



**CHARLES TOWN UTILITY BOARD  
(A Component Unit of the Municipality of Charles Town)  
JEFFERSON COUNTY  
REGULAR AUDIT  
FOR THE YEAR ENDED JUNE 30, 2025**

**RFP# 23-249**

**CHARLES TOWN UTILITY BOARD  
JEFFERSON COUNTY**

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Charles Town Utility Board  
**SCHEDULE OF FUNDS INCLUDED IN REPORT**  
June 30, 2025

**BUSINESS-TYPE FUNDS**

**Major Funds**

Water Fund

Sewer Fund

Charles Town Utility Board  
**BOARD OFFICIALS AND MANAGEMENT**  
June 30, 2025

		<u>Term Expires</u>
City Manager of Charles Town Chairman	Brent Manuel	
Vice Chairman	John Maxey	12/31/29
Treasurer	Duke Pierson	12/31/26
Board Member	Heidi Parker	12/31/27
Board Member	Patrick Kratovil	12/31/28
Utility Manager	Kristen Stolipher	
Assistant Utility Manager	April Shultz	
Board Attorney	Robert Rodecker	
Secretary	Ashley Stottlemyer	



## INDEPENDENT AUDITOR'S REPORT

Charles Town Utility Board  
Jefferson County  
661 South George Street, Suite 101  
Charles Town, West Virginia 25414

To the Board of Directors:

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of the **Charles Town Utility Board**, Jefferson County, West Virginia (the Utility Board), a component unit of the Municipality of Charles Town, as of and for the year ended June 30, 2025, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Charles Town Utility Board, Jefferson County, West Virginia as of June 30, 2025, and the changes in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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 Utility 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 opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Utility 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 Utility 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 listing of Utility Board Officials and Management but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does 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 February 24, 2026, on our consideration of the Utility 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Utility Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Utility Board's internal control over financial reporting and compliance.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

February 24, 2026

Charles Town Utility Board  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
June 30, 2025

The discussion and analysis of the Charles Town Utility Board's (Utility Board) financial performance provides an overview of the Utility Board's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the Utility Board's financial statements.

**FINANCIAL HIGHLIGHTS**

The Utility Board's net position increased \$6.3 million as a result of this year's operations. Net position of the water fund increased \$3.0 million compared to the previous year, or 21.6 percent. Net position of the sewer fund increased by \$3.3 million, or 7.9 percent compared to the previous year. The water and sewer fund increases are primarily the result of an increasing customer base, water and sewer rate changes effective February 16, 2024, developer and grant contributions and capacity improvement fees.

The Utility Board's operating revenues increased \$1.1 million to \$12.8 million for 2025. Operating expenses increased \$1.9 million to \$12.5 million for 2025. Water fund operating income decreased \$0.1 million to \$0.2 million and sewer operating income decreased \$0.7 million to \$0.1 million for 2025.

The \$1.1 million increase in operating revenues is primarily a result of system growth and a change in water and sewer rates effective February 11, 2024. The \$1.9 million increase in operating expenses is attributed to increases in personnel service (\$0.5 million), increases in maintenance and materials (\$0.2 million), increases in utilities (\$0.1 million), increases in administrative (\$0.1 million), and increases in depreciation expense (\$1.0 million).

By City Council ordinance adopted January 2, 2024, and effective February 16, 2024, the Utility Board equalized its water rates and its sewer rates throughout its service area.

The Utility Board added approximately \$5.1 million and \$7.7 million in capital assets during 2025 and 2024, respectively. During 2025, approximately \$3.1 million was added from sewer construction in progress related to the sewer department's wastewater treatment plant renewal and replacement and collection system projects and \$0.7 million in water and sewer utility plant was added through developer contributions and advances. During 2024, approximately \$5.8 million was from construction in progress related to the sewer projects. Also during 2024, the Utility Board added approximately \$1.1 million of sewer utility plant through developer contributions.

During 2025, the Utility Board's \$12 million renewal and replacement project was placed in service.

At June 30, 2025, the Utility Board was in the construction phase of its sewer department collection system project. The estimated cost of the project is \$7.8 million with \$1.8 million expended as of June 30, 2025.

During 2025, the Utility Board issued 2024 A and B bond issues in the aggregate amount of \$3,060,984 to partially fund the collection system project.

During 2025, the Utility Board issued no fixed debt.

Charles Town Utility Board  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
June 30, 2025

**FINANCIAL HIGHLIGHTS (continued)**

The Utility Board made all required contractual payments to the West Virginia Public Employees Retirement System and West Virginia Retiree Health Benefits Trust during 2025 and 2024.

**USING THIS ANNUAL REPORT**

1. Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Utility Board's financial statements. The Utility Board's financial statements and Notes to the Financial Statements included in this report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for proprietary fund types.

2. Financial Statements

The financial statements are designed to provide readers with a broad overview of the Utility Board's finances, in a manner similar to private-sector business. They consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows.

The Statement of Net Position presents information on all the Utility Board's assets/deferred outflows and liabilities/deferred inflows with the difference between the two reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Utility Board is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Utility Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in different fiscal periods (e.g. Depreciation and earned but unused vacation and sick leave).

The Statement of Cash Flows presents the Utility Board's sources and uses of cash and changes in cash balances between the current and prior year.

The basic financial statements report all Utility Board financial activities. The activities are primarily supported by water and sewer user fees. The Utility Board's mission is furthering the preservation of public health, comfort and convenience by providing water and sewer services to the residents of Charles Town, Ranson, territories formerly served by the Jefferson County Public Service District, and other areas in Jefferson County.

Charles Town Utility Board  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
June 30, 2025

**USING THIS ANNUAL REPORT (continued)**

3. Notes to Financial Statements

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to Financial Statements can be found in the financial statements mentioned at #2 above.

**REPORTING THE UTILITY BOARD AS A WHOLE**

The analysis below focuses on net position (Table 1) and changes in net position (Table 2) of the Utility Board's financial activities.

Table 1 - Net Position (in Millions)

	Water		Sewer		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 17.5	\$ 15.0	\$ 15.7	\$ 14.1	\$ 33.2	\$ 29.1
Capital assets	18.2	18.9	66.7	65.6	84.9	84.5
<b>Total assets</b>	<b>35.7</b>	<b>33.9</b>	<b>82.4</b>	<b>79.7</b>	<b>118.1</b>	<b>113.6</b>
Deferred outflows of resources	0.3	0.2	0.2	0.2	0.5	0.4
<b>Total assets and deferred outflows of resources</b>	<b>\$ 36.0</b>	<b>\$ 34.1</b>	<b>\$ 82.6</b>	<b>\$ 79.9</b>	<b>\$ 118.6</b>	<b>\$ 114.0</b>
Long-term debt outstanding	\$ 13.8	\$ 14.7	\$ 25.7	\$ 26.7	\$ 39.5	\$ 41.4
Other liabilities	0.5	0.4	11.6	11.3	12.1	11.7
<b>Total liabilities</b>	<b>14.3</b>	<b>15.1</b>	<b>37.3</b>	<b>38.0</b>	<b>51.6</b>	<b>53.1</b>
Deferred inflows of resources	4.8	5.1	0.1	-	4.9	5.1
<b>Net position:</b>						
Net investment in capital assets	4.4	4.2	30.2	30.2	34.6	34.4
Restricted	9.5	7.2	9.9	8.3	19.4	15.5
Unrestricted	3.0	2.5	5.1	3.4	8.1	5.9
<b>Total net position</b>	<b>16.9</b>	<b>13.9</b>	<b>45.2</b>	<b>41.9</b>	<b>62.1</b>	<b>55.8</b>
<b>Total liabilities, deferred inflows, and net position</b>	<b>\$ 36.0</b>	<b>\$ 34.1</b>	<b>\$ 82.6</b>	<b>\$ 79.9</b>	<b>\$ 118.6</b>	<b>\$ 114.0</b>

Charles Town Utility Board  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
June 30, 2025

**REPORTING THE UTILITY BOARD AS A WHOLE (continued)**

The net position of the Utility Board as a whole increased by 11.3 percent (\$6.3 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased from \$5.9 million at June 30, 2024, to \$8.1 million at the end of this year, a 37.3 percent increase.

Water net position increased by \$3.0 million or 21.6 percent and sewer net position increased by \$3.3 million or 7.9 percent.

By far, the largest portion of the Utility Board's assets reflects its investment in capital assets. The Utility Board uses these capital assets to provide water and sewer services to its customers; consequently, these assets are not available for future spending.

