



RFP# 23-002
Harrison County

bhm cpa group, inc.

CERTIFIED PUBLIC ACCOUNTANTS

Water Board of the City of Clarksburg
Harrison County
REGULAR AUDIT

For the Fiscal Year Ended June 30, 2023 and 2022

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HARRISON COUNTY
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CERTIFIED PUBLIC ACCOUNTANTS

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 Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Water Board of the City of Clarksburg, Harrison County, West Virginia (the Board), as of and for the year ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the Water Board of the City of Clarksburg, Harrison County, West Virginia as of June 30, 2023 and 2022, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The Other Supplementary Information on pages 40 through 43 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



BHM CPA Group, Inc
Huntington, West Virginia
October 26, 2023

**WATER BOARD OF THE CITY OF CLARKSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
(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, 2023. 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 ongoing 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 \$1,458,977, and net position increased by \$1,672,534 after allowance for the 2023 depreciation expenses totaling \$1,104,336.

In fiscal year 2023, the Board reviewed the rates and the projected debt service, it was decided the Board needed a increase in water rates. The Board, then adopted a two-step rate increase to continue maintaining adequate debt service coverage, maintenance of the water system, and for first phase of the capital improvements project. The first step of the increases was a going-level increase of 7% for its direct customers and a 14% increase for its Resale customers.

The second step of the increase, is to maintain adequate debt service coverage for the additional debt from the first phase of the capital improvements project, the increase will be 11% on the direct customers and 4% on the resale customer, which will take effect on October 1, 2023.

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 \$8.50 million of the \$9.07 million total operating revenues in fiscal 2023, compared to \$8.26 million of the \$8.82 million total operating revenues in fiscal 2022.

**WATER BOARD OF THE CITY OF CLARKSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
(Unaudited)**

Overview of the Financial Statements:

This annual report consists of five parts:

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

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, 2023 and June 30, 2022; and revenues, expenses, and changes in net position for the years ended June 30, 2023 and June 30, 2022 are below and on the following page.

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

	2023	2022
Assets		
Current and Other Assets	\$ 5,378,434	\$ 7,162,508
Restricted Assets	7,743,320	6,208,988
Capital Assets - Net	<u>30,244,420</u>	<u>29,946,477</u>
Total Assets	<u>43,366,174</u>	<u>43,317,973</u>
Deferred Outflows		
Deferred Outflow of Resources	<u>670,192</u>	<u>726,019</u>
Total Assets & Deferred Outflows	<u>\$ 44,036,366</u>	<u>\$ 44,043,992</u>
Liabilities		
Current Liabilities	\$ 1,843,665	\$ 1,895,801
Long-Term Debt	<u>3,322,177</u>	<u>2,973,186</u>
Total Long Term Debt	5,165,842	4,868,987
Deferred Inflows		
Deferred Inflow of Resources	<u>187,730</u>	<u>2,164,746</u>
Net Assets		
Invested In Capital Assets, Net of Related Debt	27,047,298	26,949,235
Restricted	7,590,968	6,060,638
Unrestricted	<u>4,044,528</u>	<u>4,000,387</u>
Total Net Position	38,682,794	37,010,261
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 44,036,366</u>	<u>\$ 44,043,994</u>

**WATER BOARD OF THE CITY OF CLARKSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
(Unaudited)**

Condensed Financial Information: (Continued)

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEARS ENDING JUNE 30,		2023	2022
Operating Revenue			
Revenue From Water Sales to Customers	\$	8,496,465	\$ 8,264,817
Other Revenue		568,566	555,454
Total Operating Revenue		<u>9,065,031</u>	<u>8,820,271</u>
Operating Expenses			
Operating Expenses		6,573,198	6,548,947
Depreciation		1,104,336	1,069,186
Total Operating Expenses Including Depreciation		<u>7,677,534</u>	<u>7,618,133</u>
Operating Income		1,387,497	1,202,138
Net Non Operating Revenue/(Expenses)		<u>285,037</u>	<u>847,070</u>
Net Increase in Assets	\$	1,672,534	\$ 2,049,208
Net Position, Beginning of Year		<u>37,010,260</u>	<u>34,961,052</u>
Net Position, End of Year	\$	<u><u>38,682,794</u></u>	\$ <u><u>37,010,260</u></u>

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, 2023 and June 30, 2022.

Financial Analysis of the Board as a Whole:

As mentioned previously, the Board was set up by the City Charter of the City of Clarksburg and 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 \$38.68 million at the end of fiscal 2023 and \$37.01 million at the end of fiscal 2022.

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, 2023 AND 2022
(Unaudited)**

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

At the end of fiscal 2023, these restricted assets totaled \$.38 million (Reserve) and \$.20 million (Revenue). At the end of fiscal 2022, these amounts were \$.30 million and \$.19 million respectively.

The final fiscal 2023 revenues from water sales received was \$8.50 million which was 102.49% of the original budgeted amount. Total operating revenues received for fiscal year 2023 were \$9.07 million, which was 102.49% of the original budgeted amount.

At the end of fiscal year 2023, the Board used only 79.77% of its budgeted operating expense budget, for a total operating expense less depreciation expense of \$6.57 million.

Capital Assets and Debt Administration:

At the end of fiscal 2023, the Board had \$53.76 million in capital assets before depreciation. This amount represents an increase of \$1,458,977 which was expended for infrastructure improvement during the year. The board had \$1,215,452 in construction in progress for infrastructure improvements that will be completed in the fiscal year 2024.

In the next five years, the Board is expected to spend \$85 million on mainline and lead service line replacements. The project is to be funded through the Drinking Water Treatment Revolving Fund (DWTRF) at \$13 million in grant funds, \$13 million in DWTRF public bonds at 0% interest, \$48 million will be funded through DWTRF public bonds at 1% interest with a .25% administrative fee, and \$6.88 million in federal congressional approved infrastructure grant.

