



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

RFP# 20-027
Harrison County

Water Board of the City of Clarksburg
Harrison County
REGULAR AUDIT

For the Fiscal Year Ended June 30, 2021 and 2020

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HARRISON COUNTY
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Independent Auditor's Report

Water Board of the City of Clarksburg
101 South Chestnut Street
Clarksburg, West Virginia 26301

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the Water Board of the City of Clarksburg, Harrison County, West Virginia (the Board), which comprise the statement of net position as of June 30, 2021 and 2020, and the related statements of revenues, expenses and changes in fund net position, and cash flows for the years then ended and notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Water Board of the City of Clarksburg, Harrison County, West Virginia, as of June 30, 2021 and 2020, and the changes in its net position and cash flows, thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not a part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

We did not subject the summary statement of projected results of operations for 2022 and 2023 and the statistical section information to the auditing procedures applied to the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group, Inc
Huntington, West Virginia
December 14, 2021

**WATER BOARD OF THE CITY OF CLARKSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
(Unaudited)**

In compliance with the Governmental Accounting Standards Board Statement Number 34, *“Basic Financial Statement – and Management’s Discussion and Analysis – for State and Local Governments”* the following management review and analysis has been provided.

This discussion and analysis of the Water Board of the City of Clarksburg’s (the Board) financial performance is intended to present an overview of the water utility’s financial activities for the fiscal year ended June 30, 2021. In addition, it is to be reviewed in conjunction with the Board’s financial statements for that same period.

Organization:

The Board is a Municipal Corporation of the State of West Virginia and was incorporated in 1909.

The Board was established by the City Charter of the City of Clarksburg, West Virginia. Unlike most cities, the Board was established as a separate entity of the City of Clarksburg and its financial results and performance should be considered apart from the City. The City Charter established the Board to have complete jurisdiction and control over the assets, books, revenues, and records of the water utility of the City. The Board has an elected three-member Board who serves four-year terms and is elected by the registered voting residents of the City of Clarksburg.

The Board appoints the Secretary/Treasurer and General Manager to oversee daily operations of the water utility and advise the Board as required.

Financial Highlights:

The Board’s fixed assets increased as a result of this year’s operations. The Board has an on-going capital improvement program for the repair and/or replacement of water mains, storage reservoirs, and equipment in order to update the utility’s infrastructure. During the fiscal year the fixed assets increased \$2,306,159, and net position increased \$1,543,077 after allowance for the 2021 depreciation expenses totaling \$1,028,092.

The Board monitors revenue performance monthly, and year to date debt service coverage factors and requirements are considered. The Board’s water rates are approved by the Members of the Board.

Revenue generated from water sales accounted for \$8.09 million of the \$8.57 million total operating revenues in fiscal 2021, compared to \$8.10 million of the \$8.59 million total operating revenues in fiscal 2020.

Overview of the Financial Statements:

This annual report consists of four parts:

1. Management’s Discussion and Analysis
2. The Basic Financial Statements
3. Certain Notes and Compliance Tests to the statements
4. Supplementary Information Section

**WATER BOARD OF THE CITY OF CLARKSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
(Unaudited)**

Overview of the Financial Statements: (Continued)

The financial statements are prepared on the accrual basis of accounting. All known and outstanding obligations are accrued to the proper reporting period.

The financial statements also include other notes that explain some of the information in the financial statements and provide more explanatory facts regarding the statements.

Condensed Financial Information:

Condensed financial information from the statements of the net position as of June 30, 2021 and June 30, 2020; and revenues, expenses and changes in net position for the years ended June 30, 2021 and June 30, 2020 are below and on the following page.

**CONDENSED STATEMENT OF NET POSITION
AS OF JUNE 30,**

	2021	2020
Assets		
Current and Other Assets	\$ 4,961,866	\$ 4,701,504
Restricted Assets	5,369,408	6,075,625
Capital Assets - Net	<u>30,511,297</u>	<u>29,186,089</u>
	<u>40,842,571</u>	<u>39,963,218</u>
Deferred Outflows		
Deferred Outflow of Resources	<u>721,292</u>	<u>394,852</u>
	<u>\$ 41,563,863</u>	<u>\$ 40,358,070</u>
Liabilities		
Current Liabilities	\$ 1,871,374	\$ 1,703,644
Long-Term Debt	<u>4,177,253</u>	<u>4,750,726</u>
Total Long Term Debt	<u>6,048,627</u>	<u>6,454,370</u>
Deferred Inflows		
Deferred Inflow of Resources	<u>554,184</u>	<u>485,725</u>
Net Assets		
Invested In Capital Assets, Net of Related Debt	27,081,911	25,207,104
Restricted	5,222,039	5,905,486
Unrestricted	<u>2,657,102</u>	<u>2,305,385</u>
Total Net Position	<u>34,961,052</u>	<u>33,417,975</u>
	<u>\$ 41,563,863</u>	<u>\$ 40,358,070</u>

**WATER BOARD OF THE CITY OF CLARKSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
(Unaudited)**

Condensed Financial Information: (Continued)

**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDING JUNE 30,**

	2021	2020
Operating Revenue		
Revenue From Water Sales to Customers	\$ 8,094,955	\$ 8,104,318
Other Revenue	471,421	486,343
Total Operating Revenue	8,566,376	8,590,661
Operating Expenses		
Operating Expenses	5,836,606	5,684,077
Depreciation	1,028,092	976,712
Total Operating Expenses Including Depreciation	6,864,698	6,660,788
Operating Income	1,701,678	1,929,873
Net Non Operating Revenue/(Expenses)	(158,601)	(148,742)
Net Increase in Assets	\$ 1,543,077	\$ 1,781,131
Net Position, Beginning of Year	33,417,975	31,636,844
Net Position, End of Year	\$ 34,961,052	\$ 33,417,975

The information contained in the condensed financial information table is used as the basis for the discussion presented on the following pages, surrounding the Board's activities for the fiscal year ended June 30, 2021 and June 30, 2020.

Financial Analysis of the Board as a Whole:

As mentioned previously, the Board as set up by the City Charter of the City of Clarksburg operates as a separate and distinct entity from the City. The charter establishes that, "All the powers now and hereafter conferred upon municipalities by the laws of the state for the operation of a water utility system, and all powers and duties of the city pertaining to the construction, acquisition, establishment, improvement, operation, management, maintenance, and repair of the municipal water system, and the determination of all matters of policy with respect thereto, are vested in, and shall be exercised by the Water Board".

The Board's net position was \$34.96 million at the end of fiscal 2021 and \$33.42 million at the end of fiscal 2020.

Included in net position are certain "restricted funds" on deposit with the West Virginia Municipal Bond Commission. These restricted assets require the inclusion of one year's average annual debt service requirement (Reserve Funds) and the required payment amounts to meet the current year debt service requirements (Revenue Funds).

**WATER BOARD OF THE CITY OF CLARKSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
(Unaudited)**

Financial Analysis of the Board as a Whole: (Continued)

At the end of fiscal 2021 these restricted assets totaled \$1.24 million (Reserve) and \$.33 million (Revenue). At the end of fiscal 2020, these amounts were \$1.54 million and \$.35 million respectively.

Capital Assets and Debt Administration:

At the end of fiscal 2021, the Board had \$53.48 million in capital assets before depreciation. This amount represents an increase of \$2,306,159 which was expended for infrastructure improvement during the year. The board had \$1,364,243 in construction in progress for infrastructure improvements that will be completed in fiscal year 2022.

More information about capital assets can be found in Note 4 on page 18 of this report.

Long Term Debt

At the end of fiscal 2021 the Board had \$3.43 million in outstanding bonds and notes payable. This represents a net decrease from the end of fiscal 2020 in the amount of \$.55 million.

More information about outstanding debt can be found in Note 5 on page 20 of this report.

Economic Factors and Future Budgets and Rates:

During FY 2021 the Board maintained its compliance with the debt service coverage factor required by bond ordinances of 1.15. The realized debt service coverage factor for FY 2021 was 4.63, which is in excess of that required by the bond ordinances. The Board continues to monitor the actual debt service coverage factor realized, and will monitor revenue and expenditure levels in order to continue to be in compliance with the ordinances.

