



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

RFP# 23-002
Harrison County

Water Board of the City of Clarksburg
Harrison County
SINGLE AUDIT

For the Fiscal Year Ended June 30, 2024 and 2023

**WATER BOARD OF THE CITY OF CLARKSBURG
HARRISON COUNTY
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Independent Auditor's Report

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

To the Members of the Board:

Report on the 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, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2024 and 2023, 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 Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 Information

Management is responsible for the other information included in the annual financial report. The other information comprises the Projected Results of Operations and Statistical Information Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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

BHM CPA Group, Inc
Huntington, West Virginia
October 31, 2024

**WATER BOARD OF THE CITY OF CLARKSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023
(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, 2024. 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 \$4,823,826, and net position increased by \$1,966,839 after allowance for the 2024 depreciation expenses totaling \$1,305,159.

In fiscal year 2023, the Board reviewed the rates and the projected debt service, it was decided the Board needed an 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 Water System Improvements Project. The first step of the increase 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 Water System Improvements Project, the increase will be 11% on the direct customers and 4% on the resale customer, which took 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 \$8.89 million of the \$9.56 million total operating revenues in fiscal 2024, compared to \$8.50 million of the \$9.07 million total operating revenues in fiscal 2023.

**WATER BOARD OF THE CITY OF CLARKSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023
(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, 2024 and June 30, 2023; and revenues, expenses, and changes in net position for the years ended June 30, 2024 and June 30, 2023 are below and on the following page.

**CONDENSED STATEMENT OF NET POSITION
AS OF JUNE 30, 2024 AND 2023**

	2024	2023
Assets		
Current and Other Assets	\$ 5,343,766	\$ 5,378,434
Restricted Assets	7,010,154	7,743,320
Capital Assets - Net	<u>33,929,995</u>	<u>30,244,420</u>
Total Assets	<u>46,283,915</u>	<u>43,366,174</u>
Deferred Outflows		
Deferred Outflow of Resources	<u>395,273</u>	<u>670,192</u>
Total Assets & Deferred Outflows	<u>\$ 46,679,188</u>	<u>\$ 44,036,366</u>
Liabilities		
Current Liabilities	\$ 2,201,726	\$ 1,843,665
Long-Term Debt	<u>3,740,314</u>	<u>3,322,177</u>
Total Liabilities	<u>5,942,040</u>	<u>5,165,842</u>
Deferred Inflows		
Deferred Inflow of Resources	<u>87,515</u>	<u>187,730</u>
Net Assets		
Invested In Capital Assets, Net of Related Debt	30,060,340	27,047,298
Restricted	6,853,755	7,590,968
Unrestricted	<u>3,735,538</u>	<u>4,044,528</u>
Total Net Position	<u>40,649,633</u>	<u>38,682,794</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 46,679,188</u>	<u>\$ 44,036,366</u>

**WATER BOARD OF THE CITY OF CLARKSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023
(Unaudited)**

Condensed Financial Information: (Continued)

**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDING JUNE 30, 2024 AND 2023**

	2024	2023
Operating Revenue		
Revenue From Water Sales to Customers	\$ 8,890,888	\$ 8,496,465
Other Revenue	673,012	568,566
Total Operating Revenue	9,563,900	9,065,031
Operating Expenses		
Operating Expenses	7,201,081	6,573,198
Depreciation	1,305,159	1,104,336
Total Operating Expenses Including Depreciation	8,506,240	7,677,534
Operating Income	1,057,660	1,387,497
Net Non Operating Revenue/(Expenses)	505,679	285,037
Income (Loss) before Capital Contributions	1,563,339	1,672,534
Capital Contributions	403,500	-
Change in Net Position	\$ 1,966,839	\$ 1,672,534
Net Position, Beginning of Year	38,682,794	37,010,260
Net Position, End of Year	\$ 40,649,633	\$ 38,682,794

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, 2024 and June 30, 2023.

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 \$40.65 million at the end of fiscal 2024 and \$38.68 million at the end of fiscal 2023.

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, 2024 AND 2023
(Unaudited)**

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

At the end of fiscal 2024, these restricted assets totaled \$.40 million (Reserve) and \$.20 million (Revenue). At the end of fiscal 2023, these amounts were \$.38 million and \$.20 million respectively.