More information about capital assets can be found in Note 4 on page 19 of this report.

Long Term Debt

At the end of fiscal 2023, the Board had \$3.2 million in outstanding bonds and notes payable. This represents a net increase from the end of fiscal 2022 in the amount of \$.20 million.

More information about outstanding debt can be found in Note 5 on page 21 of this report.

Economic Factors and Future Budgets and Rates:

During FY 2023 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 2023 was 6.04, which is in excess of the required coverage by the bond ordinances.

In the next fiscal year, the Board's water rates will be increasing its direct customers 11% and the resale customers 4% to accommodate the first phase of the mainline and lead service line replacements.

Further rate increases are projected with each phase of the infrastructure improvement project over the next five years, to maintain compliance with the debt service coverage factor ordinances. The post-project rates are projected to increase revenues by 40% over the next five years.

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, 2023 AND 2022

	2023	2022
ASSETS & DEFERRED OUTFLOWS		
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 2,417,173	\$ 3,460,775
Investments - Manulife & Prudential	258,614	243,628
Receivables, Net of Allowance:		
Trade (Net of Allowance for Doubtful Accounts of \$676,876 in 2023 and \$579,394 in 2022)	1,515,056	1,569,493
Other (Net of Allowance for Doubtful Accounts of \$2,000 in 2023 and \$2,000 in 2022)	63,060	79,199
Inventory	452,421	169,386
Prepaid Expenses	266,661	83,380
Total Current Assets	<u>4,972,985</u>	<u>5,605,861</u>
Restricted Assets		
Cash & Temporary Investments	7,158,433	5,717,906
State Sinking Fund	584,887	491,082
Total Restricted Assets	<u>7,743,320</u>	<u>6,208,988</u>
Capital Assets		
Construction in Progress	1,215,452	70,282
Land and Land Rights	251,451	251,451
Non-Utility Property	35,136	35,136
Reservoirs	7,287,531	7,287,531
Structures and Improvements	16,344,239	16,327,439
Transmission and Distribution Mains	19,967,929	19,967,929
Equipment	10,130,772	9,975,334
Less: Accumulated Depreciation	<u>(24,988,090)</u>	<u>(23,968,625)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>30,244,420</u>	<u>29,946,477</u>
Other Assets		
Net Pension Asset	-	1,359,221
Net OPEB Asset	-	10,931
Unamortized Bond Discount and Issue Costs	18,098	19,756
Preliminary Survey and Investigation Costs	355,684	166,739
Rate Case	31,667	-
Total Other Assets	<u>405,449</u>	<u>1,556,647</u>
Total Assets	<u>43,366,174</u>	<u>43,317,973</u>
Deferred Outflows		
Changes in employer proportion and differences between contributions and proportionate share of contributions	12,134	32,331
Employer contributions subsequent to measurement date	260,428	279,953
Difference between expected and actual experience	86,728	155,122
Net difference between projected and actual Investment earnings	141,344	-
Difference in Assumptions	<u>169,558</u>	<u>258,613</u>
Total Deferred Outflows	<u>670,192</u>	<u>726,019</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 44,036,366</u>	<u>\$ 44,043,992</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, 2023 AND 2022

	2023	2022
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Liabilities		
Current Liabilities (Payable from Current Assets)		
Accounts Payable and Other Accrued Liabilities	\$ 1,283,922	\$ 1,346,227
Refund Payable	2,775	2,775
Compensated Absences	31,577	-
Total Current Liabilities (Payable from Current Assets)	<u>1,318,274</u>	<u>1,349,002</u>
Current Liabilities (Payable from Restricted Assets)		
Current Portion of Leases	-	62,683
Current Portion of Bonds Payable	373,039	335,766
Accrued Bond Interest Payable	6,419	8,168
Customer Deposits	143,299	137,548
Construction Deposits	2,634	2,634
Total Current Liabilities (Payable from Restricted Assets)	<u>525,391</u>	<u>546,799</u>
Long-Term Liabilities (Net of Current Portion)		
Compensated Absences	241,373	249,990
Lease Liability	-	53,862
Net Pension Liability	217,145	-
Net OPEB Liability	32,378	-
Bonds Payable (Payable from Restricted Assets)	2,824,083	2,661,476
Total Long-Term Liabilities (Net of Current Portion)	<u>3,314,979</u>	<u>2,965,328</u>
Non Current Liabilities		
Unamortized Bond Premium	7,198	7,858
Total Liabilities	<u>5,165,842</u>	<u>4,868,987</u>
Deferred Inflow		
Net Differences between projected and actual investment earnings	41,305	80,452
Difference in Assumptions	82,267	242,329
Difference between expected and actual experience	-	1,816,380
Reallocation of Opt-Out Employer Change in Proportionate Share	249	4,041
Changes in employer proportion and differences between contributions and proportionate share of contributions	63,909	21,544
Total Deferred Inflows	<u>187,730</u>	<u>2,164,746</u>
Net Position		
Net Invested in Capital Assets	27,047,298	26,949,235
Restricted	7,590,968	6,060,638
Unrestricted	4,044,528	4,000,387
Total Net Position	<u>38,682,794</u>	<u>37,010,260</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 44,036,366</u>	<u>\$ 44,043,992</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, 2023 AND 2022