Contacting the Board's Financial Management Representative:

This financial report is designed to provide our citizens, water customers, investors, and creditors with a general overview of the Board's finances and to demonstrate the Board's accountability for the revenues, bond proceeds, and other funds it receives. Any questions regarding the content of this financial analysis statement should be directed to the Director of Finance, Clarksburg Water Board, 1001 South Chestnut Street, Clarksburg, WV 26301.

WATER BOARD OF THE CITY OF CLARKSBURG
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS & DEFERRED OUTFLOWS		
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 2,495,257	\$ 2,439,621
Investments - Manulife & Prudential	274,660	186,282
Receivables, Net of Allowance:		
Trade (Net of Allowance for Doubtful Accounts of \$482,475 in 2021 and \$417,578 in 2020)	1,598,050	1,728,965
Other (Net of Allowance for Doubtful Accounts of \$2,000 in 2021 and \$2,000 in 2020)	63,546	55,068
Inventory	171,719	164,672
Prepaid Expenses	232,227	21,902
Total Current Assets	<u>4,835,459</u>	<u>4,596,510</u>
Restricted Assets		
Cash & Temporary Investments	3,794,763	4,184,712
State Sinking Fund	1,574,645	1,890,913
Total Restricted Assets	<u>5,369,408</u>	<u>6,075,625</u>
Capital Assets		
Construction in Progress	1,364,243	606,232
Land and Land Rights	249,951	249,951
Non-Utility Property	35,136	35,136
Reservoirs	7,287,531	7,287,531
Structures and Improvements	16,327,439	16,287,879
Transmission and Distribution Mains	18,425,671	18,387,853
Equipment	9,794,605	8,323,835
Less: Accumulated Depreciation	(22,973,279)	(21,992,328)
Total Capital Assets (Net of Accumulated Depreciation)	<u>30,511,297</u>	<u>29,186,089</u>
Other Assets		
Unamortized Bond Discount and Issue Costs	21,413	-
Preliminary Survey and Investigation Costs	87,994	87,994
Rate Case	17,000	17,000
Total Other Assets	<u>126,407</u>	<u>104,994</u>
Total Assets	<u>40,842,571</u>	<u>39,963,218</u>
Deferred Outflows		
Changes in employer proportion and differences between contributions and proportionate share of contributions	20,080	71,262
Employer contributions subsequent to measurement date	313,584	306,612
Reallocation of Opt-Out Employer Change in Proportionate Share	-	151
Difference between expected and actual experience	134,879	16,827
Net difference between projected and actual Investment earnings	252,749	-
Difference in Assumptions	-	-
Total Deferred Outflows	<u>721,292</u>	<u>394,852</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 41,563,863</u>	<u>\$ 40,358,070</u>

The accompanying notes are an integral part of these financial statements.

WATER BOARD OF THE CITY OF CLARKSBURG
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021 AND 2020

	2021	2020
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Liabilities		
Current Liabilities (Payable from Current Assets)		
Accounts Payable and Other Accrued Liabilities	\$ 1,289,085	\$ 1,096,131
Refund Payable	2,775	2,775
Total Current Liabilities (Payable from Current Assets)	<u>1,291,860</u>	<u>1,098,906</u>
Current Liabilities (Payable from Restricted Assets)		
Current Portion of Bonds Payable	432,144	434,599
Accrued Bond Interest Payable	9,999	18,343
Customer Deposits	134,737	147,140
Construction Deposits	2,634	4,656
Total Current Liabilities (Payable from Restricted Assets)	<u>579,514</u>	<u>604,738</u>
Long-Term Liabilities (Net of Current Portion)		
Compensated Absences	214,348	240,668
Net Pension Liability	797,442	344,915
Net OPEB Liability	159,704	611,580
Bonds Payable (Payable from Restricted Assets)	2,997,242	3,544,386
Total Long-Term Liabilities (Net of Current Portion)	<u>4,168,736</u>	<u>4,741,549</u>
Non Current Liabilities		
Unamortized Bond Premium	<u>8,517</u>	<u>9,177</u>
Total Liabilities	<u>6,048,627</u>	<u>6,454,370</u>
Deferred Inflow		
Net Differences between projected and actual investment earnings	5,406	134,746
Difference in Assumptions	395,622	187,352
Difference between expected and actual experience	119,989	101,453
Reallocation of Opt-Out Employer Change in Proportionate Share	9,863	16,454
Changes in employer proportion and differences between contributions and proportionate share of contributions	23,304	45,720
Total Deferred Inflows	<u>554,184</u>	<u>485,725</u>
Net Position		
Net Invested in Capital Assets	27,081,911	25,207,104
Restricted	5,222,039	5,905,486
Unrestricted	<u>2,657,102</u>	<u>2,305,385</u>
Total Net Position	<u>34,961,052</u>	<u>33,417,975</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 41,563,863</u>	<u>\$ 40,358,070</u>

The accompanying notes are an integral part of these financial statements.

WATER BOARD OF THE CITY OF CLARKSBURG
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDING JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Water Sales	\$ 8,094,955	\$ 8,104,318
Billing and Collections	112,000	112,000
Fire Protection	219,132	219,104
Other Income	108,213	133,639
Rental Income	21,600	21,600
Gain on Disposal of Assets	10,476	-
Total Operating Revenue	<u>8,566,376</u>	<u>8,590,661</u>
Operating Expenses:		
Treatment Expenses	2,232,687	2,128,438
Distribution Expenses	1,922,799	1,819,266
Engineering Expenses	205,014	243,002
Customer Accounting and Collection	614,729	672,171
General and Administrative	861,377	821,199
Depreciation	1,028,092	976,712
Total Operating Expenses	<u>6,864,698</u>	<u>6,660,788</u>
Operating Income/(Loss)	<u>1,701,678</u>	<u>1,929,873</u>
Non-Operating Revenues (Expenses):		
Change in the Fair Value of Investments	88,378	(69,523)
Interest and Dividends	15,882	96,149
Interest and Fiscal Charges	(149,777)	(165,552)
Amortization of Bond Discount and Issue Costs	(121,455)	(30,489)
Amortization of Bond Premium	659	20,180
Nonoperating Miscellaneous	7,712	493
Total Non-Operating Revenues (Expenses)	<u>(158,601)</u>	<u>(148,742)</u>
Change in Net Assets	<u>\$ 1,543,077</u>	<u>\$ 1,781,131</u>
Net Position, Beginning of Year	<u>33,417,975</u>	<u>31,636,844</u>
Net Position, End of Year	<u><u>\$ 34,961,052</u></u>	<u><u>\$ 33,417,975</u></u>

The accompanying notes are an integral part of these financial statements.

WATER BOARD OF THE CITY OF CLARKSBURG
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDING JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Receipts from customers	\$ 8,445,002	\$ 8,196,989
Receipts from other sources	233,336	261,548
Payments to suppliers	(3,590,674)	(3,509,007)
Payments to employees	(2,039,104)	(2,015,238)
Payments for taxes, other than income tax	(201,312)	(191,480)
Employer contributions subsequent to measurement date	<u>(313,584)</u>	<u>(306,612)</u>
Net cash provided (used) in operating activities	<u>2,533,664</u>	<u>2,436,200</u>
Cash Flows from Capital and Related		
Financing Activities:		
Acquisition and construction of property and equipment	(1,595,291)	(516,082)
Construction in Progress	(758,011)	(327,448)
Bond Issuance	2,785,000	-
Issuance Discount	(4,328)	-
Bond Insurance Premium	(17,500)	-
Bond Costs	(121,041)	-
Principal paid on bonds	(3,334,599)	(1,346,166)
Interest paid on bonds and notes payable	<u>(158,120)</u>	<u>(174,402)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,203,889)</u>	<u>(2,364,098)</u>
Cash Flows from Investing Activities:		
Decrease (Increase) in Restricted Assets	693,814	(273,970)
Interest Income	15,882	96,149
Proceeds from Sale of Equipment	10,476	-
Miscellaneous	7,712	489
Construction Deposits	<u>(2,023)</u>	-
Net Cash Provided (Used) by Investing Activities	<u>725,861</u>	<u>(177,332)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	55,636	(105,230)
Cash and Cash Equivalents at Beginning of Year	<u>2,439,621</u>	<u>2,544,852</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,495,257</u>	<u>\$ 2,439,621</u>
Adjustments to Reconcile Operating Income to Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ 1,701,678	\$ 1,929,873
Depreciation	1,028,092	976,712
Pension Expensed Recognized	196,434	177,746
OPEB Expense Recognized	(140,180)	6,033
Employer contributions subsequent to measurement date	(313,584)	(306,612)
(Increase) decrease in:		
Accounts receivable - trade	130,915	(126,433)
Accounts receivable - other	(8,477)	(5,690)
Inventory	(7,048)	75,030
Prepaid expenses	(210,325)	19,335
Increase (decrease) in:		
Accounts payable and accrued expenses	168,658	(309,794)
Construction Deposits	<u>(2,023)</u>	-
(Gain) Loss on Disposal of Assets	<u>(10,476)</u>	-
Net cash provided by (used in) operating activities	<u>\$ 2,533,664</u>	<u>\$ 2,436,200</u>

The accompanying notes are an integral part of these financial statements.