Table 2 - Changes in Net Position (in Millions)

	Water		Sewer		Total	
	2025	2024	2025	2024	2025	2024
Operating revenues	\$ 5.4	\$ 4.7	\$ 7.4	\$ 7.0	\$ 12.8	\$ 11.7
Operating expenses	5.2	4.4	7.3	6.2	12.5	10.6
Operating income	0.2	0.3	0.1	0.8	0.3	1.1
Non-operating revenues (expenses)	0.6	0.4	(0.4)	(0.4)	0.2	-
Changes in net position before capital contributions	0.8	0.7	(0.3)	0.4	0.5	1.1
Capital contributions	2.2	1.7	3.6	5.6	5.8	7.3
Change in net position	\$ 3.0	\$ 2.4	\$ 3.3	\$ 6.0	\$ 6.3	\$ 8.4

The Utility Board's operating revenues increased \$1.1 million. Operating expenses of the water department increased \$0.8 million and operating expenses of the sewer department increased \$1.1 million. The analysis separately considers the operations of the water and sewer funds.

**BUDGETARY HIGHLIGHTS**

For the year ended June 30, 2025, budgets were prepared by the Utility Board's management and were approved by the Utility Board of Directors. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with principles used in the preparation of the basic financial statements.

Charles Town Utility Board  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
June 30, 2025

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2025, the Utility Board had \$84.9 million invested in a broad range of capital assets, including land, structures, machinery and equipment, and water and sewer lines (see Table 3 below). This amount represents a net increase (including additions, disposals, and depreciation) of \$0.4 million compared to the previous year.

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

	2025	2024
Capital assets not depreciated - utility plant (land, easements, and construction in progress)	\$ 4.4	\$ 13.2
Capital assets depreciated - utility plant	131.8	119.5
Right to use assets (office facility, equipment and software subscriptions)	0.8	0.5
Totals	137.0	133.2
Accumulated depreciation and amortization	(52.1)	(48.7)
Capital assets, net of depreciation	\$ 84.9	\$ 84.5

2025 Utility Plant Additions (capital assets being depreciated)

Water (at cost or estimated fair value excluding accumulated depreciation)

Pumping plant	\$ 0.2
Water treatment plant	0.1
Transmission and distribution mains	0.3
Transportation and other	0.2
	0.8

Sewer (at cost or estimated fair value excluding accumulated depreciation)

Collection plant	0.5
Pumping plant	0.2
Treatment and disposal plant	12.0
Transportation and other	0.1
	12.8

Total 2025 additions to utility plant in service	13.6
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2025 utility plant retirements (capital assets being depreciated)

Water	0.1
Sewer	1.2

Total 2025 utility plant retirements	1.3
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Net increase in utility plant (capital assets being depreciated) for 2025	\$ 12.3
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Charles Town Utility Board  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**  
 June 30, 2025

**Debt**

At year-end, the Utility Board had \$39.5 million in long-term debt outstanding compared to \$41.4 million in the previous year.

Table 4 - Outstanding Debt at Year-End (in Millions)

	2025	2024
Lease Liability	\$ 0.4	\$ 0.4
Software subscriptions	0.2	-
Loans (Municipality of Charles Town)	0.5	0.5
Bonds	38.4	40.5
	\$ 39.5	\$ 41.4

The Utility Board issued \$3.061 million of Series 2024 A&B revenue bonds in 2024 to finance construction of the sewer collection system project.

The Utility Board issued no fixed debt during 2024.

The bond debt resulted from issuing revenue bonds for the construction of water and sewer utility plant improvements and acquisition of former JCPSD net assets. These bonds are secured by revenues derived from the combined water and sewer system. Other debt obligations include loans, subscription liability, and leases. More detailed information about the Utility Board’s long-term liabilities is presented in the notes to the financial statements.

**ECONOMIC FACTORS**

The Utility Board’s management considered many factors when setting the fiscal-year 2025 budget. One of those factors was the economy. The County’s population has a direct impact on the Utility Board’s economic growth.

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

**CONTACTING THE UTILITY BOARD’S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, customers, and investors and creditors with a general overview of the Utility Board’s finances and to show the Utility Board’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Utility Manager at 661 South George Street, Suite 101, Charles Town, WV 25414.

Charles Town Utility Board  
**STATEMENT OF NET POSITION**  
June 30, 2025

**ASSETS AND DEFERRED OUTFLOWS**

	Water Fund	Sewer Fund	Totals
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 1,500,128	\$ 4,348,181	\$ 5,848,309
Accounts receivable, net of allowances	863	181,260	182,123
Lease receivable (current portion)	273,776	-	273,776
Inventory, at cost	196,990	14,495	211,485
Prepaid insurance	25,179	25,179	50,358
Accrued utility revenue	451,953	610,387	1,062,340
Total current assets	2,448,889	5,179,502	7,628,391
<b>RESTRICTED ASSETS</b>			
Debt service and debt service reserve funds	575,242	412,828	988,070
Construction funds	-	341,418	341,418
Capacity improvement funds	8,029,540	8,634,623	16,664,163
Repair and replacement funds	978,353	880,731	1,859,084
Total restricted assets	9,583,135	10,269,600	19,852,735
<b>CAPITAL ASSETS</b>			
Utility plant in service	39,902,065	93,860,832	133,762,897
Less: accumulated depreciation and amortization	22,269,186	29,554,839	51,824,025
Net utility plant in service	17,632,879	64,305,993	81,938,872
Construction in progress	289,355	2,065,583	2,354,938
Total capital assets	17,922,234	66,371,576	84,293,810
<b>RIGHT TO USE ASSETS</b>			
Office facility and equipment	253,803	258,011	511,814
Software subscriptions	170,720	170,720	341,440
Total right to use assets in service	424,523	428,731	853,254
Less: accumulated amortization	(124,220)	(125,062)	(249,282)
Total right to use assets	300,303	303,669	603,972
<b>OTHER ASSETS</b>			
Lease receivable (net of current portion)	5,252,919	-	5,252,919
Prepaid bond insurance	79,756	145,820	225,576
Collective net pension asset	92,030	98,592	190,622
Net OPEB asset	-	-	-
Total other assets	5,424,705	244,412	5,669,117
Total assets	35,679,266	82,368,759	118,048,025
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized amounts from refunding of debt	23,583	1,424	25,007
Defined benefit pension plan contribution	109,179	107,557	216,736
Other post employment plan contribution	7,137	5,670	12,807
Collective deferred outflows related to pension plan	132,297	130,552	262,849
Collective deferred outflows related to post employment plan	3,091	-	3,091
Total deferred outflows	275,287	245,203	520,490
Total assets and deferred outflows	\$ 35,954,553	\$ 82,613,962	\$ 118,568,515

See accompanying notes to financial statements.

Charles Town Utility Board  
**STATEMENT OF NET POSITION (CONTINUED)**  
June 30, 2025

**LIABILITIES, DEFERRED INFLOWS AND NET POSITION**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
<b>CURRENT LIABILITIES</b>			
<b>(PAYABLE FROM CURRENT ASSETS)</b>			
Accounts payable	\$ 69,250	\$ 83,573	\$ 152,823
Accrued expenses	128,928	89,072	218,000
Customer deposits	118,654	222,793	341,447
Lease liability (current portion)	10,550	11,128	21,678
Subscription liability (current portion)	46,024	46,024	92,048
	<hr/>	<hr/>	<hr/>
Total current liabilities (payable from current assets)	373,406	452,590	825,996
<b>CURRENT LIABILITIES</b>			
<b>(PAYABLE FROM RESTRICTED ASSETS)</b>			
Revenue bonds payable (current portion)	1,020,314	1,309,937	2,330,251
Accrued revenue bond interest payable	95,399	47,676	143,075
Construction accounts payable	43,438	848,571	892,009
Customer advances for construction	-	10,284,713	10,284,713
	<hr/>	<hr/>	<hr/>
Total current liabilities (payable from restricted assets)	1,159,151	12,490,897	13,650,048
<b>LONG-TERM LIABILITIES</b>			
<b>(NET OF CURRENT PORTION)</b>			
Revenue bonds payable (net of current portion)	12,081,257	23,983,141	36,064,398
Lease liability (net of current portion)	193,580	196,041	389,621
Subscription liability (net of current portion)	40,225	40,225	80,450
Accrued expenses	66,521	67,283	133,804
Loan from Charles Town	363,480	97,891	461,371
	<hr/>	<hr/>	<hr/>
Total long-term liabilities	12,745,063	24,384,581	37,129,644
	<hr/>	<hr/>	<hr/>
Total liabilities	14,277,620	37,328,068	51,605,688
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Collective deferred inflows related to other post employment benefit plan	13,129	40	13,169
Collective deferred inflows related to pension plan	117,487	127,971	245,458
Collective deferred inflows related to lease receivable	4,668,725	-	4,668,725
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	4,799,341	128,011	4,927,352
	<hr/>	<hr/>	<hr/>
Total liabilities and deferred inflows	19,076,961	37,456,079	56,533,040
<b>NET POSITION</b>			
Net investment in capital assets	4,423,669	30,198,992	34,622,661
Restricted	9,487,736	9,880,506	19,368,242
Unrestricted	2,966,187	5,078,385	8,044,572
	<hr/>	<hr/>	<hr/>
Total net position	16,877,592	45,157,883	62,035,475
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows and net position	<u>\$ 35,954,553</u>	<u>\$ 82,613,962</u>	<u>\$ 118,568,515</u>

See accompanying notes to financial statements.