	2023	2022
Operating Revenues:		
Water Sales	\$ 8,496,465	\$ 8,264,817
Billing and Collections	112,000	112,000
Fire Protection	228,339	218,692
Other Income	158,627	145,176
Rental Income	21,600	21,600
Gain on Disposal of Assets	48,000	57,986
Total Operating Revenue	<u>9,065,031</u>	<u>8,820,271</u>
Operating Expenses:		
Treatment Expenses	2,686,950	2,365,297
Distribution Expenses	1,887,509	2,306,910
Engineering Expenses	233,979	238,621
Customer Accounting and Collection	793,717	749,495
General and Administrative	971,043	888,624
Depreciation	1,104,336	1,069,186
Total Operating Expenses	<u>7,677,534</u>	<u>7,618,133</u>
Operating Income/(Loss)	<u>1,387,497</u>	<u>1,202,138</u>
Non-Operating Revenues (Expenses):		
Change in the Fair Value of Investments	14,987	(31,033)
Interest and Dividends	330,399	26,470
Interest and Fiscal Charges	(52,380)	(60,983)
Amortization of Bond Discount and Issue Costs	(12,158)	(1,658)
Amortization of Bond Premium	659	659
Nonoperating Miscellaneous	3,530	913,615
Total Non-Operating Revenues (Expenses)	<u>285,037</u>	<u>847,070</u>
Change in Net Assets	\$ 1,672,534	\$ 2,049,208
Net Position, Beginning of Year	<u>37,010,260</u>	<u>34,961,052</u>
Net Position, End of Year	<u><u>\$ 38,682,794</u></u>	<u><u>\$ 37,010,260</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, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities:		
Receipts from customers	\$ 8,779,241	\$ 8,512,066
Receipts from other sources	308,366	263,123
Payments to suppliers	(4,198,588)	(4,347,722)
Payments to employees	(2,714,140)	(2,187,921)
Payments for taxes, other than income tax	(207,217)	(210,852)
Employer contributions subsequent to measurement date	(260,428)	(279,953)
Net cash provided (used) in operating activities	1,707,234	1,748,741
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of property and equipment	(257,110)	(1,799,573)
Construction in Progress	(1,145,170)	1,293,961
Bond Issuance	535,647	-
Bond Costs	(10,500)	-
Lease on Equipment	-	126,790
Principal paid on bonds	(335,767)	(432,144)
Payments on Leases	(116,545)	(10,245)
Interest paid on bonds and leases	(54,129)	(62,814)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,383,574)	(884,025)
Cash Flows from Investing Activities:		
Decrease (Increase) in Preliminary Survey and Investigation Costs	(188,945)	(78,744)
Decrease (Increase) in Costs of Rate Case Study	(31,667)	17,000
Decrease (Increase) in Restricted Assets	(1,528,579)	(836,768)
Interest Income	330,399	26,470
Proceeds from Sale of Equipment	48,000	59,229
Miscellaneous	3,530	913,615
Net Cash Provided (Used) by Investing Activities	(1,367,262)	100,802
Net Increase (Decrease) in Cash and Cash Equivalents	(1,043,602)	965,518
Cash and Cash Equivalents at Beginning of Year	3,460,775	2,495,257
Cash and Cash Equivalents at End of Year	\$ 2,417,173	\$ 3,460,775
Adjustments to Reconcile Operating Income to Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ 1,387,497	\$ 1,202,138
Depreciation	1,104,336	1,069,186
Pension Expensed Recognized	101,105	(258,698)
OPEB Expense Recognized	(142,191)	(182,812)
Employer contributions subsequent to measurement date	(260,428)	(279,953)
(Increase) decrease in:		
Accounts receivable - trade	54,437	28,557
Accounts receivable - other	16,139	(15,652)
Inventory	(283,036)	2,331
Prepaid expenses	(183,281)	148,846
Increase (decrease) in:		
Accounts payable and accrued expenses	(39,344)	92,784
(Gain) Loss on Disposal of Assets	(48,000)	(57,986)
Net cash provided by (used in) operating activities	\$ 1,707,234	\$ 1,748,741

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, 2023 AND 2022**

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, 2023 AND 2022

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, 2023 and 2022 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, 2023 was \$2,417,173 while the bank balance was \$2,481,112. The carrying amount of cash accounts at June 30, 2022 was \$3,460,775 while the bank balance was \$3,488,921.

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 \$676,876 and \$579,394 has been established for uncollectible accounts at June 30, 2023 and June 30, 2022, 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, 2023 AND 2022**

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, 2023 AND 2022**

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, 2023:

	<i>Balance 7/1/22</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance 6/30/23</i>	<i>Due Within One Year</i>
Compensated Absences Payable	\$ 249,990	\$ -	\$ (8,617)	\$ 241,373	\$ 31,577

P. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of the resources related to pensions, and pension expenses, 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, 2023 AND 2022

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, 2023 and 2022. 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, 2022

<u>Non-Pooled Deposits</u>	<u>Bank Balance</u>	<u>1</u>	Category <u>2</u>	<u>3</u>	<u>Carrying Amount</u>
Checking and Money Market	\$ 2,481,112	\$ 250,000	\$2,231,112	\$ -	\$ 2,415,814

June 30, 2021

<u>Non-Pooled Deposits</u>	<u>Bank Balance</u>	<u>1</u>	Category <u>2</u>	<u>3</u>	<u>Carrying Amount</u>
Checking and Money Market	\$ 3,488,921	\$ 250,000	\$3,238,921	\$ -	\$ 3,459,416

Additionally, the cash on hand of \$1,359 at June 30, 2023 and \$1,359 at June 30, 2022 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, 2023 AND 2022

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, 2023 and 2022.