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

1. Summary of Significant Accounting Policies

The Water Board of the City of Clarksburg (the Board), was established in 1909 by act of legislature and is provided for by the Charter for the City of Clarksburg (the "City") and the Official West Virginia Code of 1931, as amended. The Board consists of three elected members and, as authorized by the City Charter, manages and maintains the City's water purification and distribution systems independent of control by the Council of the City and the City Manager.

The accounting policies of the Board conform to generally accepted accounting principles applicable to governmental units. The Board complies with accounting principles generally accepted in the United States of America and applies all relevant Government Accounting Standards Board (GASB) pronouncements.

A. Financial Reporting Entity

The Board complies with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" and GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units." These statements establish standards for defining and reporting on the financial reporting entity. They define component units as legally separate organizations for which the officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Board considered all potential component units in determining what organizations should be included in the financial statements. Based on these criteria, there are no component units to include in the Board's financial statements.

B. Basis of Presentation

The Board's fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

The proprietary funds utilize an "*economic resources*" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

All Proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Board's enterprise fund are charges to customers for water sales and service. The Board also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Cash Equivalents

Cash on hand and deposits with banking institutions either in checking, savings, or money market accounts are presented as cash in the accompanying financial statements. Such deposits at June 30, 2021 and 2020 were entirely covered by federal depository insurance or secured by adequate bond or other securities held by the banking institution in the Board's name. The carrying amount of cash accounts at June 30, 2021 was \$2,495,257 while the bank balance was \$2,532,243. The carrying amount of cash accounts at June 30, 2020 was \$2,439,621 while the bank balance was \$2,535976.

Investments and restricted assets are stated at cost, which approximates market.

E. Restricted Cash Investments

These accounts represent amounts that are restricted in their use. The Debt Service and Debt Reserve Funds are requirements of the bond indentures.

F. Accounts Receivable - Customers

The Board uses the allowance method of recognizing bad debts and a provision of \$482,475 and \$417,578 has been established for uncollectible accounts at June 30, 2021 and June 30, 2020, respectively.

G. Inventory

Inventory values are determined on the average cost method and are stated at the lower of cost or market.

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

1. Summary of Significant Accounting Policies (Continued)

H. Capital Assets

Capital assets are recorded at cost which includes labor, materials, services and interest on funds used during construction and other indirect costs. Depreciation of all exhaustible capital assets used by the Board is charged as an expense against operations and accumulated depreciation is reported on the Board's balance sheet. Depreciation has been provided for over the estimated useful lives using the straight-line method at rates of 1½ to 20% per year.

I. Preliminary Survey and Investigation Cost

Preliminary survey and investigation costs represent expenditures for preliminary surveys, plans and investigation for determining the feasibility of contemplated projects. When project construction is completed, these costs will be capitalized as part of capital assets, or if the project is rejected, these costs will be charged to expense in the year the project is rejected.

J. Amortization

Debt discount and premium on bonds is amortized on the straight-line method from the date of issuance to the date of maturity.

K. Customer Deposits

Customer deposits are refunded after bills for services have been paid for twelve consecutive months.

L. Concentration of Credit Risk

Water Board of the City of Clarksburg is a utility providing water services to residential, commercial, and governmental entities in Harrison County, West Virginia. The Board grants credit to all of its customers on a monthly basis.

M. Equity Classifications

Equity is classified as net position and displayed in three components:

- a. Net Investment in Capital Assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted".

The Board's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

1. Summary of Significant Accounting Policies (Continued)

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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.

O. Compensated Absences

The Board accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave is accrued as a liability based on the sick leave accumulated at the statement of net position date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Board for years of service are included in the calculation of the compensated absences accrual amount.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

The following is a summary of changes in compensated absences for the year ended June 30, 2021:

	<i>Balance 7/1/20</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance 6/30/21</i>	<i>Due Within One Year</i>
Compensated Absences Payable	\$ 240,668	\$ -	\$ (26,320)	\$ 214,348	\$ -

P. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of the resources related to pensions, and pension expense, information about the fiduciary net position of the Board's Public Employee Retirement System (PERS) and additions to/deductions from the Plans' 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 the benefit terms. Investments are reported at fair value.

Q. Postemployment Benefits Other Than Pension (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of the resources related to OPEB, and OPEB expense, information about the fiduciary net position of the West Virginia Retiree Health Benefits Trust Fund (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.

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

2. Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. It is the Board's policy for deposits to be 100% secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation Insurance.

The Board's deposits are categorized to give an indication of the level of risk assumed by the Board at June 30, 2021 and 2020. The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 - Uncollateralized.

June 30, 2021

		Category		Carrying	
	<u>Bank Balance</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>
Non-Pooled Deposits					
Checking and Money Market	<u>\$ 2,532,243</u>	<u>\$ 250,000</u>	<u>\$ 2,282,243</u>	<u>\$ -</u>	<u>\$ 2,493,898</u>

June 30, 2020

		Category		Carrying	
	<u>Bank Balance</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>
Non-Pooled Deposits					
Checking and Money Market	<u>\$ 2,535,976</u>	<u>\$ 250,000</u>	<u>\$ 2,285,976</u>	<u>\$ -</u>	<u>\$ 2,438,262</u>

Additionally, the cash on hand of \$1,359 at June 30, 2021 and \$1,359 at June 30, 2020 was included in cash on the statement of net position.

WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

3. Investments

The December 17, 1992 and July 11, 2002, bond ordinances authorize the Board to invest all bond proceeds in obligations of the United States and certain of its agencies, certificates of deposit, public housing bonds, direct and general obligations of states which are rated in the highest categories by Standard and Poor's Corporation and Moody's Investors Service, and repurchase agreements relating to certain securities. Sinking fund investments are managed by the West Virginia Municipal Bond Commission.

Investments made by the Board are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below at June 30, 2021 and 2020.

Category 1 -Insured or registered, or securities held by the Board or its agent in the Board's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Board's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Board's name.

June 30, 2021

	<u>Category</u>			<u>Carrying Amount</u>		<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>			
Other temporary cash Investments	\$ 3,795,668	\$ -	\$ -	\$ 3,795,668	\$ 3,795,668	
Investments in Municipal Bond Commission	1,573,741	-	-	1,573,741	1,573,741	
Other investments - Manulife and Prudential Stock	<u>274,660</u>	<u>-</u>	<u>-</u>	<u>274,660</u>	<u>274,660</u>	
Total investments	<u><u>\$ 5,644,069</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,644,069</u></u>	<u><u>\$ 5,644,069</u></u>	

June 30, 2020

	<u>Category</u>			<u>Carrying Amount</u>		<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>			
Other temporary cash Investments	\$ 4,185,616	\$ -	\$ -	\$ 4,185,616	\$ 4,185,616	
Investments in Municipal Bond Commission	1,890,009	-	-	1,890,009	1,890,009	
Other investments - Manulife and Prudential Stock	<u>186,282</u>	<u>-</u>	<u>-</u>	<u>186,282</u>	<u>186,282</u>	
Total investments	<u><u>\$ 6,261,908</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,261,908</u></u>	<u><u>\$ 6,261,908</u></u>	

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

3. Investments (continued)

Interest Rate Risk: The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: The Board is authorized to provide excess funds to either the State Investment Pool or the Municipal Bond Commission for investment purposes, or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit and repurchase agreements. The Board has no investment policy that would further limit its investment choices.