The final fiscal 2024 revenues from water sales received was \$8.89 million which was 92.73% of the original budgeted amount. Total operating revenues received for fiscal year 2024 were \$9.56 million, which was 94.61% of the original budgeted amount.

At the end of fiscal year 2024, the Board used only 91.16% of its budgeted operating expense budget, for a total operating expense less depreciation expense of \$7.20 million.

Capital Assets and Debt Administration:

At the end of fiscal 2024, the Board had \$60.06 million in capital assets before depreciation. This amount represents an increase of \$4,823,826 which was expended for infrastructure improvement during the year. The board had \$2,980,011 in construction in progress for infrastructure improvements that will be completed in the fiscal year 2025 and 2026.

In the next five years, the Board is expected to spend \$85 million on main line and lead service line replacements. The project is to be funded through the Drinking Water Treatment Revolving Fund (DWTRF) at approximately \$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 2024, the Board had \$3.87 million in outstanding bonds. This represents a net increase from the end of fiscal 2023 in the amount of \$.67 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 2024 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 2024 was 6.07, 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 8.95% and the resale customers 4.30% to accommodate the first phase of the Water System Improvements Project.

Further rate increases are projected with each phase of the Water System Improvements 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, 2024 AND 2023

	2024	2023
ASSETS & DEFERRED OUTFLOWS		
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 2,666,289	\$ 2,417,173
Investments - Manulife & Prudential	363,417	258,614
Receivables, Net of Allowance:		
Trade (Net of Allowance for Doubtful Accounts of \$793,332 in 2024 and \$676,876 in 2023)	1,630,710	1,515,056
Other (Net of Allowance for Doubtful Accounts of \$2,000 in 2024 and \$2,000 in 2023)	66,860	63,060
Inventory	298,739	452,421
Prepaid Expenses	238,692	266,661
Total Current Assets	<u>5,264,707</u>	<u>4,972,985</u>
Restricted Assets		
Cash & Temporary Investments	6,418,335	7,158,433
State Sinking Fund	591,819	584,887
Total Restricted Assets	<u>7,010,154</u>	<u>7,743,320</u>
Capital Assets		
Construction in Progress	4,195,463	1,215,452
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	16,395,415	16,344,239
Transmission and Distribution Mains	20,211,389	19,967,929
Equipment	11,679,951	10,130,772
Less: Accumulated Depreciation	(26,126,341)	(24,988,090)
Total Capital Assets (Net of Accumulated Depreciation)	<u>33,929,995</u>	<u>30,244,420</u>
Other Assets		
Net Pension Asset	6,547	-
Net OPEB Asset	44,405	-
Unamortized Bond Discount and Issue Costs	16,440	18,098
Preliminary Survey and Investigation Costs	-	355,684
Rate Case	11,667	31,667
Total Other Assets	<u>79,059</u>	<u>405,449</u>
Total Assets	<u>46,283,915</u>	<u>43,366,174</u>
Deferred Outflows		
Changes in employer proportion and differences between contributions and proportionate share of contributions	7,672	12,134
Employer contributions subsequent to measurement date	237,784	260,428
Difference between expected and actual experience	55,447	86,728
Net difference between projected and actual Investment earnings	39,782	141,344
Difference in Assumptions	54,588	169,558
Total Deferred Outflows	<u>395,273</u>	<u>670,192</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 46,679,188</u>	<u>\$ 44,036,366</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, 2024 AND 2023