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, 2023

	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Other temporary cash					
Investments	\$ 7,157,561	\$ -	\$ -	\$ 7,157,561	\$ 7,157,561
Investments in Municipal					
Bond Commission	584,887	-	-	584,887	584,887
Other investments -					-
Manulife and Prudential Stock	258,614	-	-	258,614	258,614
Total investments	<u>\$ 8,001,062</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,001,062</u>	<u>\$ 8,001,062</u>

June 30, 2022

	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Other temporary cash					
Investments	\$ 5,718,811	\$ -	\$ -	\$ 5,718,811	\$ 5,718,811
Investments in Municipal					
Bond Commission	490,177	-	-	490,177	490,177
Other investments -					-
Manulife and Prudential Stock	243,628	-	-	243,628	243,628
Total investments	<u>\$ 6,452,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,452,616</u>	<u>\$ 6,452,616</u>

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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, 2023 AND 2022

4. Capital Assets

Capital assets activity for the years ended June 30, 2023 and 2022 are as follows:

	June 30, 2023			
	Balance at 7/1/2022	Additions	Deletions	Balance at 6/30/2023
Capital assets, not being depreciated:				
Land and land rights	\$ 251,452	\$ -	\$ -	\$ 251,452
Non-utility property	35,136	-	-	35,136
Construction in progress	70,282	1,201,868	(56,698)	1,215,452
Total capital assets, not being depreciated	356,870	1,201,868	(56,698)	1,502,040
Capital assets being depreciated:				
Reservoirs	7,287,531	-	-	7,287,531
Structures and improvements	16,327,439	16,800	-	16,344,239
Transmission and distribution mains	19,967,929	-	-	19,967,929
Equipment	9,975,334	240,309	(84,871)	10,130,772
Total capital assets, being depreciated	53,558,233	257,109	(84,871)	53,730,471
Less: Accumulated Depreciation:				
Reservoirs	(1,575,451)	(109,313)	-	(1,684,764)
Structures and improvements	(8,608,676)	(260,088)	-	(8,868,764)
Transmission and distribution mains	(10,136,144)	(327,133)	-	(10,463,277)
Equipment	(3,648,354)	(407,802)	84,871	(3,971,285)
Less accumulated depreciation	(23,968,625)	(1,104,336)	84,871	(24,988,090)
Total capital assets being depreciated, net	29,589,608	(847,227)	-	28,742,381
Total capital assets, net	<u>\$ 29,946,478</u>	<u>\$ 354,641</u>	<u>\$ (56,698)</u>	<u>\$ 30,244,420</u>

WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

4. Capital Assets (Continued)

	June 30, 2022			
	Balance at 7/1/2021	Additions	Deletions	Balance at 6/30/2022
Capital assets, not being depreciated:				
Land and land rights	\$ 249,951	\$ 1,501	\$ -	\$ 251,452
Non-utility property	35,136	-	-	35,136
Construction in progress	1,364,243	70,282	(1,364,243)	70,282
Total capital assets, not being depreciated	1,649,330	71,783	(1,364,243)	356,870
Capital assets being depreciated:				
Reservoirs	7,287,531	-	-	7,287,531
Structures and improvements	16,327,439	-	-	16,327,439
Transmission and distribution mains	18,425,671	1,542,258	-	19,967,929
Equipment	9,794,605	255,814	(75,085)	9,975,334
Total capital assets, being depreciated	51,835,247	1,798,072	(75,085)	53,558,233
Less: Accumulated Depreciation:				
Reservoirs	(1,466,138)	(109,313)	-	(1,575,451)
Structures and improvements	(8,349,358)	(259,318)	-	(8,608,676)
Transmission and distribution mains	(9,814,795)	(321,349)	-	(10,136,144)
Equipment	(3,342,987)	(379,206)	73,840	(3,648,354)
Less accumulated depreciation	(22,973,279)	(1,069,186)	73,840	(23,968,625)
Total capital assets being depreciated, net	28,861,967	728,886	(1,246)	29,589,608
Total capital assets, net	<u>\$ 30,511,297</u>	<u>\$ 800,669</u>	<u>\$ (1,365,489)</u>	<u>\$ 29,946,478</u>

WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

5. Long Term Debt

The following is a summary of bonds payable at June 30, 2023 and 2022:

June 30, 2023								
	<u>Issue</u>	<u>Beginning</u>				<u>Amounts Due</u>	<u>Amounts Due</u>	
	<u>Date</u>	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Within One</u>	<u>After One Year</u>	
						<u>Year</u>		
a. Water Revenue Bonds - Series 2004A	2004	\$ 412,242	\$ -	\$ 130,767	\$ 281,475	\$ 137,305	\$ 144,170	
b. Water Revenue Refunding Bonds - Series 2021A	2021	2,585,000	-	205,000	2,380,000	205,000	2,175,000	
c. Waterworks System Design Revenue Bonds, Series 2023A	2023	-	497,103	-	497,103	23,390	473,713	
d. Waterworks System Design Revenue Bonds, Series 2023B	2023	-	26,840	-	26,840	7,344	19,496	
e. Waterworks System Design Revenue Bonds, Series 2023C	2023	-	11,704	-	11,704	-	-	
Total long-term debt		<u>\$ 2,997,242</u>	<u>\$ 535,647</u>	<u>\$ 335,767</u>	<u>\$ 3,197,122</u>	<u>\$ 373,039</u>	<u>\$ 2,812,379</u>	

June 30, 2022								
	<u>Issue</u>	<u>Beginning</u>				<u>Amounts Due</u>	<u>Amounts Due</u>	
	<u>Date</u>	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Within One</u>	<u>After One Year</u>	
						<u>Year</u>		
a. Water Revenue Bonds - Series 2001A	2001	\$ 107,604	\$ -	\$ 107,604	\$ -	\$ -	\$ -	
b. Water Revenue Bonds - Series 2004A	2004	536,782	-	124,540	412,242	130,766	281,476	
c. Water Revenue Bonds - Series 2021A	2021	2,785,000	-	200,000	2,585,000	205,000	2,380,000	
Total long-term debt		<u>\$ 3,429,386</u>	<u>\$ -</u>	<u>\$ 432,144</u>	<u>\$ 2,997,242</u>	<u>\$ 335,766</u>	<u>\$ 2,661,476</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 \$0 at June 30, 2023 and \$0 at June 30, 2022

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.