Concentration of Credit Risk: The Board places no limit on the amount the Board may invest in any one issuer. 100% of the Board's investments are in the State investment pool.

As of February 1, 2000, the Board was granted shares in John Hancock Financial Services, Inc. (JHF) as compensation for surrendering membership rights in John Hancock Mutual Life Insurance Company. Then on December 18, 2001, the Board was granted shares in Prudential Financial, Inc. as compensation for surrendering membership rights in Prudential Financial. Furthermore, on September 28, 2003 a merger between John Hancock and Manulife Financial Corporation was approved. Therefore, the shares of John Hancock Financial were converted to Manulife Financial (MLF)

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

4. Capital Assets

Capital assets activity for the years ended June 30, 2021 and 2020 are as follows:

June 30, 2021				
	Balance at 7/1/2020	Additions	Deletions	Balance at 6/30/2021
Capital assets, not being depreciated:				
Land and land rights	\$ 249,951	\$ -	\$ -	\$ 249,951
Non-utility property	35,136	-	-	35,136
Construction in progress	<u>606,232</u>	<u>2,077,167</u>	<u>(1,319,156)</u>	<u>1,364,243</u>
Total capital assets, not being depreciated	<u>891,319</u>	<u>2,077,167</u>	<u>(1,319,156)</u>	<u>1,649,330</u>
Capital assets being depreciated:				
Reservoirs	7,287,531	-	-	7,287,531
Structures and improvements	16,287,879	39,560	-	16,327,439
Transmission and distribution mains	<u>18,387,853</u>	<u>37,818</u>	<u>-</u>	<u>18,425,671</u>
Equipment	<u>8,323,835</u>	<u>1,517,913</u>	<u>(47,143)</u>	<u>9,794,605</u>
Total capital assets, being depreciated	<u>50,287,098</u>	<u>1,595,291</u>	<u>(47,143)</u>	<u>51,835,246</u>
Less: Accumulated Depreciation:				
Reservoirs	(1,356,825)	(109,313)	-	(1,466,138)
Structures and improvements	(8,090,172)	(259,186)	-	(8,349,358)
Transmission and distribution mains	<u>(9,511,363)</u>	<u>(303,432)</u>	<u>-</u>	<u>(9,814,795)</u>
Equipment	<u>(3,033,968)</u>	<u>(356,162)</u>	<u>47,143</u>	<u>(3,342,988)</u>
Less accumulated depreciation	<u>(21,992,328)</u>	<u>(1,028,092)</u>	<u>47,143</u>	<u>(22,973,279)</u>
Total capital assets being depreciated, net	<u>28,294,770</u>	<u>567,199</u>	<u>-</u>	<u>28,861,967</u>
Total capital assets, net	<u><u>\$ 29,186,089</u></u>	<u><u>\$ 2,644,366</u></u>	<u><u>\$ (1,319,156)</u></u>	<u><u>\$ 30,511,297</u></u>

WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

4. Capital Assets (Continued)

June 30, 2020

	Balance at 7/1/2019	Additions	Deletions	Balance at 6/30/2020
Capital assets, not being depreciated:				
Land and land rights	\$ 249,951	\$ -	\$ -	\$ 249,951
Non-utility property	35,136	-	-	35,136
Construction in progress	278,784	607,998	(280,550)	606,232
Total capital assets, not being depreciated	<u>563,871</u>	<u>607,998</u>	<u>(280,550)</u>	<u>891,319</u>
Capital assets being depreciated:				
Reservoirs	7,287,531	-	-	7,287,531
Structures and improvements	16,188,929	98,950	-	16,287,879
Transmission and distribution mains	18,107,303	280,550	-	18,387,853
Equipment	<u>8,187,252</u>	<u>136,583</u>	<u>-</u>	<u>8,323,835</u>
Total capital assets, being depreciated	<u>49,771,015</u>	<u>516,083</u>	<u>-</u>	<u>50,287,098</u>
Less: Accumulated Depreciation:				
Reservoirs	(1,247,512)	(109,313)	-	(1,356,825)
Structures and improvements	(7,834,243)	(255,930)	-	(8,090,172)
Transmission and distribution mains	(9,208,393)	(302,970)	-	(9,511,363)
Equipment	<u>(2,725,468)</u>	<u>(308,500)</u>	<u>-</u>	<u>(3,033,968)</u>
Less accumulated depreciation	<u>(21,015,615)</u>	<u>(976,712)</u>	<u>-</u>	<u>(21,992,328)</u>
Total capital assets being depreciated, net	<u>28,755,399</u>	<u>(460,629)</u>	<u>-</u>	<u>28,294,770</u>
Total capital assets, net	<u><u>\$ 29,319,270</u></u>	<u><u>\$ 147,369</u></u>	<u><u>\$ (280,550)</u></u>	<u><u>\$ 29,186,089</u></u>

WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

5. Long Term Debt

The following is a summary of bonds payable at June 30, 2021 and 2020:

June 30, 2021								
	<u>Issue Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due</u>		
						<u>Within One Year</u>	<u>Amounts Due After One Year</u>	
a. Water Revenue Bonds - Series 2001A	2001	\$ 248,594	\$ -	\$ 140,990	\$ 107,604	\$ 107,604	\$ -	
b. Water Revenue Bonds - Series 2004A	2004	655,391	-	118,609	536,782	124,540	412,242	
c. Water Revenue Bonds - Series 2014A	2014	3,075,000	-	3,075,000	-	-	-	
d. Water Refunding Revenue Bonds - Series 2021A	2021	<u>2,785,000</u>	<u>-</u>	<u>-</u>	<u>2,785,000</u>	<u>200,000</u>	<u>2,585,000</u>	
Total long-term debt		<u>\$ 6,763,985</u>	<u>\$ -</u>	<u>\$ 3,334,599</u>	<u>\$ 3,429,386</u>	<u>\$ 432,144</u>	<u>\$ 2,997,242</u>	

June 30, 2020								
	<u>Issue Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due</u>		
						<u>Within One Year</u>	<u>Amounts Due After One Year</u>	
a. Water Revenue Bonds - Series 2001A	2001	\$ 386,799	\$ -	\$ 138,205	\$ 248,594	\$ 140,990	\$ 107,604	
b. Water Revenue Bonds - Series 2004A	2004	768,352	-	112,961	655,391	118,609	536,782	
c. Water Refunding Revenue Bonds - Series 2013A	2013	925,000	-	925,000	-	-	-	
d. Water Revenue Bonds - Series 2014A	2014	<u>3,245,000</u>	<u>-</u>	<u>170,000</u>	<u>3,075,000</u>	<u>175,000</u>	<u>2,900,000</u>	
Total long-term debt		<u>\$ 5,325,151</u>	<u>\$ -</u>	<u>\$ 1,346,166</u>	<u>\$ 3,978,985</u>	<u>\$ 434,599</u>	<u>\$ 3,544,386</u>	

Water Revenue Bonds – Series 2001A

During the years ended June 30, 2002 and 2001 the City of Clarksburg issued \$2,383,850 of Water Revenue Bonds Series 2001A. These bonds are for 20 years and have a stated interest rate of 2% and 1% administrative fee payable quarterly, payments starting June 1, 2002. These bonds were issued to (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer; and (ii) to pay certain costs of issuance of the Bonds of this Series and related costs.

Principal balance was \$107,604 at June 30, 2021 and \$248,594 at June 30, 2020.

These bonds are payable solely from and secured by the Gross Revenues of the waterworks system and monies held in certain sinking funds by the West Virginia Municipal Bond Commission.

Future maturities of bond principal and interest on this indebtedness at June 30, 2021 are as follows:

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

5. Long Term Debt (Continued)

Water Revenue Bonds – Series 2001A

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	107,604	1,078	108,682
Total	<u>\$ 107,604</u>	<u>\$ 1,078</u>	<u>\$ 108,682</u>

Water Revenue Bonds – Series 2004A

During the year ended June 30, 2005 the City of Clarksburg issued \$1,885,764 of Water Revenue Bonds Series 2004A. These bonds are for 20 years and have a stated interest rate of 5%. Principal will be paid annually beginning October 1, 2005 and semi-annual interest payments began on October 1, 2004. These bonds were issued to (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer; and (ii) to pay certain costs of issuance of the Bonds of this Series and related costs.