	2024	2023
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Liabilities		
Current Liabilities (Payable from Current Assets)		
Accounts Payable and Other Accrued Liabilities	\$ 1,631,562	\$ 1,283,922
Refund Payable	2,775	2,775
Compensated Absences	-	31,577
Total Current Liabilities (Payable from Current Assets)	<u>1,634,337</u>	<u>1,318,274</u>
Current Liabilities (Payable from Restricted Assets)		
Current Portion of Bonds Payable	410,990	373,039
Accrued Bond Interest Payable	5,905	6,419
Customer Deposits	147,860	143,299
Construction Deposits	2,634	2,634
Total Current Liabilities (Payable from Restricted Assets)	<u>567,389</u>	<u>525,391</u>
Long-Term Liabilities (Net of Current Portion)		
Compensated Absences	275,110	241,373
Bonds Payable (Payable from Restricted Assets)	3,458,665	2,824,083
Total Long-Term Liabilities (Net of Current Portion)	<u>3,733,775</u>	<u>3,065,456</u>
Non Current Liabilities		
Net Pension Liability	-	217,145
Net OPEB Liability	-	32,378
Unamortized Bond Premium	6,539	7,198
Total Non Current Liabilities	<u>6,539</u>	<u>256,721</u>
Total Liabilities	<u>5,942,040</u>	<u>5,165,842</u>
Deferred Inflow		
Net Differences between projected and actual investment earnings	25,848	41,305
Difference in Assumptions	24,774	82,267
Difference between expected and actual experience	740	-
Reallocation of Opt-Out Employer Change in Proportionate Share	-	249
Changes in employer proportion and differences between contributions and proportionate share of contributions	36,153	63,909
Total Deferred Inflows	<u>87,515</u>	<u>187,730</u>
Net Position		
Net Invested in Capital Assets	30,060,340	27,047,298
Restricted	6,853,755	7,590,968
Unrestricted	3,735,538	4,044,528
Total Net Position	<u>40,649,633</u>	<u>38,682,794</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 46,679,188</u>	<u>\$ 44,036,366</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, 2024 AND 2023

	2024	2023
Operating Revenues:		
Water Sales	\$ 8,890,888	\$ 8,496,465
Billing and Collections	112,000	112,000
Fire Protection	229,737	228,339
Other Income	170,985	158,627
Rental Income	21,600	21,600
Gain on Disposal of Assets	138,690	48,000
Total Operating Revenue	<u>9,563,900</u>	<u>9,065,031</u>
Operating Expenses:		
Treatment Expenses	2,858,276	2,686,950
Distribution Expenses	2,283,814	1,887,509
Engineering Expenses	224,209	233,979
Customer Accounting and Collection	748,345	793,717
General and Administrative	1,086,437	971,043
Depreciation	1,305,159	1,104,336
Total Operating Expenses	<u>8,506,240</u>	<u>7,677,534</u>
Operating Income/(Loss)	<u>1,057,660</u>	<u>1,387,497</u>
Non-Operating Revenues (Expenses):		
Change in the Fair Value of Investments	104,803	14,987
Interest and Dividends	450,375	330,399
Interest and Fiscal Charges	(49,972)	(52,380)
Amortization of Bond Discount and Issue Costs	(1,658)	(12,158)
Amortization of Bond Premium	659	659
Nonoperating Miscellaneous	1,472	3,530
Total Non-Operating Revenues (Expenses)	<u>505,679</u>	<u>285,037</u>
Income (Loss) before Capital Contributions	<u>1,563,339</u>	<u>1,672,534</u>
Capital Contributions	<u>403,500</u>	-
Change in Net Position	<u>\$ 1,966,839</u>	<u>\$ 1,672,534</u>
Net Position, Beginning of Year	<u>38,682,794</u>	<u>37,010,260</u>
Net Position, End of Year	<u>\$ 40,649,633</u>	<u>\$ 38,682,794</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, 2024 AND 2023

