



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

RFP# 22-160
Berkeley County

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

REGULAR AUDIT

For the Year Ended June 30, 2023
Fiscal Year Audited Under GAGAS: 2023

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**BERKELEY COUNTY FARMLAND PROTECTION BOARD
SCHEDULE OF FUNDS INCLUDED IN THE REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General

**BERKELEY COUNTY FARMLAND PROTECTION BOARD
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

TITLE	PAGE
Introductory Section	
Board Members.....	1
Financial Section	
Independent Auditor’s Report.....	2
Management’s Discussion and Analysis.....	5
Basic Financial Statements:	
Governmental Funds Balance Sheet / Statement of Net Position.....	10
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	11
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance / Statement of Activities.....	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	13
Notes to the Financial Statements.....	14
Required Supplementary Information	
Schedule of Proportionate Share of the Net Pension Liability	32
Schedule of Pension Contributions	33
Schedule of Proportionate Share of the Net OPEB Liability.....	34
Schedule of OPEB Contributions	35
Accompanying Information	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	36

INTRODUCTORY SECTION

BERKELEY COUNTY FARMLAND PROTECTION BOARD
BOARD MEMBERS
For the Fiscal Year Ended June 30, 2023

OFFICE	NAME
Chairman:	<u>Appointive:</u> Tom Gleason
Vice Chair:	J. Bradford Langdon
Secretary:	Laura Riggs
Treasurer:	Karen Burkhart
Board Members:	George Miller Bill Bennett
County Council Representative:	Steve Catlett
Executive Director	Resa Ingram-Orsini

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 Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the government wide activities and major fund of the Berkeley County Farmland Protection Board (the Board), as of June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board'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 financial position of the Berkeley County Farmland Protection Board, Berkeley County, West Virginia, as of June 30, 2023, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board'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 Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board'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 Board's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the Schedule of Funds and List of Board Members 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 exists 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 March 8, 2024, 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 8, 2024

Berkeley County Farmland Protection Board
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2023
(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, 2023 in comparison to the year ended June 30, 2022. 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 \$2,559,847 in 2023 and \$3,023,573 in 2022. This represents a decrease of \$463,729 or 15 percent from 2022 to 2023. There were no U.S. Department of Agriculture grants in 2023 and one U.S. Department of Agriculture grants in 2022 in the amount of \$457,000. There were no state grants in 2023 and 2022.

During 2023, the Board had one donated conservation easements with a fair market value of \$221,000. The Board had no donated conservation easements during 2022.

Capital outlays for conservation easements amounted to \$1,315,143 in 2023 as compared to \$3,007,501 in 2022. 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 \$164,119 in 2023 and \$137,415 in 2022. Administrative costs were 6 percent and 4 percent of program revenues for 2023 and 2022, respectively.

The Board does not anticipate the availability of federal and state matching funds for 2024.

The Board is a member of TerraFirma Insurance, a charitable risk pool owned by participating land trust. 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.

Berkley County Farmland Protection Board
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2023
(Unaudited)

The Board is a component unit of the Berkeley County Commission with a separate legal existence. As well as being in a unit of government, the Board is an IRS section 501©(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, 2023 and June 30, 2022, 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

	2023	2022
Assets		
Cash and cash equivalents	\$ 4,249,271	\$ 3,097,328
Transfer taxes receivable	296,029	267,617
Other accounts receivable	5,614	5,343
Prepaid expenses	8,640	4,927
Total assets	\$ 4,559,554	\$ 3,375,215
Liabilities	\$ 22,903	\$ 6,941
Fund Balance		
Nonspendable	\$ 7,953	\$ 4,240
Committed for easement purchases	2,781,175	2,544,683
Assigned for program purposes	1,747,523	819,351
Total fund balance	\$ 4,536,651	\$ 3,368,274

Berkeley County Farmland Protection Board
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2023
(Unaudited)

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

	2023	2022
Reconciliation to Statement of Net Position:		
Total fund balance	\$ 4,536,651	\$ 3,368,274
Conservation easements	40,248,293	38,739,932
Deferred easement acquisition costs	33,781	6,000
Deferred outflows and inflows, net	20,318	(21,438)
Accrued easement acquisition costs	-	-
Accrued compensated absences	(4,551)	(4,298)
Net OPEB liability	(1,443)	313
Collective net pension liability	(6,462)	26,321
	\$ 44,826,587	\$ 42,115,104
Total net position		

Cash and cash equivalents increased by \$1,151,943 or 37 percent. This increase primarily relates to the timing of easement closings and availability of matching funds. Capitalized easements increased \$1,508,361 or 4 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. Four easements were closed during fiscal year 2023 and four easements were closed during fiscal year 2022. Assigned net position generally represents amounts not yet invested in or committed for easements or expended for administrative costs but earmarked for these costs in the future. Assigned net position increased by \$928,172 from 2022 to 2023.