Charles Town Utility Board  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For the year ended June 30, 2025

	Water Fund	Sewer Fund	Totals
<b>OPERATING REVENUES</b>			
Sales and services to customers	\$ 5,378,737	\$ 7,358,774	\$ 12,737,511
Total operating revenues	<u>5,378,737</u>	<u>7,358,774</u>	<u>12,737,511</u>
<b>OPERATING EXPENSES</b>			
Personal services	1,747,087	1,625,060	3,372,147
Contractual services	120,198	182,021	302,219
Administrative and general	225,667	387,622	613,289
Materials and supplies	521,821	532,409	1,054,230
Utilities	162,678	454,490	617,168
Maintenance	833,258	917,365	1,750,623
Technology, license fees and subscriptions	86,514	54,229	140,743
Depreciation and amortization	1,495,396	3,083,464	4,578,860
Total operating expenses	<u>5,192,619</u>	<u>7,236,660</u>	<u>12,429,279</u>
Operating income	<u>186,118</u>	<u>122,114</u>	<u>308,232</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	572,191	432,597	1,004,788
Interest and fiscal charges	(435,606)	(660,269)	(1,095,875)
Bond issuance costs	-	(40,650)	(40,650)
Gain (loss) on disposition of assets	8,160	(180,406)	(172,246)
Rental income	448,821	-	448,821
Nonoperating grant	38,000	-	38,000
Miscellaneous revenues	38,587	6,400	44,987
Total nonoperating revenues (expenses)	<u>670,153</u>	<u>(442,328)</u>	<u>227,825</u>
Income before contributed capital	856,271	(320,214)	536,057
<b>CONTRIBUTED CAPITAL</b>	<u>2,176,454</u>	<u>3,602,877</u>	<u>5,779,331</u>
Change in net position	3,032,725	3,282,663	6,315,388
Total net position at beginning of year	<u>13,844,867</u>	<u>41,875,220</u>	<u>55,720,087</u>
Total net position at end of year	<u>\$ 16,877,592</u>	<u>\$ 45,157,883</u>	<u>\$ 62,035,475</u>

See accompanying notes to financial statements.

Charles Town Utility Board  
**STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2025

	Water Fund	Sewer Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 5,401,747	\$ 7,308,220	\$ 12,709,967
Cash paid for operation and maintenance expenses	(3,756,717)	(4,159,477)	(7,916,194)
Net cash provided by operations	<u>1,645,030</u>	<u>3,148,743</u>	<u>4,793,773</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	(424,842)	(3,521,347)	(3,946,189)
Proceeds from sale of capital assets	8,160	-	8,160
Proceeds from issuance of revenue bonds	-	237,336	237,336
Principal paid on revenue bonds	(1,013,647)	(1,292,549)	(2,306,196)
Interest paid on revenue bonds	(358,161)	(587,147)	(945,308)
Bond issuance costs paid	-	(40,650)	(40,650)
Principal paid on lease liability	(11,062)	(12,232)	(23,294)
Interest paid on lease liability	(7,081)	(7,148)	(14,229)
Bond administration fees paid	(5,294)	(50,224)	(55,518)
Customer advance deposit for construction	-	53,425	53,425
Customer advance deposit repayments for construction	-	(143,947)	(143,947)
Decrease (increase) in restricted assets, net	(2,306,420)	(821,694)	(3,128,114)
Contributed capital	<u>1,855,234</u>	<u>4,193,060</u>	<u>6,048,294</u>
Net cash used in capital and related financing activities	<u>(2,263,113)</u>	<u>(1,993,117)</u>	<u>(4,256,230)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest and miscellaneous non-operating income received	445,984	438,997	884,981
Rental income received	535,918	-	535,918
Repayment of City of Charles Town general fund advances	(10,180)	(2,636)	(12,816)
Net cash provided by investing activities	<u>971,722</u>	<u>436,361</u>	<u>1,408,083</u>
Net increase in cash and cash equivalents	353,639	1,591,987	1,945,626
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>1,146,489</u>	<u>2,756,194</u>	<u>3,902,683</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 1,500,128</u>	<u>\$ 4,348,181</u>	<u>\$ 5,848,309</u>

See accompanying notes to financial statements.

Charles Town Utility Board  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
For the year ended June 30, 2025

	Water Fund	Sewer Fund	Totals
Operating income	\$ 186,118	\$ 122,114	\$ 308,232
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	1,495,396	3,083,464	4,578,860
Decrease (increase) in receivables	9,096	(37,325)	(28,229)
Decrease (increase) in accrued revenues	10,579	(5,114)	5,465
Decrease (increase) in prepaid expenses	(772)	(982)	(1,754)
Decrease (increase) in inventory	(67,139)	(9,599)	(76,738)
Decrease (increase) in collective net pension asset	(90,387)	(95,447)	(185,834)
Decrease (increase) in net OPEB asset	22,618	13,944	36,562
Decrease (increase) in deferred outflows	(87,650)	(87,598)	(175,248)
Increase (decrease) in accounts payable	(1,159)	28,909	27,750
Increase (decrease) in customer deposits	3,335	(8,115)	(4,780)
Increase (decrease) in accrued expenses	72,742	48,997	121,739
Increase (decrease) in deferred inflows	92,253	95,495	187,748
	<b>\$ 1,645,030</b>	<b>\$ 3,148,743</b>	<b>\$ 4,793,773</b>

**SUPPLEMENTAL DISCLOSURES  
OF CASH FLOW INFORMATION**

Noncash investing, capital, and financing transactions:

Developer contributed capital improvements	\$ 321,220	\$ 368,626	\$ 689,846
Utility plant financed with accounts payable	43,438	848,571	892,009
Capital assets obtained through leases	11,762	15,970	27,732
Capital assets obtained through subscriptions	90,675	90,675	181,350
	<b>\$ 467,095</b>	<b>\$ 1,323,842</b>	<b>\$ 1,790,937</b>

**RECONCILIATION OF CASH**

Cash per statement of net position	<b>\$ 1,500,128</b>	<b>\$ 4,348,181</b>	<b>\$ 5,848,309</b>
Cash per statement of cash flows	<b>\$ 1,500,128</b>	<b>\$ 4,348,181</b>	<b>\$ 5,848,309</b>

See accompanying notes to financial statements.

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF BUSINESS**

The Charles Town Utility Board (the "Utility Board") is a component unit of the Municipality of Charles Town, West Virginia. The Utility Board's purpose is furthering the preservation of the public health, comfort, and convenience of the residents of Charles Town, Ranson, and other franchised areas of Jefferson County, West Virginia, by providing water and sewer services to customers in its franchise area.

The Utility Board is governed by a board of directors who are appointed by the Municipality of Charles Town (3 appointments), the Jefferson County Commission (1 appointment), and the City of Ranson (1 appointment).

The Utility Board serves 7,473 water customers and 10,061 sewer customers. During the year ended June 30, 2025, the Utility Board's water customers increased by 443 and sewer customers increased by 971.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies of the Utility Board are described below.

**Reporting Entity**

For financial reporting purposes, the Utility Board is considered a component unit of the Municipality of Charles Town. The basic criteria for defining the Utility Board as a component unit of the Municipality of Charles Town is the financial interdependence, accountability for fiscal matters, significant influence on operations and ability to designate management.

The Utility Board is a combined water and sewer utility. For purposes of establishing user rates and charges and as required by its revenue bond issues, water and sewer are maintained as separate funds with separate books of account.

**Basis of Presentation**

The accounting policies of the Utility Board conform to accounting principles generally accepted in the United States of America as applicable to enterprise funds of governmental units. The Utility Board accounts for its operations in a manner similar to those often found in the private sector. The measurement focus is based upon the determination of net income. The costs (including depreciation) of providing utility services to customers on a continuing basis are recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control and accountability.

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Revenues and expenses of the Utility Board are accounted for within two funds, both of which are enterprise funds. The Utility Board uses the accrual basis of accounting for its enterprise funds, under which revenues are recognized when they are earned and expenses are recognized when they are incurred.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Utility Board. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange or ancillary activities.