	2024	2023
Cash Flows from Operating Activities:		
Receipts from customers	\$ 9,004,971	\$ 8,779,241
Receipts from other sources	300,785	308,366
Payments to suppliers	(3,558,394)	(4,198,588)
Payments to employees	(2,785,096)	(2,714,140)
Payments for taxes, other than income tax	(214,128)	(207,217)
Employer contributions subsequent to measurement date	(237,784)	(260,428)
Net cash provided (used) in operating activities	<u>2,510,354</u>	<u>1,707,234</u>
Cash Flows from Capital and Related		
Financing Activities:		
Acquisition and construction of property and equipment	(2,010,723)	(257,110)
Construction in Progress	(2,980,011)	(1,145,170)
Capital Contributions	403,500	-
Bond Issuance	1,045,572	535,647
Bond Costs	-	(10,500)
Principal paid on bonds	(373,039)	(335,767)
Payments on Leases	-	(116,545)
Interest paid on bonds and leases	(50,486)	(54,129)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,965,187)</u>	<u>(1,383,574)</u>
Cash Flows from Investing Activities:		
Decrease (Increase)in Preliminary Survey and Investigation Costs	355,684	(188,945)
Decrease (Increase) in Costs of Rate Case Study	20,000	(31,667)
Decrease (Increase) in Restricted Assets	737,728	(1,528,579)
Interest Income	450,375	330,399
Proceeds from Sale of Equipment	138,690	48,000
Miscellaneous	1,472	3,530
Net Cash Provided (Used) by Investing Activities	<u>1,703,949</u>	<u>(1,367,262)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	249,116	(1,043,602)
Cash and Cash Equivalents at Beginning of Year	2,417,173	3,460,775
Cash and Cash Equivalents at End of Year	<u>\$ 2,666,289</u>	<u>\$ 2,417,173</u>
Adjustments to Reconcile Operating Income to Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ 1,057,660	\$ 1,387,497
Depreciation	1,305,159	1,104,336
Pension Expensed Recognized	238,481	101,105
OPEB Expense Recognized	(126,468)	(142,191)
Employer contributions subsequent to measurement date	(237,784)	(260,428)
(Increase) decrease in:		
Accounts receivable - trade	(115,654)	54,437
Accounts receivable - other	(3,800)	16,139
Inventory	153,681	(283,036)
Prepaid expenses	27,969	(183,281)
Increase (decrease) in:		
Accounts payable and accrued expenses	349,800	(39,344)
(Gain) Loss on Disposal of Assets	(138,690)	(48,000)
Net cash provided by (used in) operating activities	<u>\$ 2,510,354</u>	<u>\$ 1,707,234</u>

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

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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, 2024 AND 2023**

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 *non-operating* 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 non-operating 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, 2024 and 2023 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, 2024 was \$2,666,289 while the bank balance was \$2,789,123. The carrying amount of cash accounts at June 30, 2023 was \$2,417,173 while the bank balance was \$2,481,112.

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 \$793,332 and \$676,876 has been established for uncollectible accounts at June 30, 2024 and June 30, 2023, respectively.

G. Inventory

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

H. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond year-end are recorded as prepaid expenses using the consumption method. An asset for prepaid amounts is recorded at the time of the purchase and an expense is reported in the period in which services are consumed.

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

1. Summary of Significant Accounting Policies (Continued)

I. 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.

J. 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.

K. Amortization

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

L. Customer Deposits

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

M. 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.

N. 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, 2024 AND 2023**

1. Summary of Significant Accounting Policies (Continued)

O. 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.

P. 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, 2024:

	<i>Balance 7/1/23</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance 6/30/24</i>	<i>Due Within One Year</i>
Compensated Absences Payable	\$ 272,950	\$ 2,160	\$ -	\$ 275,110	\$ -

Q. Pensions

For purposes of measuring the net pension liability (asset) 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.

R. Postemployment Benefits Other Than Pension (OPEB)

For purposes of measuring the net OPEB liability (asset) 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, 2024 AND 2023**

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, 2024 and 2023. 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, 2024

<u>Non-Pooled Deposits</u>	<u>Bank Balance</u>	Category			<u>Carrying Amount</u>
		<u>1</u>	<u>2</u>	<u>3</u>	
Checking and Money Market	<u>\$ 2,789,123</u>	<u>\$ 250,000</u>	<u>\$ 2,539,123</u>	<u>\$ -</u>	<u>\$ 2,664,930</u>

June 30, 2023

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

Additionally, the cash on hand of \$1,359 at June 30, 2024 and \$1,359 at June 30, 2023 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, 2024 AND 2023

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, 2024 and 2023.