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

	2023	2022
Program Revenues		
Transfer taxes	\$ 2,559,847	\$ 3,023,573
Reimbursed compensation expenses	22,541	11,368
Capital grants and contributions	-	457,500
	2,582,388	3,492,441
Total program revenues		
General Revenues (Expenditures)		
Investment earnings and other income	65,251	5,347
	65,251	5,347
Total general revenues		
Total revenues	2,647,639	3,497,788

Berkley County Farmland Protection Board
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2023
(Unaudited)

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

	2023	2022
Expenditures		
Conservation easements	1,315,143	3,007,501
Farmland protection administration	164,119	137,415
Total expenditures	1,479,262	3,144,916
Excess (deficit) of revenues over expenditures	\$ 1,168,377	\$ 352,872
	2023	2022
Reconciliation to Statement of Activities		
Excess (deficit) of revenues over expenditures	\$ 1,168,377	\$ 352,872
Conservation easement expenditures	1,315,143	3,007,501
Decrease in accrued compensated absences	(254)	(1,288)
OPEB expense in excess of OPEB expenditures	1,537	1,587
Pension expense in excess of pension expenditures	5,680	12,553
Change in net position	\$ 2,711,483	\$ 3,373,225

Federal income is primarily from the U.S. Department of Agriculture under the Agricultural Conservation Easements Program. Federal income is typically a percentage match 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 no USDA grant in 2023 and one in 2021.

There was no State grant income for 2023 and 2022. State grants have historically 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, 2023
(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 2023, four easements were acquired with one USDA matching grant and no state grants. During fiscal year 2022, four easements were acquired with two USDA matching grants and no state grants.

The Board placed 316 and 757 acres under easement during 2023 and 2022, respectively. The average value of a purchased conservation easement was \$4,766 and \$3,980 per acre in 2023 and 2022, 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 \$18,140 and \$16,211 in fiscal years 2023 and 2022, 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, 2023

	General	Adjustments Page 12	Statement of Net Position
ASSETS:			
Current assets:			
Cash and Cash Equivalents	\$ 4,249,271	\$ -	\$ 4,249,271
Transfer Taxes Receivable	296,029	-	296,029
Other Accounts Receivable	5,614	-	5,614
Prepaid Expenses	7,953	-	7,953
Security Deposits	687	-	687
Total Current Assets	<u>4,559,554</u>	<u>-</u>	<u>4,559,554</u>
Capital assets:			
Conservation Easements	-	40,248,293	40,248,293
Other assets:			
Deferred Costs	-	33,781	33,781
Total Other Assets	<u>-</u>	<u>33,781</u>	<u>33,781</u>
Total Assets	<u>4,559,554</u>	<u>40,282,074</u>	<u>44,841,628</u>
DEFERRED OUTFLOWS			
Defined Benefit Pension Plan Contributions	-	8,587	8,587
Other Post Employment Benefit Plan Contributions	-	1,680	1,680
Collective Deferred Outflows Related to Pension	-	10,628	10,628
Collective Deferred Outflows Related to Post Employment Benefit Plan	-	5,203	5,203
Total Deferred Outflows	<u>-</u>	<u>26,098</u>	<u>26,098</u>
<i>Total Assets and Deferred Outflows</i>	<u>\$ 4,559,554</u>	<u>\$ 40,308,172</u>	<u>\$ 44,867,726</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	\$ 16,419	\$ -	\$ 16,419
Compensation Liabilities	6,484	-	6,484
Total Current Liabilities	<u>22,903</u>	<u>-</u>	<u>22,903</u>
Long-Term Liabilities:			
Accrued Compensated Absences	-	4,551	4,551
Net Other Post Employment Benefit Plan Liability	-	1,443	1,443
Net Collective Pension Plan Liability	-	6,462	6,462
Total Long-term Liabilities	<u>-</u>	<u>12,456</u>	<u>12,456</u>
<i>Total Liabilities</i>	<u>22,903</u>	<u>12,456</u>	<u>35,359</u>
DEFERRED INFLOWS			
Collective Deferred Inflows Related to other Post Employment Benefit Plan	-	5,510	5,510
Collective Deferred Inflows Related to Pension Plan	-	270	270
Total Deferred Inflows	<u>-</u>	<u>5,780</u>	<u>5,780</u>
FUND BALANCE:			
Nonspendable	7,953	(7,953)	-
Committed	2,781,175	(2,781,175)	-
Assigned	1,747,523	(1,747,523)	-
<i>Total Fund Balance</i>	<u>4,536,651</u>	<u>(4,536,651)</u>	<u>-</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 4,559,554</u>	<u>(4,518,415)</u>	<u>41,139</u>
NET POSITION:			
Net Investment in Capital Assets		40,248,293	40,248,293
Unrestricted		4,578,294	4,578,294
<i>Total Net Position</i>		<u>44,826,587</u>	<u>44,826,587</u>
<i>Total Liabilities, Deferred Inflows, and Net Position</i>		<u>\$ 40,308,172</u>	<u>\$ 44,867,726</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, 2023