Principal balance was \$536,782 at June 30, 2021 and \$655,391 at June 30, 2020.

These bonds are payable solely from and secured by the Gross Revenues of the waterworks system and monies held in certain sinking funds by the West Virginia Municipal Bond Commission.

Future maturities of bond principal and interest on this indebtedness at June 30, 2021 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	124,540	23,726	148,266
2023	130,766	17,343	148,109
2024	137,305	10,641	147,946
2025	<u>144,171</u>	<u>3,604</u>	<u>147,775</u>
Total	<u>\$ 536,782</u>	<u>\$ 55,314</u>	<u>\$ 592,096</u>

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

5. Long Term Debt (Continued)

Water Revenue Bonds – Series 2014A

On November 6, 2014 the City of Clarksburg issued \$3,965,000 of Water Revenue Bonds Series 2014A. These bonds are for 20 years and interest rate ranging from 1.5% to 4.5%. Principal is being paid annually which began on June 1, 2015 and semi-annual interest payments began on June 1, 2015. These bonds were issued to (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer; and (ii) to pay certain costs of issuance of the Bonds of this Series and related costs.

Principal balance was \$0 at June 30, 2021 and \$3,075,000 at June 30, 2020.

Water Refunding Revenue Bonds – Series 2021A

On March 18, 2021 the City of Clarksburg issued \$2,785,000 in Water Refunding Revenue Bonds, Series 2021A, with an interest rate ranging from .57% to 2.0% to refund the \$3,075,000 of outstanding 2014-Series Bonds with interest rates ranging from 1.5% to 4.5%. The net proceeds of \$2,640,953 (after payment of \$139,719 in underwriting fees, Bond Council, bond insurance premium and other issuance cost) plus an additional \$493,522 of the 2014-Series Sinking-Fund monies were deposited with the West Virginia Municipal Bond Commission in certain sinking-funds to be used to defease the 2014A-Series Bonds on June 1, 2021.

The City refunded the 2014A Series Bonds to reduce its total debt service payments over the next 13 years by \$696,665 with a net present value benefit of \$329,110.

The principal balance was \$2,785,000 at June 30, 2021.

These bonds are payable solely from and secured by the Gross Revenues of the waterworks system and monies held in certain sinking funds by the West Virginia Municipal Bond Commission.

Future maturities of bond principal and interest on this indebtedness at June 30, 2021 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	200,000	37,317	237,317
2023	205,000	36,177	241,177
2024	205,000	34,804	239,804
2025	205,000	33,143	238,143
2026	205,000	31,175	236,175
2027-2031	1,080,000	118,088	1,198,088
2032-2034	<u>685,000</u>	<u>27,700</u>	<u>712,700</u>
Total	<u>\$ 2,785,000</u>	<u>\$ 318,403</u>	<u>\$ 3,103,403</u>

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

5. Long Term Debt (Continued)

The Debt Service Coverage Factor has been calculated as follows for the years ended June 30, 2021 and 2020:

	2021	2020
Operating revenues	\$ 8,566,376	\$ 8,590,661
Operating expenses	<u>6,864,699</u>	<u>6,660,788</u>
Operating income	<u>1,701,677</u>	<u>1,929,873</u>
Add: Depreciation Expense	1,028,092	976,712
Interest and dividend income - allowed	<u>15,882</u>	<u>96,149</u>
Amounts available for debt service and capital expenditures	<u>\$ 2,745,651</u>	<u>\$ 3,002,734</u>
Maximum annual debt service	<u>\$ 592,719</u>	<u>\$ 1,530,744</u>
Calculated debt service coverage factor	4.63	1.96
Required debt service coverage factor	1.15	1.15

Based on this calculation, it appears that the Board was in compliance with the provisions set forth in the Bond Ordinance for the Water Revenue Bond -Series 2001A, Water Revenue Bond -Series 2004A, Water Revenue Bond-Series 2014A and Water Refunding Revenue Bonds - Series 2021A, and for years ending June 30, 2021 and 2020.

6. Rental Income

The Board leases an office situated at 432 West Main Street under an operating lease. The lease terms are \$1,500 per month beginning April 2020 and ending March 2025. The following is a schedule of future minimum rental income under this lease as of June 30, 2021:

Rental Income

2022	21,600
2023	21,600
2024	21,600
2025	<u>16,200</u>
Total	<u>\$ 81,000</u>

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

7. Employee Retirement System

Plan Descriptions, Contribution Information, and Funding Policies

The Water Board of the City of Clarksburg participates in state-wide, cost-sharing, multiple-employer defined benefit plans on behalf of all employees of the State and its components, as well as employees of participating non-State governmental entities. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

The Board's cost-sharing multiple-employer plans are 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 plans regarding benefit provisions, assumptions and membership information that can be found on the CPRB website at www.wvretirement.com.

Plan Descriptions, Contribution Information, and Funding Policies (Continued)

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

<u>Public Employees' Retirement System (PERS)</u>	
Eligibility to participate	All Board full-time employees, except those covered by other pension plans
Authority establishing contributions obligations and benefits provision	State Statute
Plan member's contribution rate	4.50-6.00%
Boards contribution rate	10.0%
Period required to vest	Five years
Benefit and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contribution 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 10) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provision for:	
Cost of living	No
Death benefits	Yes

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

7. Employee Retirement System (Continued)

Trend Information

<u>Public Employees Retirement System (PERS)</u>		
<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2021	\$ 246,544	100%
2020	\$ 234,396	100%
2019	\$ 235,823	100%

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

At fiscal year-end, the Board reported the following liabilities for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2020, and the total pension liability used to calculate the net pension liabilities were determined by an actuarial valuation as of that date. The Board's proportion of the net pension liabilities was based on a projection of the Board's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2021, the Board reported the following proportions and increase/decreases from its proportion measured as of June 30, 2020:

	<u>PERS</u>
Amount for proportionate share of net pension liability	\$ 797,442
Percentage for proportionate share of net pension liability	0.150839%
Increase/(decrease) % from prior proportion measured	-5.97010%

For this fiscal year, the Board recognized the following pension expenses.

	<u>PERS</u>
Clarksburg Water Board's Pension Expense	<u><u>\$ 196,186</u></u>

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

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

7. Employee Retirement System (Continued)

Public Employees Retirement System (PERS)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 117,351	\$ 16,440
Changes of assumptions	-	35,136
Net difference between projected and actual earnings on pension plan investments	252,749	-
Changes in proportion and differences between government contributions and proportionate share of contributions	8,380	23,304
Government contributions subsequent to the measurement date	<u>246,544</u>	-
	\$ 625,024	\$ 74,880

The amount reported as deferred outflows of resources related to pensions resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year Ended June 30:

2022	\$ (37,400)
2023	113,753
2024	136,274
2025	90,973
2026	-
Thereafter	<u>-</u>
 Total	 <u>\$ 303,600</u>

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2019 for all plans, using the following actuarial assumptions, applied to all periods included in the measurement.

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

7. Employee Retirement System (Continued)

Actuarial assumptions	
Inflation rate	3.0%
Salary increases	3.35%-6.5%
Investment Rate of Return	7.50%
Mortality Rates	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018 Retired healthy males-108% of Pun-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018 Retired healthy females-122% of Pub 2010 Annuitant, Scale AA fully generational General Retiree Female table, below-median, headcount Disbaled males-118% of Pub-2010 General / Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018 Disabled females-118% of Pub-2010 General / Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018

The date range of the most recent experience study was from July 1, 2013 to June 30, 2018.

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

<u>Investment</u>	<u>Long-term Expected Rate of Return</u>	<u>PERS Target Asset Allocation</u>
US Equity	5.5%	27.5%
International Equity	7.0%	27.5%
Core Fixed Income	2.2%	15.0%
Real Estate	6.6%	10.0%
Private Equity	8.5%	10.0%
Hedge Funds	4.0%	<u>10.0%</u>
		<u><u>100.0%</u></u>

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

7. Employee Retirement System (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent for all defined benefit plans. The projection of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position for each defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities of each plan.