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, 2024

	<u>Category</u>			<u>Carrying</u>	
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Market Value</u>
Other temporary cash					
Investments	\$ 6,363,509	\$ -	\$ -	\$ 6,363,509	\$ 6,363,509
Investments in Municipal Bond Commission	591,819	-	-	591,819	591,819
Other investments -					-
Manulife and Prudential Stock	363,417	-	-	363,417	363,417
Total investments	<u>\$ 7,318,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,318,745</u>	<u>\$ 7,318,745</u>

June 30, 2023

	<u>Category</u>			<u>Carrying</u>	
	<u>1</u>	<u>2</u>	<u>3</u>	<u>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>

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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, 2024 AND 2023

4. Capital Assets

Capital assets activity for the years ended June 30, 2024 and 2023 are as follows:

June 30, 2024				
	Balance at 7/1/2023	Additions	Deletions	Balance at 6/30/2024
Capital assets, not being depreciated:				
Land and land rights	\$ 251,451	\$ -	\$ -	\$ 251,451
Non-utility property	35,136	-	-	35,136
Construction in progress	<u>1,215,452</u>	3,669,904	(689,893)	<u>4,195,463</u>
Total capital assets, not being depreciated	<u>1,502,039</u>	3,669,904	(689,893)	<u>4,482,050</u>
Capital assets being depreciated:				
Reservoirs	7,287,531	-	-	7,287,531
Structures and improvements	16,344,239	51,176	-	16,395,415
Transmission and distribution mains	19,967,929	243,460	-	20,211,389
Equipment	<u>10,130,772</u>	1,716,087	(166,908)	<u>11,679,951</u>
Total capital assets, being depreciated	<u>53,730,471</u>	2,010,723	(166,908)	<u>55,574,286</u>
Less: Accumulated Depreciation:				
Reservoirs	(1,684,764)	(116,528)	-	(1,801,292)
Structures and improvements	(8,868,764)	(269,509)	-	(9,138,273)
Transmission and distribution mains	(10,463,277)	(397,358)	-	(10,860,635)
Equipment	<u>(3,971,285)</u>	(521,764)	166,908	<u>(4,326,141)</u>
Less accumulated depreciation	<u>(24,988,090)</u>	(1,305,159)	166,908	<u>(26,126,341)</u>
Total capital assets being depreciated, net	<u>28,742,381</u>	705,564	-	<u>29,447,945</u>
Total capital assets, net	<u>\$ 30,244,420</u>	<u>\$ 4,375,468</u>	<u>\$ (689,893)</u>	<u>\$ 33,929,995</u>

WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

4. Capital Assets (Continued)

June 30, 2023

	Balance at 7/1/2022	Additions	Deletions	Balance at 6/30/2023
Capital assets, not being depreciated:				
Land and land rights	\$ 251,451	\$ -	\$ -	\$ 251,451
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	356,869	1,201,868	(56,698)	1,502,039
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	53,558,234	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	\$ 29,946,477	\$ 354,641	\$ (56,698)	\$ 30,244,420

WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

5. Long Term Debt

The following is a summary of bonds payable at June 30, 2024 and 2023:

June 30, 2024									
	<u>Issue Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>		<u>Amounts Due Within One Year</u>		<u>Amounts Due After One Year</u>
a. Water Revenue Bonds - Series 2004A	2004	\$ 281,475	\$ -	\$ 137,305	\$ 144,170	\$ 144,170	\$ -		
b. Water Revenue Refunding Bonds - Series 2021A	2021	2,380,000	-	205,000	2,175,000	205,000		1,970,000	
c. Waterworks System Design Revenue Bonds, Series 2023A	2023	497,103	663,744	23,390	1,137,457	47,132		1,090,325	
d. Waterworks System Design Revenue Bonds, Series 2023B	2023	26,840	307,145	7,344	326,641	14,688		311,953	
e. Waterworks System Design Revenue Bonds, Series 2023C	2023	11,704	74,683	-	86,387	-		-	
Total long-term debt		<u>\$ 3,197,122</u>	<u>\$ 1,045,572</u>	<u>\$ 373,039</u>	<u>\$ 3,869,655</u>	<u>\$ 410,990</u>		<u>\$ 3,372,278</u>	

June 30, 2023									
	<u>Issue Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>		<u>Amounts Due Within One Year</u>		<u>Amounts Due After One 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>	

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.