When both restricted and unrestricted resources are available for use, it is the Utility Board's policy to use restricted resources first, and then the unrestricted resources as needed. See Note 1 for information describing restricted assets.

**Utility Plant**

Utility plant purchased or acquired under financing arrangements by the Utility Board is stated at cost and utility plant contributed to the Utility Board by developers and customers is stated at fair market value at the time received. Depreciation is provided on all utility plant in service based on the estimated useful lives, which range from 5 to 50 years, using the straight-line method.

The Utility Board's policy for capitalization of property, plant, and equipment is as follows:

Equipment	\$ 15,000
Real Property	
Land	\$ 1
Land improvements	\$ 15,000
Buildings (Structures)	\$ 1
Construction in Progress	\$ 15,000

Expenditures for repairs and upgrading which materially add to the value or life of an asset are capitalized. Other maintenance and repair costs are expensed as incurred.

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

The depreciation and amortization expense on assets acquired under financed purchases and leasing arrangements is included with depreciation and amortization expense on owned assets.

**Cash and Cash Equivalents**

For purposes of reporting the statement of cash flows, the Utility Board considers all unrestricted cash accounts and all highly liquid unrestricted debt instruments purchased with an original maturity of three months or less, to be cash equivalents.

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash and Cash Equivalents (continued)**

All deposits of the Utility Board are maintained in accounts collateralized in accordance with the West Virginia Security for Public Deposits Act, §12-1B-5 and §12-1B-7 et. seq. of the *Code of West Virginia* or covered by the Federal Deposit Insurance Corporation (FDIC). Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the West Virginia State Treasurer. Financial institutions may choose between two collateralization methodologies: the Dedicated Single Bank Method and the Multibank Pooled Method. Depending upon the collateralization method used, pledge collateral shall range between 50% and 102% of excess deposits. Accordingly, all deposits are considered fully collateralized.

**Restricted Assets**

Assets whose use is limited include:

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

Construction funds represent funds held by banks as trustees under bond ordinances or under developer contractual arrangements. These funds are to be used solely for payment of costs associated with the Utility Board's ongoing construction projects.

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

The repair and replacement funds represent funds held by a bank under the Utility Board's bond ordinances. Withdrawals may be made for replacement and emergency repairs.

**Accounts Receivable and Bad Debts**

The Utility Board's management periodically analyzes delinquent accounts of the water and sewer funds and uses the allowance method for accounting for bad debts. No allowance for doubtful accounts was deemed necessary by management at June 30, 2025. At June 30, 2025, accounts receivable for the water and sewer funds were \$863 and \$181,260, respectively, net of the allowance for doubtful accounts.

**Revenue Recognition and Customer Rates and Charges**

The Utility Board's policy is to recognize revenue on the accrual basis. The Utility Board accrues revenue earned but not billed. Revenue accrued but not billed for the water and sewer funds at June 30, 2025 were \$451,953 and \$610,387, respectively.

**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 from the refunding of debt will be recognized as interest expense in the appropriate reporting period. Deferred outflows related to the Utility 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 Utility Board's defined benefit pension and OPEB plans will be recognized based on actuarial determinations. Deferred inflows related to leases receivable will be recognized on a straight-line basis over the terms of the related leases.

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Advance Refunding of Debt**

Deferred amounts resulting from advance refunding of debt are being amortized by the straight-line method over the life of the new debt.

**Income Taxes**

The Utility Board is exempt from federal and state income taxes as a subdivision of the Municipality of Charles Town.

**Inventories**

Inventories consist of expendable supplies and are accounted for on a first-in first-out basis. Inventories approximate fair market value at June 30, 2025.

**Compensated Absences**

The Utility Board's policy is to permit employees to accumulate earned but unused vacation and sick benefits subject to annual carryover limits. The Utility Board fully recognizes the liability related to compensated absences in the funds. For the water and sewer funds, compensated absences at June 30, 2025, amounted to \$146,521 and \$96,283, respectively. Vacation leave is paid out at employment separation. Sick leave is not paid out at employment separation.

**Estimates**

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

**Nonexchange Transactions**

The Utility 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 Utility Board receives voluntary nonexchange transactions from donations of cash, property, lines and improvements. In addition, the Utility Board receives various capital grants from federal and state agencies. These grants and donations are considered capital contributions in the Statement of Revenues, Expenses and Changes in Net Position.

**Customer Deposits**

Customer deposits are refunded after bills for service have been paid on time for twelve consecutive months.

**Net Position**

Net position presents the difference between assets/deferred outflows and liabilities/deferred inflows in the statement of net position. Net investment in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when legal limitations are imposed on its use by legislation or external restrictions by creditors, grantors, laws or regulations of other governments. Unrestricted net position is net position that does not meet the definition of "net investment in capital assets, or restricted net position."

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Interfund Transactions**

Interfund transactions are reflected in the financial statements, as applicable, and recorded through “due to/due from” asset and liability accounts.

**Pension**

For purposes of measuring the net pension asset and deferred outflows/inflows of the resources related to the pension, and pension expense (offset), information about the fiduciary net position of the Utility 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.

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB asset and deferred outflows/inflows of the resources related to OPEB, and OPEB expense (offset), 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 Utility Board has adopted the following GASB Pronouncements during the year ended June 30, 2025:

GASB Statement No. 101, *Compensated Absences*: This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The implementation of GASB Statement No. 101 did not have an impact on the financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*: This statement defines and requires governments to disclose the risks related to concentrations of inflows of outflows of resources. The implementation of GASB Statement No. 102 did not have an impact on the financial statements.

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 3 - NEW ACCOUNTING PRONOUNCEMENTS**

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

GASB Statement No. 105, *Disclosure of Certain Capital Assets*: This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures. Lease assets and intangible right-to-use assets should be disclosed separately by major class. Subscription assets recognized should also be separately disclosed. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

The Utility Board has not determined the effects these GASB Statements may have on prospective financial statements.

**NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Utility Board holds no investments and does not have an investment policy. The carrying amounts of the Utility Board's financial assets and liabilities approximate their fair value.

**NOTE 5 - CASH**

Cash consists of the following accounts and amounts at June 30, 2025:

	Water	Sewer	Total
Petty cash	\$ 175	\$ 125	\$ 300
Operation and maintenance accounts	933,985	3,372,904	4,306,889
Security deposit accounts	117,772	219,746	337,518
Working capital reserve accounts	448,196	755,406	1,203,602
	<u>\$ 1,500,128</u>	<u>\$ 4,348,181</u>	<u>\$ 5,848,309</u>

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 6 - LEASES RECEIVABLE**

Beginning in the year ended June 30, 2016, the Utility Board has entered into multiple cellular equipment right to use agreements for space on the Utility Board's water standpipes. The remaining terms of the lease agreements range from 2026-2050. Payments required under the lease agreements are variable based on the specific terms contained in the agreements. Minimum payments due the Utility Board for the next five years are as follows:

Year	Amount
2026	\$ 467,210
2027	480,618
2028	494,965
2029	509,177
2030	523,810
	\$ 2,475,780

Leases receivable were calculated using a discount rate of 3.5%. Leases receivable amounted to \$5,526,695 at June 30, 2025. Collective deferred inflows related to the leases amount to \$4,668,725 at June 30, 2025. The deferred inflows are being recognized in nonoperating revenues based on the terms of the leases using the straight-line method. The Utility Board recognized \$383,114 of lease revenue and \$202,794 of interest income on leases during the year ended June 30, 2025, which is included in nonoperating revenues in the Statement of Revenues, Expenses, and Changes in Financial Position.

**NOTE 7 - CAPITAL ASSETS**

	Balance at June 30, 2024	Other Additions	Reductions	Balance at June 30, 2025
Capital Assets Not Depreciated				
Land and land rights	\$ 2,009,377	\$ -	\$ -	\$ 2,009,377
Construction in progress	11,139,585	3,538,237	(12,322,884)	2,354,938
	13,148,962	3,538,237	(12,322,884)	4,364,315
Capital Assets Depreciated				
Utility plant in service	119,553,237	13,590,753	(1,390,470)	131,753,520
Less accumulated depreciation	(48,595,761)	(4,578,860)	1,350,596	(51,824,025)
	70,957,476	9,011,893	(39,874)	79,929,495
	\$84,106,438	\$ 12,550,130	\$ (12,362,758)	\$ 84,293,810
Depreciation Expense	\$ 4,578,860			

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 7 - CAPITAL ASSETS (continued)**

The Utility Board has the following active construction projects as of June 30, 2025:

Project	Estimated Costs	Costs Incurred
Various Water Projects	\$ 3,454,312	\$ 289,355
Various Sewer Projects	<u>\$ 3,745,321</u>	<u>\$ 290,021</u>
Sewer Collection System Project	<u>\$ 7,817,024</u>	<u>\$ 1,775,562</u>

The above projects are being funded by bond proceeds, grant proceeds, and internal funding.