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

5. Long Term Debt (Continued)

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 \$281,475 at June 30, 2023 and \$412,242 at June 30, 2022.

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, 2023 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 137,305	\$ 10,641	\$ 147,946
2025	<u>144,170</u>	<u>3,604</u>	<u>147,774</u>
Total	<u>\$ 281,475</u>	<u>\$ 14,245</u>	<u>\$ 295,720</u>

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 \$2,380,000 at June 30, 2023 and \$2,585,000 at June 30, 2022.

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.

WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

5. Long Term Debt (Continued)

Water Refunding Revenue Bonds – Series 2021A Continued

Future maturities of bond principal and interest on this indebtedness at June 30, 2023 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 205,000	\$ 34,804	\$ 239,804
2025	205,000	33,143	238,143
2026	205,000	31,175	236,175
2027	210,000	29,125	239,125
2028	215,000	26,763	241,763
2029-2033	1,105,000	85,200	1,190,200
2034	235,000	4,700	239,700
Total	<u>\$ 2,380,000</u>	<u>\$ 244,910</u>	<u>\$ 2,624,910</u>

Waterworks System Design - Water Revenue Bonds – Series 2023A

On April 25, 2023 the City of Clarksburg issued \$1,632,223 in Waterworks System Design Revenue Bonds Series 2023A through the West Virginia Drinking Water Treatment Revolving Fund (DWTRF) Program. These bonds are for 30 years and have a stated interest rate of 1% and .25% administration fee. Principal and interest will be paid quarterly beginning March 1, 2024. These bonds were issued to (i) to pay the costs of design 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 \$497,103 at June 30, 2023.

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, 2023 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 23,390	\$ 8,132	\$ 31,522
2025	47,132	15,912	63,044
2026	47,605	15,439	63,044
2027	48,084	14,961	63,045
2028	48,565	14,478	63,043
2029-2033	250,236	64,981	315,217
2034-2038	263,050	52,168	315,218
2039-2043	276,518	38,698	315,216
2044-2048	290,677	24,539	315,216
2049-2053	305,562	9,655	315,217
2054	31,404	118	31,522
Total	<u>\$ 1,632,223</u>	<u>\$ 259,081</u>	<u>\$ 1,891,304</u>

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

5. Long Term Debt (Continued)

Waterworks System Design - Water Revenue Bonds – Series 2023B

On April 25, 2023 the City of Clarksburg issued \$440,558 in Waterworks System Design Revenue Bonds Series 2023B through the West Virginia Drinking Water Treatment Revolving Fund (DWTRF) Lead Service Line Program. These bonds are for 30 years and have a stated interest rate of 0% and 0% administration fee. Principal and interest will be paid quarterly beginning March 1, 2024. These bonds were issued to (i) to pay the costs of design 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 \$26,840 at June 30, 2023.

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, 2023 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 7,344	\$ -	\$ 7,344
2025	14,688	-	14,688
2026	14,688	-	14,688
2027	14,688	-	14,688
2028	14,688	-	14,688
2029-2033	73,439	-	73,439
2034-2038	73,420	-	73,420
2039-2043	73,420	-	73,420
2044-2048	73,420	-	73,420
2049-2053	73,420	-	73,420
2054	7,343	-	7,343
Total	<u>\$ 440,558</u>	<u>\$ -</u>	<u>\$ 440,558</u>

Waterworks System Design - Water Revenue Bonds – Series 2023C

On April 25, 2023 the City of Clarksburg issued \$409,169 in Waterworks System Design Revenue Bonds Series 2023C through the West Virginia Drinking Water Treatment Revolving Fund (DWTRF) Lead Service Line Program. These bonds were issued to (i) to pay the costs of design 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 \$11,704 at June 30, 2023.

These bonds will be forgiven at the time of substantial completion of the lead service line project.

WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

5. Long Term Debt (Continued)

The Debt Service Coverage Factor has been calculated as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Operating revenues	\$ 9,065,031	\$ 9,732,271
Operating expenses	<u>7,677,534</u>	<u>7,618,133</u>
Operating income	1,387,497	2,114,138
 Add: Depreciation Expense	 1,104,336	 1,069,186
Interest and dividend income - allowed	<u>330,399</u>	<u>26,470</u>
 Amounts available for debt service and capital expenditures	 <u>\$ 2,822,232</u>	 <u>\$ 3,209,794</u>
 Maximum annual debt service	 <u>\$ 467,442</u>	 <u>\$ 494,264</u>
 Calculated debt service coverage factor	 6.04	 6.49
 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 2004A, Water Refunding Revenue Bonds - Series 2021A, Waterworks System Design Revenue Bonds, Series 2023A and Waterworks System Design Revenue Bonds, Series 2023B for years ending June 30, 2023 and 2022.

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, 2023:

Rental Income	
2024	21,600
2025	<u>16,200</u>
Total	<u>\$ 37,800</u>

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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.