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Board's proportionate share of PERS's net pension liability (asset)	\$ 2,031,780	\$ 797,442	\$ (246,213)

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

8. Postemployment Benefits Other Than Pension (OPEB)

General Information about the OPEB Plan

Plan description. The Board contributes to the West Virginia Other Postemployment Benefit Plan (the Plan), a cost-sharing, multiple-employer defined benefit postemployment healthcare plan. The financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration cabinet secretary serves as Chairman of the Board. Four members represent labor, education, public employees and public retirees. The four remaining members represent the public at large. The Plan had approximately 43,000 policyholders and 64,000 covered lives at June 30, 2020. The RHBT audited financial statements and actuarial reports can be found on the PEIA website at www.peia.wv.gov. You can also submit your questions in writing to the West Virginia Public Employees Insurance Agency, 601 57th Street, SE, Suite 2, Charleston, WV, 25304.

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

8. Postemployment Benefits Other Than Pension (OPEB) (Continued)

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

Contributions. Paygo premiums are established by the Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The active premiums subsidized the retirees' health care by approximately \$142 million for fiscal year June 30, 2020. Contributions to the OPEB plan from the Board were \$67,040 for the current fiscal year.

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

At fiscal year-end, the Board reported a liability of \$159,704 for its proportionate share of the net OPEB liability. The net OPEB liability, deferred inflows and outflows of resources and OPEB expense were determined by an actuarial valuation date as of June 30, 2019, rolled forward to June 30, 2020, which is the measurement date. The Board's proportion of the net OPEB liability was based on a projection of the government's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating governments, actuarially determined. NOTE: These amounts differ from the net OPEB liability reported on the Statement of Net Position due to rounding and changes to the allocation schedules: however, the differences in these amounts are considered immaterial. At June 30, 2021, the Board's proportion was 0.036157411%, which was an increase of (1.91%) from its proportion measured as of June 30, 2020

For this fiscal year, the Board recognized OPEB expense of \$(119,054). The Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportions and difference between government contributions and proportionate share of contributions	\$ 11,700	\$ -
Net Difference between projected and actual investments earnings on pension plan investments	-	5,406
Difference between expected and actual experience	17,528	103,549
Deferred difference in assumptions	-	360,486
Reallocation of opt-out employer change in proportionate share	-	9,863
Government contributions subsequent to the measurement date	<u>67,040</u>	<u>-</u>
	<u>\$ 96,268</u>	<u>\$ 479,304</u>

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

8. Postemployment Benefits Other Than Pension (OPEB) (Continued)

The amount reported as deferred outflows of resources related to OPEB resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:

2022	\$ (176,595)
2023	(160,260)
2024	(111,842)
2025	<u>(1,379)</u>
 Total	 <u>\$ (450,076)</u>

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

Inflation Rate	2.25%
Salary Increases	Dependent upon pension system, ranging from 2.75% to 5.18%, including inflation.
Investment Rate of Return	6.65%, net of OPEB plan investment expense, including inflation.
Healthcare Cost Trend Rates	Trend rate for pre-Medicare per capita cost of 7.0% for plan year end 2022, 6.5% for plan year end decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032. Trend rate for Medicare per capita cost of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.

Mortality Post Retirement rates: TRS were based on the Pub-2010 Healthy Annuitant Mortality Table projected with MP-2019 and scaling factors of 100% for males and 108% for females. The PERS were based on Pub Below-Median Income General Healthy Retiree Mortality Tables projected with scale MP-2019 and scaling factors of 100% for males and Females. The Troopers A and B were based on Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2019 and scaling factors of 100% for males and females

Mortality Pre-Retirement: TRS were based on Pub-210 General Employee Mortality Tables projected with MP-2019. The PERS were based on PUB-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019. The Troopers A and B were based on Public Safety Employees Mortality Tables project with scale MP-2019.

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

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

8. Postemployment Benefits Other Than Pension (OPEB) (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	55.0%	6.8%
Core plus fixed income	15.0%	4.1%
Core real estate	10.0%	6.1%
Hedge fund	10.0%	4.4%
Private equity	<u>10.0%</u>	<u>8.8%</u>
Target allocation	<u><u>100.0%</u></u>	

Discount rate. The discount rate used to measure the OPEB liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions would be made at rates equal to the actuarially determined contribution rates, in accordance with prefunding and investment policies. The OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates.

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

	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
Net OPEB Liability	\$ 227,760	\$ 159,704	\$ 102,733

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

8. Postemployment Benefits Other Than Pension (OPEB) (Continued)

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

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
Net OPEB Liability	\$ 96,095	\$ 159,704	\$ 236,531

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

9. Summary of Deferred Outflow/ (Inflow) Balances

	Total	PERS	OPEB
Changes in proportions and difference between government contributions and proportionate share of contributions	(3,224)	(14,924)	11,700
Net Difference between projected and actual investments earnings on pension plan investments	247,343	252,749	(5,406)
Reallocation of opt-out employer change in proportionate share	(9,863)	-	(9,863)
Difference between expected and actual experience	14,890	100,911	(86,021)
Deferred difference in assumptions	(395,622)	(35,136)	(360,486)
Government contributions subsequent to the measurement date	313,584	246,544	67,040

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

10. Related Party Transactions

Sanitary Board of the City of Clarksburg

The Board provides billing and collection services for the Sanitary Board of the City of Clarksburg. The following transactions took place with the Sanitary Board for the years ended June 30, 2021 and 2020

Sanitary Board of the City of Clarksburg

	2021	2020
Fees for collection and administrative services	\$ 112,000	\$ 112,000
Collection and remittances on Sanitary Board trade receivables	\$ 3,591,508	\$ 3,405,514

City of Clarksburg

The Board provides collection services for the utility taxes for the City of Clarksburg. The following transactions took place with the City of Clarksburg for utility taxes for the years ended June 30, 2021 and 2020:

Utility Tax - City of Clarksburg

	2021	2020
Collections and remittances on the Utility Tax trade receivables	\$ 117,751	\$ 113,807

11. Credit Concentration

The Board's revenues are generated from the provision of water utility services to the residents of Clarksburg, West Virginia, as well as the residents of the rural areas of Harrison County, West Virginia, surrounding that city. The ultimate collection of the accounts receivable resulting from the Board's revenues is dependent upon the residents' income and payment ability.

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 and 2020**

12. Subsequent Event

**City of Clarksburg (West Virginia)
Water Refunding Revenue Bonds, Series 2021 A (Tax-Exempt)**

CUSIPs:	182072 DW5	182072 EB0
	182072 DX3	182072 EC8
	182072 DY1	182072 ED6
	182072 DZ8	182072 EE4
	182072 EA2	182072 EF1

Dated: December 14, 2021

This Event Notice is given by the City of Clarksburg, West Virginia (the “City”) and the Clarksburg Water Board (the “Water Board”) with respect to the above-referenced Bonds (the “Bonds”) in accordance with the Continuing Disclosure Agreement for the Bonds dated March 18, 2021, and Rule 15c2-12 of the Securities and Exchange Commission to provide information with respect to recent events relating to the Water Board and the City’s public waterworks system which is operated on behalf of the City by the Water Board (the “System”).

On May 10, 2021, the Water Board was notified by the West Virginia Department of Health and Human Resources (“WVDHHR”) that water testing at three residences within its service area indicated the presence of elevated levels of lead in the drinking water. The testing had been conducted following reports of three cases of children with elevated blood lead levels. The lead assessments determined that the children’s elevated blood lead levels could not be traced solely to the drinking water, as multiple sources of exposure were identified in the assessments. On May 12, 2021, the Water Board collected water samples at the meter for each of the residences. Testing on the samples confirmed elevated lead levels at the residences as a result of the installation of lead service lines in homes built before 1950. Upon confirmation of the results, the Water Board immediately replaced the utility side lead service lines at the three residences.