**NOTE 8 - RIGHT TO USE ASSETS**

Changes in right to use asset as of June 30, 2025 is as follows:

	Balance 6/30/2024	Increase	Decrease	Balance 6/30/2025
Right to use assets - office facility	\$ 484,082	\$ -	\$ -	\$ 484,082
- equipment	-	27,732	-	27,732
- software subscriptions	-	341,440	-	341,440
	<u>484,082</u>	<u>369,172</u>	<u>-</u>	<u>853,254</u>
Less: accumulated amortization	<u>(108,750)</u>	<u>(140,532)</u>	<u>-</u>	<u>(249,282)</u>
Total net right to use asset	<u>\$ 375,332</u>	<u>\$ 228,640</u>	<u>\$ -</u>	<u>\$ 603,972</u>

Amortization expense amounted to \$140,532 for the year ended June 30, 2025.

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 9 - LONG-TERM DEBT**

The following is a summary of bonds payable at June 30, 2025:

**Bonds Payable - Water Fund**

Issue	Maturity Date	Interest Rates	Balance June 30, 2024	Additions	Payments	Balance June 30, 2025	Due Within One Year
1987B	2026	0.00%	\$ 32,654	\$ -	\$ 10,885	\$ 21,769	\$ 10,885
1988B	2028	0.00%	71,528	-	14,308	57,220	14,308
1989B	2029	0.00%	18,075	-	3,012	15,063	3,012
2002A	2039	5.80%	746,387	-	29,555	716,832	31,269
2002B	2042	0.00%	1,683,117	-	93,506	1,589,611	93,507
2010A	2031	2.00%	349,412	-	48,843	300,569	49,828
2010B	2031	2.00%	38,293	-	5,353	32,940	5,461
2016A	2046	1.60%-4.50%	6,355,000	-	185,000	6,170,000	190,000
2018A-7	2046	0.50%	713,049	-	31,884	681,165	32,044
2020A	2043	2.00%-2.25%	1,659,100	-	171,550	1,487,550	173,900
2022A	2033	0.63%-1.63%	2,434,550	-	419,750	2,014,800	416,100
<b>Total Bonds Payable</b>			<b><u>\$ 14,101,165</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,013,646</u></b>	<b>13,087,519</b>	<b><u>\$ 1,020,314</u></b>
Unamortized Premiums/ Discounts, Net						<u>14,052</u>	
						<b><u>\$ 13,101,571</u></b>	

Maturities of water bonds payable for years succeeding June 30, 2025, are as follows:

Year	Principal	Interest	Total
2026	\$ 1,020,314	\$ 343,292	\$ 1,363,606
2027	1,004,150	327,419	1,331,569
2028	935,632	309,928	1,245,560
2029	904,274	290,674	1,194,948
2030	681,526	272,826	954,352
2031-2035	2,958,905	1,106,721	4,065,626
2036-2040	2,708,892	686,115	3,395,007
2041-2045	2,449,989	303,454	2,753,443
2046	423,837	15,053	438,890
	<b><u>\$ 13,087,519</u></b>	<b><u>\$ 3,655,482</u></b>	<b><u>\$ 16,743,001</u></b>

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 9 - LONG-TERM DEBT (continued)**

**Bonds Payable - Sewer Fund**

Issue	Maturity Date	Interest Rates	Balance June 30, 2024	Additions	Payments	Balance June 30, 2025	Due Within One Year
1988B	2028	0.00%	\$ 37,924	\$ -	\$ 7,588	\$ 30,336	\$ 7,588
2010C	2041	0.00%	708,316	-	41,668	666,648	41,668
2010D	2041	0.00%	283,316	-	16,668	266,648	16,668
2011A	2041	0.00%	4,256,336	-	250,373	4,005,963	250,373
2013A	2044	0.50%	409,229	-	19,252	389,977	19,348
2014A	2046	0.50%	3,002,654	-	131,014	2,871,640	131,670
2016B	2046	1.50%-4.00%	3,610,000	-	50,000	3,560,000	55,000
2018A-1	2029	0.00%	54,589	-	10,917	43,672	10,917
2018A-3	2038	1.00%	499,810	-	33,430	466,380	33,765
2018A-4	2030	0.00%	72,519	-	12,612	59,907	12,612
2018A-5	2032	0.00%	288,720	-	38,496	250,224	38,496
2018A-6	2039	0.00%	969,064	-	66,832	902,232	66,832
2018B	2033	2.25%-3.50%	2,160,000	-	195,000	1,965,000	205,000
2020A	2043	2.00%-2.25%	1,870,900	-	193,450	1,677,450	196,100
2022A	2033	0.63%-1.63%	900,450	-	155,250	745,200	153,900
2022B	2052	4.00%-4.375%	5620,000	-	-	5620,000	-
2022C	2036	4.40%-5.50%	1,715,000	-	70,000	1,645,000	70,000
2024A	2065	0.25%	-	237,336	-	237,336	-
<b>Total Bonds Payable</b>			<b>\$ 26,458,827</b>	<b>\$ 237,336</b>	<b>\$ 1,292,550</b>	<b>\$ 25,403,613</b>	<b>\$ 1,309,937</b>

Unamortized Premiums/  
Discounts, Net

(110,535)

\$ 25,293,078

Maturities of sewer bonds payable for years succeeding June 30, 2025, are as follows:

Year	Principal	Interest	Total
2026	\$ 1,309,937	\$ 571,124	\$ 1,881,061
2027	1,360,990	556,906	1,917,896
2028	1,428,785	541,238	1,970,023
2029	1,424,760	520,231	1,944,991
2030	1,352,808	496,408	1,849,216
2031-2035	6,026,475	2,051,026	8,077,501
2036-2040	5,099,657	1,482,913	6,582,570
2041-2045	3,941,136	995,338	4,936,474
2046-2050	2,499,065	472,667	2,971,732
2051-2052	960,000	59,811	1,019,811
	<u>\$ 25,403,613</u>	<u>\$ 7,747,662</u>	<u>\$ 33,151,275</u>

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 9 - LONG-TERM DEBT (continued)**

Certain of the water and sewer revenue bonds require administrative and service fees to be paid to the governmental issuers and/or the Municipal Bond Commission. Administrative and service fees amounted to \$5,294 and \$50,224 for the water and sewer funds, respectively, for the year ended June 30, 2025. Administrative and service fees are not considered interest expense for rate establishment purposes and are not included in the above maturity schedules.

The water and sewer bond issues are secured by a lien on the revenues derived from the system and a statutory mortgage lien on the system.

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

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

**NOTE 10 - LEASE COMMITMENTS**

The Utility Board entered into a facility lease agreement with the Municipality of Charles Town on April 1, 2019, which expires on June 1, 2042. Monthly rental payments of \$2,550 are required during the term of the lease including principal and interest at 3.5%. The related liability under the lease was \$390,237 at June 30, 2025. The Utility Board recognized \$13,975 of interest expense during the year ended June 30, 2025.

During the year ended June 30, 2025, the Utility Board entered into lease agreements for a plotter and copier. Annual rental payments of \$6,924 are due under the leases through the year ended June 30, 2029 and include both principal and imputed interest at 10-11%. The related liability under the leases was \$21,062 at June 30, 2025. The Utility Board recognized \$255 of interest expense for the year ended June 30, 2025.

The following is a schedule of future minimum lease payments:

Year	Principal	Interest	Total
2026	\$ 21,678	\$ 15,847	\$ 37,525
2027	22,787	14,737	37,524
2028	23,976	13,548	37,524
2029	25,248	12,276	37,524
2030	19,799	10,801	30,600
2031-2035	110,074	42,926	153,000
2036-2040	131,091	21,909	153,000
2041-2042	56,646	2,004	58,650
	<u>\$ 411,299</u>	<u>\$ 134,048</u>	<u>\$ 545,347</u>

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 11 - SUBSCRIPTION LIABILITY**

During 2025, the Utility Board entered into IT contracts with Edmunds GovTech and AMCS - utility cloud for financial and asset management software, respectively.

The Edmunds GovTech subscriptions is for a 3 year period ending in fiscal year 2027. Total payments required amount to the following:

2025	\$ 96,443
2026	64,447
2027	<u>48,450</u>
Total	<u><u>\$ 209,340</u></u>

The AMCS - utility cloud subscription is for a 3 year period ending in the fiscal year 2027. Total payments required amount to the following:

2025	\$ 72,500
2026	33,638
2027	<u>34,815</u>
Total	<u><u>\$ 140,953</u></u>

The value of the right-to-use subscription asset balances and related amortization are disclosed in Note 8. The Utility Board used a 3.5% discount rate in determining the present value of the subscription liability.