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, 2023 AND 2022**

7. Employee Retirement System (Continued)

Trend Information

Public Employees <u>Retirement System (PERS)</u>		
<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2023	\$ 232,288	100%
2022	\$ 245,749	100%
2021	\$ 246,544	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, 2022, 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, 2023, the Board reported the following proportions and increase/decreases from its proportion measured as of June 30, 2022:

	<u>PERS</u>
Amount for proportionate share of net pension liability (asset)	\$ 217,145
Percentage for proportionate share of net pension liability	0.151807%
Increase/(decrease) % from prior proportion measured	-1.94613%

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

	<u>PERS</u>
Clarksburg Water Board's Pension Expense	<u>\$ 110,028</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, 2023 AND 2022

7. Employee Retirement System (Continued)

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

Public Employees Retirement System (PERS)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 86,728	\$ -
Changes of assumptions	148,794	-
Net difference between projected and actual earnings on pension plan investments	136,318	-
Changes in proportion and differences between government contributions and proportionate share of contributions	5,464	4,115
Government contributions subsequent to the measurement date	232,288	-
	<u>\$ 609,592</u>	<u>\$ 4,115</u>

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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>		
2024	\$	145,953
2025		13,840
2026		(143,435)
2027		356,831
2028		-
Thereafter		<u>-</u>
Total	<u>\$</u>	<u>373,189</u>

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

7. Employee Retirement System (Continued)

Actuarial assumptions

The total pension liability (asset) was determined by an actuarial valuation as of July 1, 2021 for all plans, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial assumptions	
Inflation rate	2.75%
Salary increases	3.60% - 6.75%
Investment Rate of Return	7.25%
Mortality Rates	
	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018
	Retired Healthy Males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018
	Retired Healthy Females-122% of Pub 2010 Annuitant, Scale AA fully generational General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018
	Disabled Males-118% of Pub-2010 General / Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018
	Disabled Females-117% of Pub-2010 General / Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018
	Beneficiary Males -112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2018
	Beneficiary Females -115% of Pub-2010 Contingent Survivor Female table, below-median, headcount weighted, projected generationally with scale MP-2018
Withdraw rates:	2.50% - 35.88%
Disability rates:	0.005% - 0.540%
Retirement rates:	12% - 100%

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:

WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

7. Employee Retirement System (Continued)

Actuarial assumptions (Continued)

	Long-term Expected Rate of Return	PERS Target Asset Allocation
<u>Investment</u>		
US Equity	5.3%	27.5%
International Equity	6.1%	27.5%
Core Fixed Income	2.2%	15.0%
Real Estate	6.5%	10.0%
Private Equity	9.5%	10.0%
Hedge Funds	3.8%	10.0%
		100.0%

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)	\$ 1,599,624	\$ 217,145	\$ (949,495)

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.

WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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 post-employment 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, 2022. The RHBT audited financial statements and actuarial reports can be found on the PEIA website at www.peia.wv.gov. You can also submit your questions in writing to the West Virginia Public Employees Insurance Agency, 601 57th. Street, SE, Suite 2, Charleston, WV, 25304.

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

Contributions. Paygo premiums are established by the Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The active premiums subsidized the retirees' health care by approximately \$75 million for fiscal year ending 2022. Contributions to the OPEB plan from the Board were \$28,140 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 an liability of \$32.378 for its proportionate share of the net OPEB asset. The net OPEB liability, deferred inflows and outflows of resources and OPEB expense were determined by an actuarial valuation date as of June 30, 2021, rolled forward to June 30, 2022, which is the measurement date. The Board's proportion of the net OPEB asset 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 asset 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, 2023, the Board's proportion was 0.029091%, which was a decrease of 20.87% from its proportion measured as of June 30, 2022

For this fiscal year, the Board recognized OPEB expense of (\$142,181). The Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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

	<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	\$ 6,670	\$ 59,794
Net Difference between projected and actual investments earnings on pension plan investments	5,026	-
Difference between expected and actual experience	-	41,305
Deferred difference in assumptions	20,764	82,267
Reallocation of opt-out employer change in proportionate share	-	249
Government contributions subsequent to the measurement date	<u>28,140</u>	<u>-</u>
	<u><u>\$ 60,600</u></u>	<u><u>\$ 183,615</u></u>

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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:

2023	\$ (121,192)
2024	(25,963)
2025	(16,586)
2026	<u>12,586</u>
Total	<u><u>\$ (151,155)</u></u>

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, 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 costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.

WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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

Mortality Post Retirement rates: TRS were based on the Pub-2010 Healthy Annuitant Mortality Table projected with MP-2021 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-2021 and scaling factors of 106% for males and 113% for Females. The Troopers A and B were based on Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2021 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-2021. The PERS were based on PUB-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021. The Troopers A and B were based on Public Safety Employees Mortality Tables project with scale MP-2021.

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.

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 WVBTL. 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%	4.8%
Core plus fixed income	15.0%	2.1%
Core real estate	10.0%	4.1%
Hedge fund	10.0%	2.4%
Private equity	10.0%	6.8%
Target allocation	<u>100.0%</u>	

Discount rate. The discount rate used to measure the OPEB liability (asset) 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.

WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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

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

	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
Net OPEB Liability	\$ 83,224	\$ 32,378	\$ (11,242)

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ (18,408)	\$ 32,378	\$ 92,471

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	(51,775)	1,349	(53,124)
Net Difference between projected and actual investments earnings on pension plan investments	141,344	136,318	5,026
Reallocation of opt-out employer change in proportionate share	(249)	-	(249)
Difference between expected and actual experience	45,423	86,728	(41,305)
Deferred difference in assumptions	87,291	148,794	(61,503)
Government contributions subsequent to the measurement date	260,428	232,288	28,140

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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, 2023 and 2022

	Sanitary Board of the City of Clarksburg	
	2023	2022
Fees for collection and administrative services	\$ 112,000	\$ 112,000
Collection and remittances on Sanitary Board trade receivables	\$ 3,757,334	\$ 3,573,832

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, 2023 and 2022:

	Utility Tax - City of Clarksburg	
	2023	2022
Collections and remittances on the Utility Tax trade receivables	\$ 120,619	\$ 115,423

11. Leases

On April 26, 2022, the Board leased a Mack Dump Truck from Country Roads Leasing, LLC in the amount of \$126,790 with the included administrative fee of \$4,810 for 24 months at an interest rate of 3.350%. The leased vehicle is recorded as a capital asset in the general plant equipment group. The related obligations, in amounts equal to the present value of the minimum lease payments payable during the remaining term of the lease, are recorded in the Board's statement of net position.