On July 2, 2021, the WVDHHR’s Bureau for Public Health, Office of Environmental Services (“OEHS”) issued an administrative order requiring the Water Board to, among other things, conduct additional sampling, increase the frequency of monitoring, install a corrosion control system and an alternate source of drinking water and/or point of use filters for homeowners where elevated lead levels are known from sample results and where known or suspected lead service lines exist. On July 14, 2021, the Bureau for Public Health issued a notice of violation stating that the Water Board had failed to notify the public about the risk of lead exposure within the prescribed timeline in the administrative order. Also on July 14, 2021, the U.S. Environmental Protection Agency (“USEPA”) issued an emergency administrative order directing the Water Board to identify homes and businesses with lead service lines and provide an alternative source of drinking water or filters certified to remove lead to all customers who may be impacted by lead exposure.

The Water Board began providing bottled water and water filter pitchers to customers with known or suspected lead service lines. In order to cover additional expenses related to the lead response, on July 27, 2021, the Water Board approved a budget revision that made \$416,000 available by forgoing planned capital purchases for the current fiscal year. On July 30, 2021, the Water Board approved a preliminary corrective action plan to be submitted to WVDHHR.

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 and 2020**

12. Subsequent Event (continued)

The preliminary plan involves identifying actual or suspected lead services lines, system-wide and additional targeted sampling, corrosion control treatment, and replacement of confirmed lead services lines at no cost to the customer. On September 14, 2021, the Water Board increased the available budget for lead service line response to \$973,000. The revision was due in part to the cost of providing alternative water sources to customers, expenditures for which had already reached \$226,974, and due to fees for legal services in connection with the responses to the WVDHHR and USEPA orders. In addition, the Water Board approved the purchase of a lab instrument to allow for in-house testing. On September 24, 2021, the Water Board accepted \$400,000 in lead response funding from the West Virginia Governor's Office. The Water Board also intends to seek grant funding from other sources, including West Virginia Drinking Water Treatment Revolving Fund (DWTRF), Federal Earmark, and American Rescue Plan Act (ARPA), requested these funds from the City of Clarksburg and Harrison County Commission.

Total costs to date related to the Water Board's response is estimated at \$501,200. To date, the Water Board has identified 4,609 connections with suspected lead service lines and 89 connections with elevated lead levels. The Water Board has given 4,916 water filter pitchers to customers with suspected lead service lines at an estimated cost of \$249,700. The Water Board has provided bottled water to customers with suspected lead service lines at an estimated cost of \$1,200. The Water Board has also offered free drinking water sampling to all customers at a cost to the Water Board of \$20 per test with an estimated total cost for these services of \$34,225.

The total final cost of the Water Board's lead response is unknown at this time, but the Water Board estimates that the cost will exceed \$10 Million. The impact of such costs on the Water Board's finances is unknown at this time.

The information set forth herein has been obtained from records of the City, the Water Board and other sources that believed to be reliable. Any statement herein which includes a matter of opinion or an estimate, whether or not expressly so stated, is intended as such, and not as a representation of fact. The information contained herein is provided as of the respective dates specified herein and is subject to change without notice, and the filing of this Event Notice shall not, under any circumstances, create any implication that there has been no change in the affairs of the City or Water Board or in the other matters described herein since the date as of which such information is provided.

Required Supplementary Information

WATER BOARD OF THE CITY OF CLARKSBURG
SCHEDULES OF THE GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Public Employees Retirement System Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Government's proportion of the net pension liability (asset) (percentage)	0.150839%	0.160416%	0.159843%	0.153775%	0.154993%	0.139527%	0.135018%	0.128116%	0.00000%	0.00000%
Government's proportionate share of the net pension liability (asset)	\$ 797,442	\$ 344,915	\$ 412,799	\$ 663,764	\$ 1,424,567	\$ 779,124	\$ 498,304	\$ 1,167,948	\$ -	\$ -
Government's covered-employee payroll	\$ 2,466,889	\$ 2,343,953	\$ 2,358,224	\$ 2,205,387	\$ 2,117,275	\$ 2,058,695	\$ 1,815,304	\$ 1,713,774	\$ -	\$ -
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32.33%	14.72%	17.50%	30.10%	67.28%	37.85%	27.45%	68.15%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%	79.70%	0.00%	0.00%

* - The amounts presented for each fiscal year were determined as of June 30th .

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

WATER BOARD OF THE CITY OF CLARKSBURG
SCHEDULE OF GOVERNMENT CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Public Employees Retirement System

Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 246,544	\$ 234,396	\$ 235,823	\$ 242,593	\$ 253,340	\$ 288,331	\$ 265,142	\$ 263,219	\$ 239,928	\$ 245,674
Contributions in relation to the contractually required contribution	<u>\$ (246,544)</u>	<u>\$ (234,396)</u>	<u>\$ (235,823)</u>	<u>\$ (242,592)</u>	<u>\$ (253,340)</u>	<u>\$ (288,331)</u>	<u>\$ (265,142)</u>	<u>\$ (263,219)</u>	<u>\$ (239,928)</u>	<u>\$ (245,674)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>									
Government's covered-employee payroll	\$ 2,466,889	\$ 2,343,953	\$ 2,358,224	\$ 2,205,387	\$ 2,117,275	\$ 2,058,695	\$ 1,893,870	\$ 1,815,304	\$ 1,713,774	\$ 1,694,304
Contributions as a percentage of covered-employee payroll	10.00%	10.00%	10.00%	11.00%	12.00%	13.50%	14.00%	14.50%	14.00%	14.50%

WATER BOARD OF THE CITY OF CLARKSBURG
SCHEDULE OF THE GOVERNMENT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Public Employees Insurance Agency
Ten Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Government's proportion of the net OPEB liability	0.036157411%	0.036861458%	0.035339472%	0.033447202%	0.038304413%	0.000000000%	0.000000000%	0.000000000%	0.000000000%	0.000000000%
Government's proportionate share of the net OPEB liability	\$ 159,704	\$ 611,580	\$ 758,186	\$ 822,463	\$ 951,223	\$ -	\$ -	\$ -	\$ -	\$ -
Government's covered-employee payroll	\$ 2,466,889	\$ 2,343,953	\$ 2,483,916	\$ 2,205,387	\$ 2,117,275	\$ -	\$ -	\$ -	\$ -	\$ -
Government's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	6.47%	26.09%	30.52%	37.29%	44.93%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	25.79%	39.69%	30.98%	25.10%	21.64%	0.00%	0.00%	0.00%	0.00%	0.00%

* - Applicable information was available for five years for this schedule.

WATER BOARD OF THE CITY OF CLARKSBURG
SCHEDULE OF GOVERNMENT CONTRIBUTIONS - OPEB
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Public Employees Insurance Agency
Ten Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 67,040	\$ 72,216	\$ 75,945	\$ 72,216	\$ 68,700	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>\$ (67,040)</u>	<u>\$ (72,216)</u>	<u>\$ (75,945)</u>	<u>\$ (72,216)</u>	<u>\$ (68,700)</u>	<u>\$ -</u>				
Contribution deficiency (excess)	<u><u>\$ -</u></u>									
Government's covered-employee payroll	\$ 2,466,889	\$ 2,343,953	\$ 2,483,916	\$ 2,205,387	\$ 2,117,275	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	2.72%	3.08%	3.06%	3.27%	3.24%	0.00%	0.00%	0.00%	0.00%	0.00%

* - Applicable information was available for five years for this schedule.

Other Supplementary Information

WATER BOARD OF THE CITY OF CLARKSBURG
OTHER SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
(Unaudited)

Projected Statement of Income and Expenses

CLARKSBURG WATER BOARD
Summary Statement of Income and Expenses
Projected Results of Operations
Fiscal Years Ended June 30, 2022 and 2023

	2022	2023
Operating Revenue		
Revenue From Water Sales to Customers	\$ 8,010,700	\$ 8,010,700
Other Revenue	468,328	469,719
Total Operating Revenue	<u>8,479,028</u>	<u>8,480,419</u>
Operating Expenses		
Operating Expenses	7,490,990	7,473,265
Depreciation	1,089,030	1,116,256
Total Operating Expenses Including Depreciation	<u>8,580,020</u>	<u>8,589,521</u>
Operating Income	(100,992)	(109,102)
Net Non Operating Revenue/(Expenses)	<u>(49,088)</u>	<u>(132,125)</u>
Net Increase in Assets	\$ (150,080)	\$ (241,227)

Historic Coverage Table

The following table sets forth the debt service coverages for the fiscal years 2018 – 2021

	Historical			
	2018	2019	2020	2021
Revenue	8,219,745	8,681,528	8,590,661	8,566,376
Expenses	6,254,837	6,626,323	6,660,788	6,864,699
Operating Income	<u>1,964,908</u>	<u>2,055,205</u>	<u>1,929,873</u>	<u>1,701,677</u>
Depreciation	949,275	966,599	976,712	1,028,092
Interest Revenue	59,702	113,722	96,149	15,882
Available	<u>2,973,885</u>	<u>3,135,526</u>	<u>3,002,734</u>	<u>2,745,651</u>
Maximum Annual DS Coverage	2,441,189	2,242,839	1,530,744	592,719
	1.22	1.40	1.96	4.63

WATER BOARD OF THE CITY OF CLARKSBURG
OTHER SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
(Unaudited)

Projected Coverage Table

The following table sets forth the projected debt service coverages for fiscal years 2022 – 2025.