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

5. Long Term Debt (Continued)

Principal balance was \$144,170 at June 30, 2024 and \$281,475 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, 2024 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 144,170	\$ 3,604	\$ 147,774
Total	<u>\$ 144,170</u>	<u>\$ 3,604</u>	<u>\$ 147,774</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 \$2,175,000 at June 30, 2024 and \$2,380,000 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, 2024 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	215,000	24,075	239,075
2030-2034	<u>1,125,000</u>	<u>65,825</u>	<u>1,190,825</u>
Total	<u>\$ 2,175,000</u>	<u>\$ 210,106</u>	<u>\$ 2,385,106</u>

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

5. Long Term Debt (Continued)

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 \$1,137,457 at June 30, 2024 and \$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, 2024 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	49,052	13,991	63,043
2030-2034	252,748	62,469	315,217
2035-2039	265,690	49,527	315,217
2040-2044	279,294	35,923	315,217
2045-2049	293,595	21,621	315,216
2050-2053	277,068	6,627	283,695
 Total	 <u>\$ 1,608,833</u>	 <u>\$ 250,948</u>	 <u>\$ 1,859,781</u>

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 \$326,641 at June 30, 2024 and \$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.

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

5. Long Term Debt (Continued)

Future maturities of bond principal and interest on this indebtedness at June 30, 2024 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 14,688	\$ -	\$ 14,688
2026	14,688	-	14,688
2027	14,688	-	14,688
2028	14,688	-	14,688
2029	14,688	-	14,688
2030-2034	73,435	-	73,435
2035-2039	73,420	-	73,420
2040-2044	73,420	-	73,420
2045-2049	73,420	-	73,420
2050-2053	<u>66,079</u>	<u>-</u>	<u>66,079</u>
Total	<u>\$ 433,214</u>	<u>\$ -</u>	<u>\$ 433,214</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 \$86,387 at June 30, 2024 and at \$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, 2024 AND 2023**

5. Long Term Debt (Continued)

The Debt Service Coverage Factor has been calculated as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Operating revenues	\$ 9,563,900	\$ 9,065,031
Operating expenses	<u>8,506,240</u>	<u>7,677,534</u>
Operating income	<u>1,057,660</u>	<u>1,387,497</u>
 Add: Depreciation Expense	1,305,159	1,104,336
Interest and dividend income - allowed	<u>450,375</u>	<u>330,399</u>
 Amounts available for debt service and capital expenditures	<u>\$ 2,813,194</u>	<u>\$ 2,822,232</u>
 Maximum annual debt service	<u>\$ 463,650</u>	<u>\$ 467,442</u>
 Calculated debt service coverage factor	6.07	6.04
 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, 2024 and 2023.

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, 2024:

Rental Income		
2025	<u>16,200</u>	
Total	<u>\$ 16,200</u>	

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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 Statue
Plan member's contribution rate	4.50-6.00%
Boards contribution rate	9.0%
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 15) 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, 2024 AND 2023**

7. Employee Retirement System (Continued)

Trend Information

<u>Fiscal Year</u>	<u>Public Employees Retirement System (PERS)</u>	
	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2024	\$ 237,784	100%
2023	\$ 232,288	100%
2022	\$ 245,749	100%

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

At fiscal year-end, the Board reported the following liabilities (assets) for its proportionate share of the net pension liabilities (assets). The net pension liabilities (assets) were measured as of June 30, 2023, and the total pension liability (asset) used to calculate the net pension liabilities (assets) were determined by an actuarial valuation as of June 30, 2023. The Board's proportion of the net pension liabilities (assets) 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, 2024, the Board reported the following proportions and increase/(decrease) from its proportion measured as of June 30, 2023:

	<u>PERS</u>
Amount for proportionate share of net pension liability (asset)	(\$ 6,547)
Percentage for proportionate share of net pension liability (asset)	0.146068%
Increase/(decrease) % from prior proportion measured	-3.78046%

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

	<u>PERS</u>
Clarksburg Water Board's Pension Expense	<u><u>\$ 220,616</u></u>

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

WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

7. Employee Retirement System (Continued)

Pension Liabilities (Assets), 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	\$ 55,447	\$ -
Changes of assumptions	42,344	-
Net difference between projected and actual earnings on pension plan investments	39,782	-
Changes in proportion and differences between government contributions and proportionate share of contributions	5,731	-
Government contributions subsequent to the measurement date	<u>237,784</u>	<u>-</u>
	\$ 381,088	\$ -

