June 30, 2021 are as follows:

Beginning Balance	Additions	Reductions	Ending Balance
<u>\$ 14,737</u>	<u>\$ 4,349</u>	<u>\$ 14,479</u>	<u>\$ 4,607</u>

For the year ended June 30, 2021, the Board recognized OPEB expense of \$1,760.

Berkeley County Farmland Protection Board  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

The Board 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 Board contributions and proportionate share of contributions	\$ 12,768	\$ -
Change in assumptions	-	10,399
Net difference between projected and actual investment earnings on OPEB plan investments	506	156
Difference between expected and actual experience	-	2,987
Reallocation of opt-out employer change in proportionate share	-	237
Board contributions subsequent to the measurement date	1,920	-
	\$ 15,194	\$ 13,779

The amount reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending 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	
2022	\$ 133
2023	566
2024	(1,198)
2025	(6)
Total	\$ (505)

Berkeley County Farmland Protection Board  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

*Actuarial assumptions.* The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.25%
Wage inflation	4.00%
Salary Increase	Dependent upon pension system, reanging from 2.75% to 5.18%, including inflation.
Investment rate of return	6.65%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2019. For fiscal years on and after 2020, trend starts at 8.00% and 10.00% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims beginning in 2022 to account for the excise tax.
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20 year closed period as of June 30, 2017
Mortality Rates	Active - 100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males - 110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females - 101% of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA fully generational Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA fully generational

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

Berkeley County Farmland Protection Board  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	49.50%	6.80%
Core Plus Fixed Income	13.50%	4.10%
Core Real Estate	9.00%	6.10%
Hedge Fund	9.00%	4.40%
Private Equity	9.00%	8.80%
Cash and Cash Equivalents	10.00%	0.00%
	100.00%	

The discount rate used to measure the OPEB liability was 6.65%. The projection of cash flows used to determine the discount rate assumed that RHBT contributions would be made at rates equal to the actuarially determined contribution rates, in accordance with prefunding and investment policies. The OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates. *Sensitivity of the County's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the County's net OPEB liability, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 5.65%	Discount Rate 6.65%	1% Increase 7.65%
Net OPEB Liability	\$ (6,570)	\$ (4,607)	\$ (2,964)

The following chart presents the Board's proportionate share of the net OPES liability, as well as what the proportionate share of the net OPES 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 Cost Trend Rates	1% Increase
Net OPEB Liability	\$ (2,772)	\$ (4,607)	\$ (6,823)

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report.

Berkeley County Farmland Protection Board  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

NOTE 9 – FUND BALANCE

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

Fund Balance	General Fund
Nonspendable:	
Prepayments	\$ 2,181
Committed for:	
Easement acquisition	1,564,692
Assigned for:	
Easement acquisition	1,448,529
Total fund balance	\$ 3,015,402

NOTE 10 – OTHER INFORMATION

Risk Management

The Board is exposed to various risks of loss related to torts and theft for which the Board carries insurance for these various risks.

During 2021, the Board joined Terrafirma Insurance, a charitable risk pool owned by participating land trusts. Terrafirma insures members in connection with defending conservation easements. Terrafirma will pay for any legal action that involves defending the terms and conditions of a conservation easement after a \$5,000 deductible up to a maximum limit per easement per year of \$500,000.

Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to financial and/or compliance audits by the grantors or their representatives. Any disallowed claims, including amounts already collected, may result in a liability to the Board.

NOTE 11 – UNCERTAINTIES RELATED TO THE GLOBAL PANDEMIC

During the year ended June 30, 2021, local, U.S. and world governments encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel, size and duration of group meetings. Most organizations have, and continue to, experience disruption to operations and the impact of reduced consumer spending, including the Board. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while it is difficult to quantify the effects on the Board, it is reasonably possible there will be an effect on the Board's operations in fiscal year 2022 and beyond.

Berkeley County Farmland Protection Board  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

NOTE 12 – SUBSEQUENT EVENTS

The Board has evaluated all subsequent events through March 30, 2022, the date the financial statements were available to be issued.



**REQUIRED SUPPLEMENTARY INFORMATION**

**BERKELEY COUNTY FARMLAND PROTECTION BOARD**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Public Employees Retirement System**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net position liability (asset) (percentage)	0.003072%	0.003252%	0.003455%	0.003477%	0.002803%
Board's proportionate share of the net pension liability	\$ 16,241	\$ 6,992	\$ 5,359	\$ 15,010	\$ 25,763
Board's covered-employee payroll	\$ 47,741	\$ 47,741	\$ 47,741	\$ 47,741	\$ 47,741
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	34.02%	14.65%	11.23%	31.44%	53.96%
Plan fiduciary net position as a percentage of the total net pension liability	92.89%	96.99%	96.33%	93.67%	86.11%

Note: This data will be presented prospectively until ten years is accumulated  
The amounts presented for each fiscal year were determined as of June 30th  
The Board began participation in WVPERS September 1, 2015.

**BERKELEY COUNTY FARMLAND PROTECTION BOARD  
SCHEDULE OF PENSION CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Public Employees Retirement System**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 4,774	\$ 4,774	\$ 4,774	\$ 5,251 17	\$ 5,729
Contributions in relation to the contractually related contributions	<u>(4,774)</u>	<u>(4,774)</u>	<u>(4,774)</u>	<u>(5,251) 17</u>	<u>(5,729)</u>
Contribution deficit (surplus)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 47,741	\$ 47,741	\$ 47,741	\$ 47,741	\$ 47,741
Contributions as a percentage of covered-employee payroll	10.00%	10.00%	10.00%	11.00%	12.00%

\*Information prior to 2017 is not available

**BERKELEY COUNTY FARMLAND PROTECTION BOARD**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Public Employees Retirement System**

	2021	2020
Board's proportion of the net position liability (asset) (percentage)	0.001043002%	0.000888228%
Board's proportionate share of the net pension liability	\$ 4,607	\$ 14,737
Board's covered-employee payroll	\$ 47,741	\$ 47,741
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	9.65%	30.87%
Plan fiduciary net position as a percentage of the total net pension liability	73.49%	39.69%

Note: This data will be presented prospectively until ten years is accumulated  
The amounts presented for each fiscal year were determined as of June 30th  
The Board began participation in OPEB plan September 1, 2018.

**BERKELEY COUNTY FARMLAND PROTECTION BOARD**  
**SCHEDULE OF OPEB CONTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Public Employees Retirement System**

	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ 1,920	\$ 1,830
Contributions in relation to the contractually related contributions	<u>(1,920)</u>	<u>(1,830)</u>
Contribution deficit (surplus)	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 47,741	\$ 47,741
Contributions as a percentage of covered-employee payroll	4.02%	3.83%

\*Information prior to 2020 is not available

**ACCOMPANYING INFORMATION**



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

Berkeley County Farmland Protection Board  
Berkeley County, West Virginia  
229 East Martin Street  
Suite 300  
Martinsburg, West Virginia 25401

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the government wide activities and major fund of the Berkeley County Farmland Protection Board, Berkeley County, West Virginia (the Board), a component unit of Berkeley County, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated March 30, 2022.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Board's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

*BHM CPA Group*

BHM CPA Group, Inc  
Huntington, West Virginia  
March 30, 2022