	Projected			
	2022	2023	2024	2025
Revenues	8,479,028	8,480,419	8,482,178	8,483,964
Expenses	7,490,990	7,473,265	7,660,097	7,851,599
Operating Income	988,038	1,007,154	822,081	632,365
Interest Revenues	11,900	32,800	37,156	30,716
Available	999,938	1,039,954	859,237	663,081
Series 2001A	108,682	-	-	-
Series 2004A	148,266	148,109	144,342	147,775
Series 20214	237,317	241,177	239,804	238,143
Total Debt Service	494,265	389,286	384,145	385,918
Estimated Coverage	2.02	2.67	2.24	1.72

Customer Statistics

The following table indicates the numbers of retail residential and commercial, retail industrial, wholesale and private fire protection customers during each of the past five fiscal years (2017 – 2021) and projections for the next five fiscal years (2022 – 2026).

Customer Category Summary

Numbers of Customers

Year Ended June 30	Residential and Comercial	Industrial	Wholesale	Private Fire Protection	Government Agencies
2017	7893	7	14	613	54
2018	7841	7	14	613	54
2019	7861	6	14	614	53
2020	7809	6	14	614	53
2021	7828	7	14	614	50
2022	7800	6	14	614	54
2023	7800	6	14	614	54
2024	7800	6	14	614	54
2025	7800	6	14	614	54
2026	7800	6	14	614	54

Source: Board's billing records for historical figures and otherwise projections by the Board.

WATER BOARD OF THE CITY OF CLARKSBURG
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FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
(Unaudited)

Major Retail Users

The following table sets forth the ten largest retail water customers of the System, their average daily consumption and the percentages of total average daily retail consumption and total average daily consumption represented by such consumption, for the fiscal year ended June 30, 2021.

Customer	Total Annual Consumption (Gallons)	Average daily Consumption (Gallons)	% of Total Daily Retail Consumption	% of Total Daily Consumption	Total Annual Water Revenues	% of Total Water Sales Gross Revenues
FBI	55,537,000	152,156	14.22%	3.04%	\$ 210,795	2.56%
UCAR Carbon	39,761,000	108,934	10.18%	2.18%	\$ 149,101	1.81%
Va Hospital	17,786,000	48,729	4.55%	0.97%	\$ 72,491	0.88%
Harroson Co. Court	10,518,400	28,818	2.69%	0.58%	\$ 42,877	0.52%
Clarksburg Housing	7,771,400	21,292	1.99%	0.43%	\$ 39,508	0.48%
Highland Hospital	7,552,700	20,692	1.93%	0.41%	\$ 34,110	0.41%
Europ Tec USA Inc	7,492,000	20,526	1.92%	0.41%	\$ 31,296	0.38%
Clarksburg Center	2,749,700	7,533	0.70%	0.15%	\$ 14,430	0.18%
Clarksburg Park Bd.	2,708,000	7,419	0.69%	0.15%	\$ 11,527	0.14%
Merrick Engineering	2,699,900	7,397	0.69%	0.15%	\$ 13,990	0.17%
Total	154,576,100	423,496	39.58%	8.46%	\$ 620,125	7.54%

Source: City billing records

Wholesale Contracts

The Board sells water to 14 wholesale users, including 6 municipalities, and 8 public service districts. Wholesale users accounted for 72.28% of total average daily consumption during the fiscal year ended June 30, 2021, and 50.26% of Gross Revenues during the same period.

There follows a tabular summary of the System's wholesale users and their respective water purchases from the Board.

Clarksburg Water Board
Wholesale User Summary
(Fiscal Year ended June 30, 2021)

Customer	Est. Number of Customers (1)	Gallons Of Water Purchased (2)	Revenues (3)	Agreement Date	Agreement Expiration Date
City of Bridgeport	5100	451,226,100	\$ 1,417,432	12/08/1992	Indefinite
City of Shinnston	50	8,260,500	\$ 25,847	None	None
Greater Harrsion PSD	4100	99,586,900	\$ 311,607	03/12/2009	03/12/2049
Short Line PSD	1170	76,001,000	\$ 237,807	11/14/2006	11/14/2046
Valley of Good Hope PSD	905	83,724,600	\$ 261,974	03/12/2009	03/12/2049
Town of Nutter Fort	815	106,205,000	\$ 332,315	03/12/1949	Indefinite
City of Stonewood	960	41,292,000	\$ 129,203	11/19/2007	11/19/2052
Sun Valley PSD	1200	82,266,000	\$ 257,316	01/02/2010	01/02/2050
Enlarged Hepzibah PSD	927	109,177,000	\$ 341,615	08/26/1964	Indefinite
Town of Anmore	539	48,335,000	\$ 151,240	10/06/1953	Indefinite
Summit Park PSD	430	22,785,000	\$ 71,294	11/12/1952	Indefinite
East View PSD	360	7,658,000	\$ 23,962	04/01/1991	Indefinite
Tri-County Water Assoc. (4)	74	53,947,000	\$ 168,800	07/16/2013	07/16/2053
City of Salem	1000	129,711,000	\$ 405,866	03/24/2009	Indefinite
Total	17630	1,320,175,100	\$ 4,136,280		

(1) Source: Annual filings with the Public Service Commission of West Virginia and telephone survey.
(2) Source: City billing records and annual filings with the Public Service Commission of West Virginia.
(3) Source: City billing records and annual filings with the Public Service Commission of West Virginia.
(4) Only 31 customers of the Tri-County system are on a water supply line that can be supplied as a secondary water purchase source by the Tri-County Water Association. The balance on the Tri-County system is supplied by other water agencies.

WATER BOARD OF THE CITY OF CLARKSBURG
OTHER SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
(Unaudited)

Water Rates

The following table sets forth the rates and charges effective October 1, 2013:

	Rate or Charge
First 15,000	.773 Per 100 gals
Next 210,000	.519 Per 100 gals
All Over 225,000	.363 Per 100 gals
Wholesale rate per 1000	\$ 3.129
Minimum monthly charge (5/8" meter)	\$ 23.19
Annual Fee Per Fire Hydrant	\$ 207.24

Billing and Collections:

Set forth below is a five year summary of the annual accounting provisions made by the Board for doubtful accounts and of the accounts receivable (which may be attributable to preceding years) actually written off in each of the indicated fiscal years.

Summary of Doubtful Accounts

Year Ended June 30,	Gross Revenues From Water Sales	Provision for Doubtful Accounts	Accounts Receivable Written Off
2017	\$7,917,034	\$295,361	\$33,186
2018	\$7,693,336	\$336,445	\$34,244
2019	\$8,076,816	\$377,834	\$69,490
2020	\$8,104,318	\$417,578	\$130,434
2021	\$8,094,955	\$482,475	\$102,728

Source: Board billing records.



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

Water Board of the City of Clarksburg
101 South Chestnut Street
Clarksburg, West Virginia 26301

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Water Board of the City of Clarksburg, Harrison County, West Virginia (the Board) which comprise the statement of net position as of and for the years ended June 30, 2021 and 2020, and the related statement of revenues, expenses and changes in fund net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated December 14, 2021.

Internal Control Over Financial Reporting

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

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

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

Members of the Board

Water Board of the City of Clarksburg

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

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Compliance and Other Matters

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

Purpose of this Report

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

BHM CPA Group

BHM CPA Group, Inc

Huntington, West Virginia

December 14, 2021