As of June 30, 2023 the principal balance of the lease was \$0.

12. 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.

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, 2023 AND 2022

Public Employees Retirement System
Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Government's proportion of the net pension liability (asset) (percentage)	0.151807%	0.154820%	0.150839%	0.160416%	0.159843%	0.153775%	0.154993%	0.139527%	0.135018%	0.128116%
Government's proportionate share of the net pension liability (asset)	\$ 217,145	\$ (1,359,221)	\$ 797,442	\$ 344,915	\$ 412,799	\$ 663,764	\$ 1,424,567	\$ 779,124	\$ 498,304	\$ 1,167,948
Government's covered-employee payroll	\$ 2,580,982	\$ 2,457,486	\$ 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	8.41%	-55.31%	32.33%	14.72%	17.50%	30.10%	67.28%	37.85%	27.45%	68.15%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	111.07%	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%	79.70%

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

**WATER BOARD OF THE CITY OF CLARKSBURG
SCHEDULE OF GOVERNMENT CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

		Public Employees Retirement System									
		Last 10 Fiscal Years									
		<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution		\$ 232,288	\$ 245,749	\$ 246,544	\$ 234,396	\$ 235,823	\$ 242,593	\$ 253,340	\$ 288,331	\$ 265,142	\$ 263,219
Contributions in relation to the contractually required contribution		\$ (232,288)	\$ (245,749)	\$ (246,544)	\$ (234,396)	\$ (235,823)	\$ (242,592)	\$ (253,340)	\$ (288,331)	\$ (265,142)	\$ (263,219)
Contribution deficiency (excess)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government's covered-employee payroll		\$ 2,580,982	\$ 2,457,486	\$ 2,466,889	\$ 2,343,953	\$ 2,358,224	\$ 2,205,387	\$ 2,117,275	\$ 2,058,695	\$ 1,893,870	\$ 1,815,304
Contributions as a percentage of covered-employee payroll	9.00%		10.00%	10.00%	10.00%	10.00%	11.00%	12.00%	13.50%	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, 2023 AND 2022

	Public Employees Insurance Agency Ten Fiscal Years*									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Government's proportion of the net OPEB liability	0.029091078%	0.036762796%	0.036157411%	0.036861458%	0.035339472%	0.033447202%	0.038304413%	0.000000000%	0.000000000%	0.000000000%
Government's proportionate share of the net OPEB liability (Asset)	\$ 32,378	\$ (10,931)	\$ 159,704	\$ 611,580	\$ 758,186	\$ 822,463	\$ 951,223	\$ -	\$ -	\$ -
Government's covered-employee payroll	\$ 2,580,982	\$ 2,457,486	\$ 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	1.25%	-0.44%	6.47%	26.09%	30.52%	37.29%	44.93%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%	21.64%	0.00%	0.00%	0.00%

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

WATER BOARD OF THE CITY OF CLARKSBURG
SCHEDULE OF GOVERNMENT CONTRIBUTIONS - OPEB
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	Public Employees Insurance Agency Ten Fiscal Years*									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 28,140	\$ 34,204	\$ 67,040	\$ 72,216	\$ 75,945	\$ 72,216	\$ 68,700	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	\$ (28,140)	\$ (34,204)	\$ (67,040)	\$ (72,216)	\$ (75,945)	\$ (72,216)	\$ (68,700)	\$ -	\$ -	\$ -
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government's covered-employee payroll	\$ 2,580,982	\$ 2,457,486	\$ 2,466,889	\$ 2,343,953	\$ 2,483,916	\$ 2,205,387	\$ 2,117,275	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	1.09%	1.39%	2.72%	3.08%	3.06%	3.27%	3.24%	0.00%	0.00%	0.00%

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

Other Supplementary Information

**WATER BOARD OF THE CITY OF CLARKSBURG
OTHER SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
(Unaudited)**

Projected Statement of Income and Expenses

	2024	2025
Operating Revenue		
Revenue From Water Sales to Customers	\$ 9,587,620	\$ 9,587,960
Other Revenue	<u>521,360</u>	<u>521,298</u>
Total Operating Revenue	<u>10,108,980</u>	<u>10,109,258</u>
Operating Expenses		
Operating Expenses	7,899,120	7,964,071
Depreciation	<u>1,164,030</u>	<u>1,216,411</u>
Total Operating Expenses Including Depreciation	<u>9,063,150</u>	<u>9,180,482</u>
Operating Income	1,045,830	928,776
Net Non Operating Revenue/(Expenses)	<u>151,940</u>	<u>(37,791)</u>
Net Increase in Assets	\$ 1,197,770	\$ 890,985

Historic Coverage Table

The following table sets forth the debt service coverages for the fiscal years 2020 – 2023

	Historical			
	2020	2021	2022	2023
Revenue	8,590,661	8,566,376	9,732,271	9,065,031
Expenses	<u>6,660,788</u>	<u>6,864,699</u>	<u>7,618,133</u>	<u>7,677,534</u>
Operating Income	1,929,873	1,701,677	2,114,138	1,387,497
Depreciation	976,712	1,028,092	1,069,186	1,104,336
Interest Revenue	96,149	15,882	26,470	330,399
Available	<u>3,002,734</u>	<u>2,745,651</u>	<u>3,209,794</u>	<u>2,822,232</u>
Maximum Annual DS	1,530,744	592,719	494,264	467,442
Coverage	1.96	4.63	6.49	6.04

WATER BOARD OF THE CITY OF CLARKSBURG
OTHER SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
(Unaudited)

Projected Coverage Table

The following table sets forth the projected debt service coverages for fiscal years 2024 – 2027.