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 (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2025	\$ (17,662)
2026	(131,108)
2027	319,767
2028	(27,693)
2029	-
Thereafter	<u>-</u>
Total	<u>\$ 143,304</u>

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

7. Employee Retirement System (Continued)

Actuarial assumptions

The total pension liability (asset) was determined by an actuarial valuation as of July 1, 2022 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 Pun-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018 Retired Healthy Females-122% of Pub 2010 Annuitant, Scale AA fully generational General Retiree Female table, below-median, headcount 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, 2024 AND 2023

7. Employee Retirement System (Continued)

Actuarial assumptions (Continued)

Asset Class	PERS Target Asset Allocation	Long-term Expected Rate of Return	Weighted Average Expected Real Rate of Return
US Equity	27.5%	6.5%	1.79%
International Equity	27.5%	9.1%	2.50%
Core Fixed Income	15.0%	4.3%	0.65%
Real Estate	10.0%	5.8%	0.58%
Private Equity	10.0%	9.2%	0.92%
Hedge Funds	10.0%	4.6%	0.46%
Total	100.0%		6.90%
Inflation (CPI)			2.50%
			9.40%

Discount rate. The discount rate used to measure the total pension liability (asset) was 7.25 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 (assets) of each plan.

The following chart presents the sensitivity of the net pension liability (asset) to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension 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 rate

	Current		
	1% Decrease	Discount Rate	1% Increase
Board's proportionate share of PERS's net pension liability (asset)	6.25%	7.25%	8.25%

Board's proportionate share of PERS's net pension liability (asset)	\$ 1,357,032	\$ (6,547)	\$ (1,157,158)
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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, 2024 AND 2023**

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 63,000 covered lives at June 30, 2023. 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 \$60 million for fiscal year ending 2023. Contributions to the OPEB plan from the Board were \$0.00 for the current fiscal year.

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

At fiscal year-end, the Board reported an liability (asset) of (\$44,405) for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset), deferred inflows and outflows of resources and OPEB expense were determined by an actuarial valuation date as of June 30, 2022, rolled forward to June 30, 2023, which is the measurement date. The Board's proportion of the net OPEB liability (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 liability (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, 2024, the Board's proportion was 0.028059%, which was a decrease of 3.54% from its proportion measured as of June 30, 2023.

For this fiscal year, the Board recognized OPEB expense of (\$124,189). 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, 2024 AND 2023

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	\$ 1,941	\$ 36,153
Net Difference between projected and actual investments earnings on pension plan investments	-	740
Difference between expected and actual experience	-	25,848
Deferred difference in assumptions	12,244	24,774
Reallocation of opt-out employer change in proportionate share	-	-
Government contributions subsequent to the measurement date	<hr/> -	<hr/> -
	<hr/> <u>\$ 14,185</u>	<hr/> <u>\$ 87,515</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 (asset) in the year ended June 30, 2025. 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:

2025	\$ (46,511)
2026	(25,995)
2027	828
2028	<hr/> (1,652)
Total	<hr/> <u>\$ (73,330)</u>

Actuarial assumptions. The total OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.50%
Salary Increases	Dependent upon pension system, ranging from 2.75% to 5.18%, including inflation.
Investment Rate of Return	7.40%, net of OPEB plan investment expense, including inflation.
Healthcare Cost Trend Rates	Trend rates for pre-Medicare and Medicare per capita costs start at 7.0% medical and 8.0% drug. The trends increase over four years to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until the ultimate trend rate of 4.50% is reached in PY2032.