The subscription liability consists of the following at June 30, 2025:

Year	Principal	Interest	Total
2026	\$ 92,048	\$ 6,037	\$ 98,085
2027	<u>80,450</u>	<u>2,816</u>	<u>83,266</u>
Total	<u><u>\$ 172,498</u></u>	<u><u>\$ 8,853</u></u>	<u><u>\$ 181,351</u></u>

**NOTE 12 CHANGES IN LONG-TERM LIABILITIES OTHER THAN BONDS**

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
Subscription liability	\$ -	\$ 341,439	\$ 168,941	\$ 172,498
Leases	406,860	27,732	23,293	411,299
Loan from Charles Town	474,187	-	12,816	461,371
Accrued compensated absences	123,397	10,407	-	133,804
Collective net pension liability (asset)	(4,788)	537,776	723,610	(190,622)
Net other post employment benefit liability (asset)	<u>(36,562)</u>	<u>74,112</u>	<u>37,550</u>	<u>-</u>
Total	<u><u>\$ 963,094</u></u>	<u><u>\$ 991,466</u></u>	<u><u>\$ 966,210</u></u>	<u><u>\$ 988,350</u></u>

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PLAN**

***Plan Description, Contribution Information, and Funding Policies***

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

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).

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

Eligibility to participate:	All Utility Board full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions:	West Virginia State 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)
Utility Board's contribution rate:	9.00% for fiscal year 2025
Period required to vest:	5 years for Tier 1 and 10 years for Tier 2
Benefits and eligibility for distribution:	<p><u>Tier 1</u></p> <p>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.</p> <p><u>Tier 2</u></p> <p>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.</p>
Deferred retirement portion:	No
Provisions for:	
Cost of living	No
Death benefits	Yes

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)**

***Trend Information***

Fiscal Year	Annual Pension Cost	Percentage Contributed
2025	\$216,736	100%
2024	\$197,759	100%
2023	\$169,889	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, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension***

At June 30, 2025, the Utility Board reported the following asset for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024, and the total pension liability used to calculate the net pension asset was determined as of that date. The Utility Board's proportion of the net pension asset was based on a projection of the Utility 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, 2024, the Utility Board reported the following proportion:

Amount for proportionate share of net pension asset	\$190,622
Percentage for proportionate share of net pension asset	0.115797%
Increase/(decrease) % from prior proportion measured	0.008967%

For the year ended June 30, 2025, the Utility Board recognized the following pension expense:

	Water	Sewer	Total
Pension expense	\$ 46,664	\$ 50,796	\$ 97,460

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)**

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

The Utility 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	\$ -	\$ 221,909
Difference between expected and actual experience	258,977	-
Changes in proportion and differences between Utility Board contributions and proportionate share of contributions	3,872	6,096
Change in assumptions	-	17,453
Utility Board contributions subsequent to the measurement date	216,736	-
	<u>\$ 479,585</u>	<u>\$ 245,458</u>

The amount reported as deferred outflows of resources related to the pension plan resulting from Utility Board contributions subsequent to the measurement date will be recognized as a increase of the net pension asset in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in pension expense as follows:

Year ended June 30

2026	\$ (96,152)
2027	274,911
2028	(82,144)
2029	(79,224)
	<u>17,391</u>
Total	<u>\$ 17,391</u>

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)**

***Actuarial Assumptions***

The total pension liability was determined by an actuarial valuation as of July 1, 2023, and rolled forward to June 30, 2024, 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	Market value
Amortization method	Level dollar, fixed period
Amortization period	Through Fiscal Year 2035
Actuarial assumptions:	
Investment rate of return	7.25%, net of investment expense
Projected salary increases:	
State	2.75% - 5.55%
Nonstate	3.60% - 6.75%
Inflation rate	2.75%
Discount rate	7.25%
Mortality rates	<i>Active</i> - 100% of Pub-2010 General Employees Table, below-median, headcount weighted, projected generationally with scale MP-2018 <i>Healthy Male Retirees</i> - 108% of Pub-2010 General Retiree Male Table, below-median, headcount weighted, projected generationally with Scale MP-2018 <i>Healthy Female Retirees</i> - 122% of Pub-2010 General Retiree Female Table, below-median, headcount weighted, projected generationally with Scale MP-2018 <i>Disabled Males</i> - 118% of Pub-2010 General/Teachers Disabled Male Table, headcount weighted, projected generationally with scale MP-2018 <i>Disabled Females</i> - 117% of Pub-2010 General/Teachers Disabled Female Table, headcount weighted, projected generationally with scale MP-2018 <i>Beneficiary Males</i> - 112% of Pub-2010 Contingent Survivor Male Table, below-median, headcount weighted, projected generationally with Scale MP-2018 <i>Beneficiary Females</i> - 115% of Pub-2010 Contingent Survivor Female Table, below-median, headcount weighted, projected generationally with Scale MP-2018
Withdrawal rates:	
State	2.28% - 45.63%
Non-state	2.50% - 35.88%
Disability rates	0.005% - 0.540%
Retirement rates	12% - 100%
Date range in most recent experience study	2015-2020 - Economic assumptions; 2013-2018 - All other assumptions

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)**

***Actuarial Assumptions (continued)***

Based upon a determination of the appropriate risk tolerance, the Retirement Board adopted the following broad asset allocation guidelines for the assets managed for PERS. Base and Strategic Allocations are established on a fair value basis:

Asset Class	Base Allocation	Strategic Allocation
Equity	60.00%	45.00%
Fixed Income	40.00%	15.00%
Private Credit and Income	0.00%	6.00%
Private Equity	0.00%	12.00%
Real Estate	0.00%	12.00%
Hedges Funds	0.00%	10.00%
Total	100.00%	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 employee/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 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%
Utility Board's proportionate share of net pension asset (liability)	\$ (970,077)	\$ 190,622	\$ 1,170,815

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.

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 13 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)**

***Summary of Deferred Outflow/Inflow Balances***

	<u>Total</u>	<u>Water</u>	<u>Sewer</u>
Difference between expected and actual experience	\$ 258,977	\$ 128,425	\$ 130,552
Net difference between projected and actual earnings on pension plan investments	(221,909)	(106,251)	(115,658)
Changes in proportion and differences between Utility Board contributions and proportionate share of contributions	(2,224)	993	(3,217)
Change in assumptions	(17,453)	(8,357)	(9,096)
Utility Board contributions subsequent to the measurement date	<u>216,736</u>	<u>109,179</u>	<u>107,557</u>
	<u>\$ 234,127</u>	<u>\$ 123,989</u>	<u>\$ 110,138</u>

**NOTE 14 - WEST VIRGINIA PLUS DEFERRED COMPENSATION PLAN**

The Utility Board has adopted a Section 457(b) deferred compensation plan for all eligible employees. The plan is administered by the West Virginia State Treasurer's Office. The Utility Board contributes 1% of an eligible employee's base wages to the Plan. In addition, the Utility Board matches up to 3% (including the 1% initial contribution) of employee base wage contributions. The Utility Board contributions for the year ended June 30, 2025 amounted to \$44,410.

**NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

Plan Description

The Utility Board contributes to the West Virginia Other Postemployment Benefit Plan (The Plan), a cost-sharing, multiple-employer defined benefit other postemployment benefit plan. And covers the retirees of State agencies, colleges and universities, county boards of education and other government entities as set forth in the West Virginia Code Section 5-16D-2 (The Code). 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 the PEIA and the RHBT management with approval of the Finance Board.

The Finance Board is comprised of ten members. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration cabinet secretary, or designee, serves as Chairman of the Board and is a voting member. One member represents the hospitals, one member represents the non-hospital health care providers, four members represent labor, education, public employees and public retirees and the four remaining members represent the public at large.

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

Plan Description (continued)

The Plan had approximately 43,000 policyholders and 62,000 covered lives at June 30, 2024.