Total Governmental Fund Balance	\$	4,536,651
<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		40,248,293
Easement pre-acquisition costs are expensed in fund-level financial statements but reported as deferred costs in the government-wide Statement of Net Position		
		33,781
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	15,831	
Deferred outflows - Employer contributions to the pension and other post employment benefit plans after the measurement date	10,267	
Deferred inflows - Collective inflows related to pension and other post employment benefit plans	<u>(5,780)</u>	
Total deferred outflows and inflows		20,318
The collective net pension liability is not due and payable in the current period and therefore not reported in the fund		
		(6,462)
The collective net post employment benefit plan liability is not due and payable in the current period and therefore not reported in the fund		
		(1,443)
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>(4,551)</u>
Net Position of Governmental Activities	\$	<u><u>44,826,587</u></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, 2023

	<u>General</u>	<u>Adjustments Page 14</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES:			
Current:			
Farmland Protection Administration	\$ 164,119	\$ (6,963)	\$ 157,156
Easement Acquisition/Capital Outlays	1,315,143	(1,315,143)	-
<i>Total Expenditures/Expenses</i>	<u>1,479,262</u>	<u>(1,322,106)</u>	<u>157,156</u>
PROGRAM REVENUES:			
Transfer Taxes	2,559,847	-	2,559,847
Reimbursed Compensated Expenses	22,541	-	22,541
Capital Grants			
In-Kind	-	221,000	221,000
<i>Total Program Revenues</i>	<u>2,582,388</u>	<u>221,000</u>	<u>2,803,388</u>
<i>Net Program Revenues</i>	<u>1,103,126</u>	<u>1,543,106</u>	<u>2,646,232</u>
GENERAL REVENUES:			
Interest and Investment Earnings	65,246	-	65,246
Other	5	-	5
<i>Total General Revenues</i>	<u>65,251</u>	<u>-</u>	<u>65,251</u>
Net Change in Fund Balance	1,168,377	1,543,106	
Change in Net Position			2,711,483
<i>Fund Balance/Net Position at Beginning of Year</i>	<u>3,368,274</u>	<u>38,746,830</u>	<u>42,115,104</u>
<i>Fund Balances/Net Position at End of Year</i>	<u>\$ 4,536,651</u>	<u>\$ 40,289,936</u>	<u>\$ 44,826,587</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, 2023

Net Change in Fund Balance - Total Governmental Funds \$ 1,168,377

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	\$ 1,287,361
In-kind contribution of easement	221,000
Deferred easement acquisition costs	<u>27,782</u>

Amount of capital outlays and easement acquisition costs incurred for current year 1,536,143

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	8,587
Amount of pension expense recognized at government-wide level	<u>2,907</u>

Pension expense in excess of pension expenditures 5,680

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	1,680
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Amount of other post employment benefit plan expense recognized at the government-wide level	<u>143</u>
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Other post employment benefit plan expense in excess of other post employment benefit plan expenditures 1,537

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.

(254)

Net Change in Net Position of Governmental Activities \$ 2,711,483

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, 2023

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 et. seq. with the primary purpose to acquire easements from land owners whereby the property is dedicated to preservation for future years.

The Organization 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 receives 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 special 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 nonfiduciary activities of the Board’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.

Berkeley County Farmland Protection Board
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 collectible 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, 2023.

Cash and Cash Equivalents

The Board's cash and cash equivalents are considered to be cash on hand, demand and money market 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.