	Projected			
	2024	2025	2026	2027
Revenues	10,109,980	10,109,258	10,109,954	10,110,653
Expenses	7,899,120	7,964,071	8,242,813	8,448,884
Operating Income	2,210,860	2,145,187	1,867,141	1,661,769
Interest Revenues	194,850	15,039	40,245	42,418
Available	2,405,710	2,160,226	1,907,386	1,704,187
Series 2004A	144,342	147,775	-	-
Series 2021A	241,763	241,763	241,763	241,763
Series 2023A	63,045	63,045	63,045	63,045
Series 2023B	14,688	14,688	14,688	14,688
Total Debt Service	463,837	467,271	319,496	319,496
Estimated Coverage	5.19	4.62	5.97	5.33

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 (2019 – 2023) and projections for the next five fiscal years (2024 – 2028).

Customer Category Summary
Numbers of Customers

Year Ended June 30	Residential and Commercial	Industrial	Wholesale	Private Fire Protection	Government Agencies
2019	7861	6	14	614	53
2020	7809	6	14	614	53
2021	7828	7	14	614	50
2022	7824	8	14	614	50
2023	7793	8	14	614	49
2024	7790	8	14	614	49
2025	7790	8	14	614	49
2026	7790	8	14	614	49
2027	7790	8	14	614	49
2028	7790	8	14	614	49

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

WATER BOARD OF THE CITY OF CLARKSBURG
OTHER SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
(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, 2023.

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	52,744,000	144,504	10.82%	2.86%	\$ 207,658	2.44%
UCAR Carbon	44,058,000	120,707	9.04%	2.39%	168,273	1.98%
Va Hospital	17,475,000	47,877	3.59%	0.95%	76,516	0.90%
Clarksburg Housing	10,466,800	28,676	2.15%	0.57%	104,351	1.23%
Highland Hospital	6,743,000	18,474	1.38%	0.37%	75,650	0.89%
RDR Utility Service	4,611,400	12,634	0.95%	0.25%	55,771	0.66%
YMCA	4,558,300	12,488	0.94%	0.25%	36,590	0.43%
Oakmound Apts	4,091,400	11,209	0.84%	0.22%	57,588	0.68%
Clarksburg Center	2,844,500	7,793	0.58%	0.15%	57,588	0.68%
Merrick Engineering	2,345,800	6,427	0.48%	0.13%	13,652	0.16%
Total	149,938,200	410,790	30.76%	8.14%	\$ 853,637	10.05%

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 73.55% of total average daily consumption during the fiscal year ended June 30, 2023, and 52.37% 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, 2023)

Customer	Est. Number of Customers (1)	Gallons Of Water Purchased (2)	Revenues (3)	Agreement Date	Agreement Expiration Date
City of Bridgeport	5100	546,199,600	\$ 1,809,057	12/08/1992	Indefinite
City of Salem	1000	129,838,000	435,706	03/24/2009	Indefinite
Greater Harrison PSD	4100	117,860,200	395,762	03/12/2009	03/12/2049
Town of Nutter Fort	815	102,196,000	342,777	03/12/1949	Indefinite
Enlarged Hepzibah PSD	927	87,043,000	293,546	08/26/1964	Indefinite
Short Line PSD	1170	76,357,000	256,489	11/14/2006	11/14/2046
Sun Valley PSD	1200	75,862,000	252,221	01/02/2010	01/02/2050
Valley of Good Hope PSD	905	67,868,900	227,405	03/12/2009	03/12/2049
Town of Anmore	539	64,472,000	216,850	10/06/1953	Indefinite
City of Stonewood	960	41,290,000	138,465	11/19/2007	11/19/2052
Summit Park PSD	430	20,516,000	68,875	11/12/1952	Indefinite
City of Shinnston	50	10,313,500	34,624	None	None
Tri-County Water Assoc. (4)	74	8,291,000	25,943	07/16/2013	07/16/2053
East View PSD	360	6,984,000	23,430	04/01/1991	Indefinite
Total	17630	1,355,091,200	4,521,150		

(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, 2023 AND 2022
(Unaudited)**

Water Rates

The following table sets forth the rates and charges effective January 13, 2023:

	Rate or Charge
First 15,000	.827 Per 100 gals
Next 210,000	.555 Per 100 gals
All Over 225,000	.378 Per 100 gals
Wholesale rate per 1,000	\$ 3.57
Minimum monthly charge (5/8" meter)	\$ 24.81
Annual Fee Per Fire Hydrant	\$ 265.00

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) 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
2019	\$8,076,816	\$377,834	\$69,490
2020	\$8,104,318	\$417,578	\$130,434
2021	\$8,094,955	\$482,475	\$102,728
2022	\$8,264,817	\$579,394	\$151,531
2023	\$8,496,465	\$676,876	\$174,638

Source: Board billing records.



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

**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 of America and the standards applicable of financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Water Board of the City of Clarksburg, (the Board) which comprise the statement of net position as of and for the year ended June 30, 2023, and the related statement of revenues, expenses and changes in net position, and the 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 October 26, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and slightly slanted to the right.

BHM CPA Group, Inc
Huntington, West Virginia
October 26, 2023