Active employees who retire are eligible for the PEIA health and life benefits, provided they meet the minimum eligibility requirements of the applicable State retirement system and if their last employer immediately prior to retirement: is a participating employer under the Consolidated Public Retirement Board (CPRB) and, as of July 1, 2008 forward, is a participating employer with the PEIA. Active employees who, as of July 1, 2008 have ten years or more of credited service in the CPRB and whose employer at the time of their retirement does participate with CPRB, but does not participate with the PEIA will be eligible for PEIA retiree coverage provided: they otherwise meet all criteria under this heading and their employer agrees, in writing, upon a form prescribed by the PEIA, that the employer will pay to the PEIA the non-participating retiree premium on behalf of the retiree or retirees, or that the retiree agrees to pay the entire unsubsidized premium themselves. Active employees who are members of the Teacher's Defined Contribution Retirement plan must be either: 55 years of age and have 12 or more years of credited service; or be at least 60 years of age with five years of service; and their last employer immediately prior to retirement must be a participating employer under that, or the CPRB system to qualify to continue PEIA insurance benefits upon retirement. Employees who participate in non-State retirement systems by are CPRB system affiliated, contracted, or approved (such as TIAA-CREF and similar plans), or are approved, in writing, by the PEIA Director must, in the case of education employees, meet the minimum eligibility requirements of the State Teacher's Retirement System and in all other cases meet the minimum eligibility requirements of the Public Employees Retirement System to be eligible for PEIA benefits as a retiree.

For additional financial information, which may be used for disclosure by participating employers, please refer to the audited financial statements of the RHBT. 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). If you have any questions about this report or need additional information, contact the RHBT Controller, Jennifer Priddy, at 304-352-0298, ext. 20298. You can also submit your questions in writing to the West Virginia Public Employees Insurance Agency, 601 57<sup>th</sup> Street, SE, Suite 2, Charleston WV 25304.

Benefits Provided

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

Contributions

Employer contributions were from the RHBT billing system, called Web Contribution System, for fiscal year ended June 30, 2024. The employer contributions which were the basis of the related schedules represent what the employer was billed during the respective year for their portion of the pay as you go premiums, commonly referred to as paygo, retiree leave conversion billings, and other matters including billing adjustments.

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. In fiscal year 2024, there was no subsidization of the retirees' healthcare from paygo premiums. RHBT had significant savings with the Humana contract renewal beginning fiscal years 2022 through 2025. In addition to the Humana contract savings, RHBT experienced favorable investment returns in fiscal year 2021, resulting in an excess in the premium stabilization reserve. RHBT passed on these savings to PEIA active employers by

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

Contributions (continued)

not billing paygo in fiscal year 2024. The 5 year financial plan, which was passed by the Board in December 2021, originally had paygo to be billed at \$20M for fiscal year 2024. The prior year paygo rate for fiscal year 2023 was \$70 per active health policy per month.

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

Year	Water	Sewer	Total
2025	\$ 7,137	\$ 5,670	\$ 12,807
2024	\$ -	\$ -	\$ -
2023	\$ 11,849	\$ 11,321	\$ 23,170

Members retired before July 1, 1997 pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired between July 1, 1997 and June 30, 2010, pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below:

- Members hired before July 1, 1988, may convert accrued sick or leave days into 100% of the required retiree healthcare contributions.
- Members hired from July 1, 1988 to June 30, 2001, may convert accrued sick or leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

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

At June 30, 2025, the Utility Board reported an asset of \$0 and \$0 for the water and sewer funds, respectively, for its proportionate share of the net OPEB asset. The net OPEB asset, deferred inflows and outflows of resources, and OPEB expense were determined by an actuarial valuation date as of June 30, 2023, rolled forward to June 30, 2024, which is the measurement date. The Utility Board's proportion of the net OPEB asset was based on a projection of the Utility 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, 2024, the Utility Board's proportionate share was 0.00%, which was a decrease of 0.023104081% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Utility Board recognized OPEB expense (offset) of \$3,678 and \$(13,523) for the water and sewer funds, respectively.

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 15 - 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 Utility 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 Utility Board contributions and proportionate share of contributions	\$ 3,091	\$ 13,169
Utility Board contributions subsequent to the measurement date	12,807	-
	\$ 15,898	\$ 13,169

The amount reported as deferred outflows of resources related to OPEB resulting from Utility Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ended June 30, 2026. 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:

Year Ended June 30:	
2026	\$ (9,783)
2027	(862)
2028	567
Total	\$ (10,078)

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 15 - 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)***

Actuarial Assumptions

The total OPEB asset, deferred inflows of resources, deferred outflows of resources and OPEB expense were determined by an actuarial valuation as of June 30, 2023, and was based on a measurement date of June 30, 2024:

Inflation rate	2.50%
Wage inflation	2.75%
Investment rate of return	7.40%, net of OPEB plan investment expense, including inflation
Asset valuation method	Market value
Actuarial cost method	Entry age normal cost method
Amortization Method	Level percentage of payroll over a 20-year closed period beginning June 30, 2017
Salary increases	Rates based on 2015-2020 OPEB experience study and dependent on pension plan participation and attained age, and range from 2.75% to 5.18%, including inflation. Rates were first applied to the 2020 valuation.
Retirement age	Rates based on 2015-2020 OPEB experience study and vary by pension plan participation and age/service at retirement. Rates first applied to the 2020 valuation.
Aging factors	Based on the 2013 SOA Study "Health Care Costs-From Birth to Death"
Mortality	<p><u>Post Retirement:</u>            TRS: Pub-2010 General Healthy Retiree Mortality Tables (100% males, 108% females) projected with MP-2021.            PERS: Pub-2010 General Below-Median Healthy Retiree Tables (106% males, 113% females) projected with MP-2021.            Troopers A and B: Pub-2010 Public Safety Healthy Retiree Mortality Tables (100% males, 100% females) projected with Scale MP-2021.</p> <p><u>Pre Retirement:</u>            TRS: Pub-2010 General Employee Mortality Tables (100% males, 100% females) projected with Scale MP-2021.            PERS: Pub-2010 Below-Median Income General Employee Mortality Tables projected with Scale MP-2021.            Troopers A and B: Pub-2010 Public Safety Employee Mortality Tables projected with Scale MP-2021.</p>
Healthcare cost trend rates	Trend rate for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2033.
Expenses	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 15 - 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)***

Actuarial Assumptions (continued)

The actual assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

The long-term expected rate of return of 7.40% was determined by a combination of expected long-term rate of return of 7.60% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.75% for assets invested with the West Virginia Board of Treasury Investments.

Long-term pre-funding assets are invested with the WVIMB. The strategic asset allocation consists of 45% equity, 15% fixed income, 6% private credit and income, 12% private equity, 10% hedge fund and 12% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTI.

The long-term rates of return on OPEB plan investments are determined using a building-block method in which best estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions (CMA), and forecast returns were provided by the Plan's investment advisors, including West Virginia Management Board (WVIMB). The projected return for the Money Market Pool held with the West Virginia Board of Treasury Investments (WVBTI) was estimated based on WVIMB assumed inflation of 2.50% plus a 25 basis point spread.

The target allocation and estimates of annualized long-term expected real returns assuming a 10-year horizon are summarized below:

Asset Class	Long-Term Expected Real Rate of Return
Equity	7.4%
Fixed Income	3.9%
Private Credit and Income	7.4%
Private Equity	10.0%
Real Estate	7.7%
Hedge Funds	4.5%

Discount Rate

A single discount rate of 7.40% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.40%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with prefunding and investment policies. Based on these 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.

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2025

**NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

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

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

The following chart presents the Utility Board's proportionate share of the net OPEB liability (asset), as well as what the proportionate share of the net OPEB liability (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 6.40%	Discount Rate 7.40%	1% Increase 8.40%
Net OPEB liability (asset)	\$ -	\$ -	\$ -

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

The following chart presents the Utility Board's proportionate share of the net OPEB liability (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 liability (asset)	\$ -	\$ -	\$ -

OPEB Plan Fiduciary Net Position

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

Summary of Deferred Outflow/Inflow Balances

	Total	Water	Sewer
Changes in proportion and differences between Utility Board contributions and proportionate share of contributions	\$ (10,078)	\$ (10,038)	\$ (40)
Utility Board contributions subsequent to the measurement date	12,807	7,137	5,670
	\$ 2,729	\$ (2,901)	\$ 5,630

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 16 - RISK MANAGEMENT**

The Utility Board is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Utility Board participates in several risk management programs administered by the State of West Virginia.

**NOTE 17 - LOAN FROM MUNICIPALITY OF CHARLES TOWN**

The Municipality of Charles Town loaned the Utility Board \$640,795 to finance certain water and sewer construction projects. The loans bear no interest and are generally being repaid over a 50 year term. Annual required loan payments amount to \$12,816. The loan balances are \$363,480 and \$97,891 for the water and sewer departments, respectively, at June 30, 2025.