Berkeley County Farmland Protection Board
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 they are not in spendable form; restricted fund balance, which includes amounts constrained for specific purposes that are externally imposed by the resource providers; committed fund balance, which includes amounts constrained for specific purposes that are internally imposed through formal action of the 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 nondepreciable. 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 and Accrued Easement Costs

Deferred and accrued easement costs represent appraisal, survey, baseline, plat, 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.

Berkeley County Farmland Protection Board
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Changes in accrued compensated absences for the year ended June 30, 2023 are as follows:

Beginning Balance	Additions	Reductions	Ending Balance
\$ 4,298	\$ 253	\$ -	\$ 4,551

Net Position

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

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, grantors, 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.”

Nonexchange Transactions

The Board follows GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* (Statement 33), which establishes accounting and reporting guidelines for government entities that gives (or receives) value without directly receiving (or giving) equal value in return. The Board receives voluntary nonexchange transactions through various 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 employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Berkeley County Farmland Protection Board
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Postemployment Benefits Other Than Pensions (OPEB)

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

NOTE 2 - NEW ACCOUNTING PRONOUNCEMENT ADOPTED

The Board has adopted the following GASB Pronouncement during the fiscal year ended June 30, 2023.

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 the fiscal year ending June 30, 2023.

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

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

NOTE 3 - NEW ACCOUNTING PRONOUNCEMENTS

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

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

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

Berkeley County Farmland Protection Board
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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

NOTE 4 - DEPOSITS AND INVESTMENTS

Risks 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, 2023, 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 5 - 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, 2023

NOTE 6 - CAPITAL ASSETS

Capital Asset activity for governmental activities for the fiscal year ended June 30, 2023 was as follows:

	Balance at June 30, 2022	Additions	Disposals	Balance at June 30, 2023
Capital assets not being depreciated:				
Conservation easements	\$ 38,739,932	\$ 1,508,361	\$ -	\$ 40,248,293
 Total capital assets not being depreciated	 38,739,932	 1,508,361	 -	 40,248,293
 Total governmental capital assets	 \$ 38,739,932	 \$ 1,508,361	 \$ -	 \$ 40,248,293

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 7 - 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, 2017. The lease renews annually. Annual rent payments required under the lease are \$8,244. Total rent expense for the year ended June 30, 2023 was \$8,244. The lease is considered a short-term lease under GASB No. 87, Leases.

Berkeley County Farmland Protection Board
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 - EMPLOYEE RETIREMENT SYSTEM AND PLAN

Plan Description, Contribution Information, and Funding Policies

The Board participates 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, employers, and State appropriations, as necessary.

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

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

Eligibility to participate: All Board full-time employees, except those covered by other pension plans

Authority establishing contribution obligations and benefit provisions: West Virginia Code Section 5-10d

Tier 1 Plan member's contribution rate: 4.50% (Employees hired before July 1, 2015)

Tier 2 Plan member's contribution rate: 6.00% (Employees hired after July 1, 2015)

Board's contribution rate: 9% for fiscal year 2023

Period required to vest: 5 years for Tier 1 and 10 years for Tier 2

Benefits and eligibility for distribution: Tier 1

A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.

Tier 2

Qualification for normal retirement is age 62 with 10 years of service or at least age 55 plus service years equal to 80 or greater. The final average salary is the average of the five consecutive highest annual earnings years out of the last fifteen years. The final average salary times the years of service times 2% equals the annual retirement benefit.

Deferred retirement portion: No

Berkeley County Farmland Protection Board
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8: EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)

Provisions for:

Cost of living	No
Death benefits	Yes

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

Trend Information

<u>Fiscal Year</u>	<u>Annual Contractual Pension Cost</u>	<u>Percentage Contributed</u>
2023	\$ 8,587	100%
2022	\$ 7,024	100%
2021	\$ 4,774	100%

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

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

At June 30, 2023, the Board reported the following asset its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Board's proportion of the net pension asset 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. At June 30, 2023, the Board reported the following proportion:

Amount for proportionate share of net pension asset	\$6,462
Percentage for proportionate share of net pension asset	0.004339%
Increase (decrease) % from prior year proportion measured	0.001341%

Changes in net pension asset (liability) for the year ended June 30, 2023 are as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
\$ 26,321	\$ (41,087)	\$ 8,304	\$ (6,462)

The Board recognized \$2,907 of pension expense for the year ended June 30, 2023.

Berkeley County Farmland Protection Board
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8: EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 3,896	\$ -
Difference between expected and actual experience	2,479	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	(270)
Change in assumptions	4,253	-
Board contributions subsequent to the measurement date	8,587	-
	\$ 19,215	\$ (270)

The amount reported as deferred outflows of resources related to the pension plan resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in pension expense (offset) as follows:

Year ended June 30

	2024	\$	4,014
	2025		259
	2026		(4,114)
	2027		10,199
Total		\$	10,358

Berkeley County Farmland Protection Board
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8: EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2021, and rolled forward to June 30, 2022, which is the measurement date, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair value
Amortization method	Level dollar, fixed period
Amortization period	Through Fiscal Year 2035
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	3.60-6.75%%, including inflation
Inflation rate	2.75%
Discount rate	7.25%
Mortality rates	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018 Retired healthy males - 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018 Retired healthy females - 122% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018 Disabled males - 118% of Pub 2010 General/ Teachers Disabled Male table, below-median headcount weighted, projected with scale MP-2018 Disabled females - 117% of Pub 2010 General/ Teachers Disabled Male table, below-median headcount weighted, projected with scale MP-2018
Withdrawal rates	
State	2.28-45.63%%
Non-state	2.500-35.88%%
Disability rates	0.005-0.054%%
Retirement rates	12 - 100%%
Date range in most recent experience study	2015-2020 - Economic assumptions; 2013-2018 - All other assumptions

Berkeley County Farmland Protection Board
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8: EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments were determined using a building-block method in which estimates of expected real rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Rates summarized in the following table as of June 30, 2020, include the inflation component and were used for the defined benefit plan:

Investment	Long-Term Expected Real Rate of Return	PERS Target Asset Allocation
US Equity	5.8%	27.50%
International Equity	7.7%	27.50%
Private Equity	8.8%	10.00%
Fixed Income	3.3%	15.00%
Hedge Funds	6.1%	10.00%
Real Estate	4.4%	10.00%
		100.00%

Discount Rate

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

The following chart presents the sensitivity of the net pension asset to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension asset (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 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Board's proportionate share of net pension asset	\$ (45,724)	\$ (6,462)	\$ 27,141

Berkeley County Farmland Protection Board
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8: EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)

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

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan Description

The Board contributes to the West Virginia Other Postemployment Benefit Plan (The Plan), a cost-sharing, multiple-employer defined benefit postemployment healthcare plan. The financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration cabinet secretary serves as Chairman of the Board. Four members represent labor, education, public employees and public retirees. The four remaining members represent the public at large. The Plan had approximately 43,000 policyholders and 64,000 covered lives at June 30, 2021. The RHBT audited financial statements and actuarial reports can be found on the PEIA website at www.peia.wv.gov. You can also submit your questions in writing to the West Virginia Public Employees Insurance Agency, 601 57th Street, SE, Suite 2, Charleston WV 25304.

Benefits Provided

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

Contributions

Paygo premiums are established by the Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The active premiums subsidized the retirees’ health care by approximately \$137 million for the fiscal year ended June 30, 2021. Contributions to the OPEB plan from the Board were as follows:

<u>Year</u>	<u>Annual Contractual OPEB Cost</u>	<u>Percentage Contributed</u>
2023	\$ 1,680	100%
2022	\$ 1,524	100%
2021	\$ 1,920	100%

Berkeley County Farmland Protection Board
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

At June 30, 2023, the Board reported an liability of \$1,443 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, 2021, rolled forward to June 30, 2022, 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, 2022, the Board's proportionate share was 0.001296188%, which is an increase of 0.000243316% from its proportionate measured as of June 30, 2021.

Changes in the net OPEB asset (liability) for the year ended June 30, 2023 are as follows:

Beginning Balance	Additions	Reductions	Ending Balance
\$ 313	\$ (6,823)	\$ 5,067	\$ (1,443)
\$ 313	\$ (6,823)	\$ 5,067	\$ (1,443)

For the year ended June 30, 2023, the Board recognized OPEB expense of \$143.