**NOTE 18 - RESTRICTED NET ASSETS**

Restricted net assets reflect that portion of total net assets legally or contractually segregated for a specific future use. The following amounts represent restricted net assets at June 30, 2025:

Cash and temporary investments	
Debt service and debt service reserve funds	\$ 988,070
Repair and replacement funds	1,859,084
Capacity improvement funds	16,664,163
Accrued interest	(143,075)
	<hr/>
Total	<u>\$ 19,368,242</u>

**NOTE 19 - COMMITMENTS AND CONTINGENCIES**

Alternate Mainline Extension Agreements

The Utility Board has entered into alternate mainline extension agreements with customers (developers) for certain sewer improvements to provide sewer service to the customers (developers). The customers (developers) have agreed to pay for the improvements and the Utility Board is required to reimburse the customers (developers) to the extent that new connections are made to the improvements during specified time periods. After the time periods lapse, remaining customer advance balances will be converted to contributed capital.

Customer advances for construction under alternate mainline extension agreements amounted to \$10,284,713 at June 30, 2025. The Utility Board reimbursed \$143,947 of advances to customers (developers) under the agreements for the year ended June 30, 2025.

Charles Town Utility Board  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 20 - CONTRIBUTED CAPITAL**

A summary of contributed capital for the year ended June 30, 2025 is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Capacity improvement fees received from customers and developers	\$1,855,234	\$3,234,251	\$5,089,485
Contributed capital received from customers, developers, and grantor agencies	<u>321,220</u>	<u>368,626</u>	<u>689,846</u>
Total	<u><u>\$2,176,454</u></u>	<u><u>\$3,602,877</u></u>	<u><u>\$5,779,331</u></u>

**NOTE 21 - SUBSEQUENT EVENTS**

The Utility Board has evaluated all subsequent events through February 24, 2026, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

Charles Town Utility Board  
SCHEDULES OF THE UTILITY BOARD'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY (ASSET)  
June 30, 2025

	Public Employees Retirement System Last 10 Fiscal Years									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Utility Board's proportionate share of the net pension liability (asset) (%)	0.115797%	0.106830%	0.117261%	0.115256%	0.114800%	0.105962%	0.122021%	0.091775%	0.09351%	0.0858%
Utility Board's proportionate share of the net pension liability (asset) (\$)	\$ (190,622)	\$ (4,788)	\$ 174,624	\$(1,011,874)	\$ 606,914	\$ 260,340	\$ 315,120	\$ 396,145	\$ 859,464	\$ 479,022
Utility Board's covered-employee payroll	\$ 2,405,182	\$ 2,144,733	\$ 1,887,662	\$ 1,898,244	\$ 1,839,277	\$ 1,764,571	\$ 1,777,610	\$ 1,249,466	\$ 1,244,131	\$ 1,289,097
Utility Board's proportionate share of net pension liability (asset) as a % of its covered-employee payroll	-7.93%	-0.22%	9.25%	-53.31%	33.00%	14.75%	17.73%	31.71%	69.08%	37.16%
Plan fiduciary net position as a percentage of the total pension liability	101.85%	100.05%	98.17%	111.07%	92.89%	96.99%	96.33%	99.56%	86.11%	91.29%

Note: The amounts presented for each fiscal year were determined as of June 30th.

See notes to the required supplementary information.

Charles Town Utility Board  
SCHEDULES OF THE UTILITY BOARD'S PENSION PLAN CONTRIBUTIONS  
June 30, 2025

Public Employees Retirement System  
Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 216,736	\$ 197,759	\$ 169,889	\$ 189,824	\$ 183,928	\$ 176,926	\$ 155,565	\$ 137,439	\$ 149,296	\$ 174,028
Contributions in relation to the contractually required contribution	<u>(216,736)</u>	<u>(197,759)</u>	<u>(169,889)</u>	<u>(189,824)</u>	<u>(183,928)</u>	<u>(176,926)</u>	<u>(155,565)</u>	<u>(137,439)</u>	<u>(149,296)</u>	<u>(174,028)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Utility Board's covered-employee payroll	<u>\$ 2,405,182</u>	<u>\$ 2,144,733</u>	<u>\$ 1,887,662</u>	<u>\$ 1,898,244</u>	<u>\$ 1,839,277</u>	<u>\$ 1,764,571</u>	<u>\$ 1,555,646</u>	<u>\$ 1,249,446</u>	<u>\$ 1,244,131</u>	<u>\$ 1,289,097</u>
Contributions as a percentage of covered-employee payroll	<u>9.0%</u>	<u>9.2%</u>	<u>9.0%</u>	<u>10.0%</u>	<u>10.0%</u>	<u>10.0%</u>	<u>10.0%</u>	<u>11.0%</u>	<u>12.0%</u>	<u>13.5%</u>

Note: The amounts presented for each fiscal year were determined as of June 30th.

See notes to the required supplementary information.

Charles Town Utility Board  
SCHEDULES OF THE UTILITY BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)  
For the year ended June 30, 2025

Public Employees Insurance Agency

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Utility Board's proportion of the net OPEB liability (asset)	0.000000000%	0.023104081%	0.025842103%	0.030006865%	0.028943312%	0.026558014%	0.028583397%	0.018956336%	0.022773022%
Utility Board's proportionate share of the net OPEB liability (asset)	\$ -	\$ (36,562)	\$ 28,762	\$ (8,922)	\$ 127,840	\$ 511,370	\$ 613,238	\$ 466,134	\$ 565,528
Utility Board's covered-employee payroll	\$ 2,405,182	\$ 2,144,733	\$ 1,887,662	\$ 1,898,244	\$ 1,839,277	\$ 1,764,571	\$ 1,777,610	\$ 1,248,678	\$ 1,173,454
Utility Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	-1.70%	1.52%	-0.47%	6.95%	28.98%	34.50%	37.33%	48.19%
Plan fiduciary net position as a percentage of the total OPEB liability	102.19%	100.05%	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%	21.64%

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.

See notes to the required supplementary information.

Charles Town Utility Board  
SCHEDULES OF THE UTILITY BOARD OPEB PLAN CONTRIBUTIONS  
For the year ended June 30, 2025

Public Employees Insurance Agency

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 12,807	\$ -	\$ 23,170	\$ 30,384	\$ 54,720	\$ 55,761	\$ 55,081	\$ 41,772	\$ 38,936
Contributions in relation to the contractually required contribution	<u>(12,807)</u>	<u>-</u>	<u>(23,170)</u>	<u>(30,384)</u>	<u>(54,720)</u>	<u>(55,761)</u>	<u>(55,081)</u>	<u>(41,772)</u>	<u>(38,936)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Utility Board's covered-employee payroll	\$ 2,405,182	\$ 2,144,733	\$ 1,887,662	\$ 1,898,244	\$ 1,839,277	\$ 1,764,571	\$ 1,555,565	\$ 1,248,678	\$ 1,173,454
Contributions as a percentage of covered-employee payroll	0.53%	0.00%	1.23%	1.60%	2.98%	3.16%	3.54%	3.35%	3.32%

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.

See notes to the required supplementary information.

Charles Town Utility Board  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
June 30, 2025

**PENSION DATA**

**PERS**

A. Changes in Assumptions

Experience studies are performed at least once in every 5-year period. This valuation was prepared on the basis of assumptions that were recommended to and adopted by the Board based on the experience study covering the period from July 1, 2013, to June 30, 2018. These assumptions will remain in effect for valuation purposes until such time as the Board adopts revised demographic assumptions.

The valuation reflects economic assumptions, which include a rate of investment return of 7.25% per annum, as adopted by the Board, and assumed future salary increases, which were based on the findings presented in the July 1, 2015 - June 30, 2020, Experience Study. These assumptions will remain in effect for valuation purposes until the Board adopts revised economic assumptions.

B. Net Pension Liability

The components of the net pension liability as of June 30, 2024, are as follows (in thousands):

Total Pension Liability	\$ 8,898,186
Plan Fiduciary Net Position	(9,062,803)
Net Pension (Asset) Liability	<u><u>\$ (164,617)</u></u>

Plan Fiduciary Net Position as a percentage of the total pension liability	101.85%
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**OPEB DATA**

A. Net OPEB Liability

The components of the net OPEB asset as of June 30, 2024, are as follows:

Total OPEB Liability	\$ 1,903,880,796
Plan Fiduciary Net Position	1,945,516,893
Net OPEB (Asset) Liability	<u><u>\$ (41,636,097)</u></u>

Plan Fiduciary Net Position as a percentage of the total OPEB liability	102.19%
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Charles Town Utility Board  
Jefferson County  
661 South George Street, Suite 101  
Charles Town, West Virginia 25414

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the **Charles Town Utility Board**, Jefferson County, (the Utility Board), a component unit of the Municipality of Charles Town, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Utility Board's basic financial statements and have issued our report thereon dated February 24, 2026.

***Report on Internal Control Over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Utility Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported 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 Utility 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 Utility Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

February 24, 2026