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	\$ 4,054	\$ -
Change in assumptions	925	(3,666)
Net difference between projected and actual investment earnings on OPEB plan investments	224	-
Difference between expected and actual experience	-	(1,840)
Reallocation of opt-out employer change in proportionate share Board contributions subsequent to the measurement date	-	(4)
	1,680	-
	\$ 6,883	\$ (5,510)

Berkeley County Farmland Protection Board
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

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

<u>Year ended June 30</u>	
2024	\$ (1,563)
2025	472
2026	223
2027	<u>561</u>
Total	<u>\$ (307)</u>

Actuarial Assumptions

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

Inflation rate	2.25%
Wage inflation	2.75%
Salary increases	Dependent upon pension system, ranging from 2.75% to 5.18%, including inflation.
Investment rate of return	6.65%, net of OPEB plan investment expense, including inflation.
Healthcare cost trend rates	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.50% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
Actuarial Cost Method	Entry age normal

Berkeley County Farmland Protection Board
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20 year closed period as of June 30, 2017
Mortality Rates	<p><u>Post Retirement:</u> TRS: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females. PERS: Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females. Troopers A and B: Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2019 and scaling factors of 100% for males and females.</p> <p><u>Pre Retirement:</u> TRS: Pub-2010 General Employee Mortality Tables projected with MP-2019. PERS: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019. Troopers A and B: Pub-2010 Public Safety Employee Mortality Tables projected with MP-2019.</p>

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

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

Asset Class	Long-Term Expected Real Rate of Return
Global Equity	4.8%
Core Plus Fixed Income	2.1%
Core Real Estate	4.1%
Hedge Fund	2.4%
Private Equity	6.8%
Cash and Cash Equivalents	0.0%

Berkeley County Farmland Protection Board
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Discount Rate

A single discount rate of 6.65% was used to measure the OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with prefunding and investment policies. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates.

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

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

	1% Decrease 5.65%	Discount Rate 6.65%	1% Increase 7.65%
Net OPEB Asset (Liability)	\$ (3,709)	\$ (1,443)	\$ 501

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Asset (Liability)	\$ 820	\$ (1,443)	\$ (4,121)

OPEB Plan Fiduciary Net Position

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

Berkeley County Farmland Protection Board
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 10 - 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	\$ 7,953
Committed for:	
Easement acquisition	2,781,175
Assigned for:	
Easement acquisition	1,747,523
Total fund balance	\$ 4,536,651

NOTE 11 - 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.

The Board participates in 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 12 - SUBSEQUENT EVENTS

The Board has evaluated all subsequent events through March 8, 2024, 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, 2023

Public Employees Retirement System

	2023	2022	2021	2020	2019	2018	2017
Board's proportion of the net position liability (asset) (percentage)	0.004339%	-0.002998%	0.003072%	0.003252%	0.003455%	0.003477%	0.002803%
Board's proportionate share of the net pension liability	\$ 6,462	\$ (26,321)	\$ 16,241	\$ 6,992	\$ 5,359	\$ 15,010	\$ 25,763
Board's covered-employee payroll	\$ 95,407	\$ 70,241	\$ 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	6.77%	-37.47%	34.02%	14.65%	11.23%	31.44%	53.96%
Plan fiduciary net position as a percentage of the total net pension liability	98.17%	111.07%	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, 2023**

Public Employees Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 8,587	\$ 7,024	\$ 4,774	\$ 4,774	\$ 4,774	\$ 5,251	\$ 5,729
Contributions in relation to the contractually related contributions	<u>(8,587)</u>	<u>(7,024)</u>	<u>(4,774)</u>	<u>(4,774)</u>	<u>(4,774)</u>	<u>(5,251)</u>	<u>(5,729)</u>
Contribution deficit (surplus)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 95,407	\$ 70,241	\$ 47,741	\$ 47,741	\$ 47,741	\$ 47,741	\$ 47,741
Contributions as a percentage of covered-employee payroll	9.00%	10.00%	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, 2023

Public Employees Retirement System

	2023	2022	2021	2020
Board's proportion of the net position liability (asset) (percentage)	0.001296188%	-0.001052872%	0.001043002%	0.000888228%
Board's proportionate share of the net pension liability	\$ 1,443	\$ (1,920)	\$ 4,607	\$ 14,737
Board's covered-employee payroll	\$ 95,407	\$ 70,241	\$ 47,741	\$ 47,741
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	1.51%	-2.73%	9.65%	30.87%
Plan fiduciary net position as a percentage of the total net pension liability	93.59%	-101.81%	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, 2023

Public Employees Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ 1,680	\$ 1,524	\$ 1,920	\$ 1,830
Contributions in relation to the contractually related contributions	<u>(1,680)</u>	<u>(1,524)</u>	<u>(1,920)</u>	<u>(1,830)</u>
Contribution deficit (surplus)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 95,407	\$ 70,241	\$ 47,741	\$ 47,741
Contributions as a percentage of covered-employee payroll	1.76%	2.17%	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), as of and for the year ended June 30, 2023, 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 8, 2024.

Report on 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.

Report on 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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board'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 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 8, 2024