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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 45% equity, 15% fixed income, 6% private credit and income, 12% private equity, 10% hedge fund and 12% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTI. 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	45.0%	7.4%
Core plus fixed income	15.0%	3.9%
Private Credit and Income	6.0%	7.4%
Private equity	12.0%	10.0%
Core real estate	12.0%	7.2%
Hedge fund	10.0%	4.5%
Target allocation	<u><u>100.0%</u></u>	

Discount rate. The discount rate used to measure the OPEB liability (asset) was 7.40%. 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 (asset). 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, 2024 AND 2023

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 6.40%	Discount Rate 7.40%	1% Increase 8.40%
Net OPEB Liability (Asset)	\$ (7,514)	\$ (44,405)	\$ (84,866)

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:

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
Net OPEB Liability (Asset)	\$ (113,117)	\$ (44,405)	\$ 37,307

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

	<u>Total</u>	<u>PERS</u>	<u>OPEB</u>
Changes in proportions and difference between government contributions and proportionate share of contributions	(28,481)	5,731	(34,212)
Net Difference between projected and actual investments earnings on pension plan investments	39,042	39,782	(740)
Reallocation of opt-out employer change in proportionate share	-	-	-
Difference between expected and actual experience	29,599	55,447	(25,848)
Deferred difference in assumptions	29,814	42,344	(12,530)
Government contributions subsequent to the measurement date	237,784	237,784	-

**WATER BOARD OF THE CITY OF CLARKSBURG
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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, 2024 and 2023:

Sanitary Board of the City of Clarksburg

	2024	2023
Fees for collection and administrative services	\$ 112,000	\$ 112,000
Collection and remittances on Sanitary Board trade receivables	\$ 4,685,602	\$ 3,757,334

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, 2024 and 2023:

Utility Tax - City of Clarksburg

	2024	2023
Collections and remittances on the Utility Tax trade receivables	\$ 142,162	\$ 120,619

11. Credit Concentration

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

12. Contingencies/Pending Litigation

The Board is a party to various legal proceedings. The Board's management is of the opinion that the ultimate outcome of such litigation will not have a material adverse effect on the Board's financial position.

Required Supplementary Information

WATER BOARD OF THE CITY OF CLARKSBURG
SCHEDULES OF THE GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	Public Employees Retirement System Last 10 Fiscal Years*									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Government's proportion of the net pension liability (asset) (percentage)	0.146068%	0.151807%	0.154820%	0.150839%	0.160416%	0.159843%	0.153775%	0.154993%	0.139527%	0.135018%
Government's proportionate share of the net pension liability (asset)	\$ (6,547)	\$ 217,145	\$ (1,359,221)	\$ 797,442	\$ 344,915	\$ 412,799	\$ 663,764	\$ 1,424,567	\$ 779,124	\$ 498,304
Government's covered-employee payroll	\$ 2,690,781	\$ 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
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.24%	8.41%	-55.31%	32.33%	14.72%	17.50%	30.10%	67.28%	37.85%	27.45%
Plan fiduciary net position as a percentage of the total pension liability	100.05%	98.24%	111.07%	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%

* - 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, 2024 AND 2023

Public Employees Retirement System
 Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 237,784	\$ 232,288	\$ 245,749	\$ 246,544	\$ 234,396	\$ 235,823	\$ 242,593	\$ 253,340	\$ 288,331	\$ 265,142
Contributions in relation to the contractually required contribution	\$ (237,784)	\$ (232,288)	\$ (245,749)	\$ (246,544)	\$ (234,396)	\$ (235,823)	\$ (242,592)	\$ (253,340)	\$ (288,331)	\$ (265,142)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government's covered-employee payroll	\$ 2,690,781	\$ 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
Contributions as a percentage of covered-employee payroll	9.00%	9.00%	10.00%	10.00%	10.00%	10.00%	11.00%	12.00%	13.50%	14.00%

WATER BOARD OF THE CITY OF CLARKSBURG
SCHEDULE OF THE GOVERNMENT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Public Employees Insurance Agency
Ten Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Government's proportion of the net OPEB liability (asset)	0.028059941%	0.029091078%	0.036762796%	0.036157411%	0.036861458%	0.035339472%	0.033447202%	0.038304413%	0.000000000%	0.000000000%
Government's proportionate share of the net OPEB liability (asset)	\$ (44,405)	\$ 32,378	\$ (10,931)	\$ 159,704	\$ 611,580	\$ 758,186	\$ 822,463	\$ 951,223	\$ -	\$ -
Government's covered-employee payroll	\$ 2,690,781	\$ 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	-1.65%	1.25%	-0.44%	6.47%	26.09%	30.52%	37.29%	44.93%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	109.66%	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%	21.64%	0.00%	0.00%

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

WATER BOARD OF THE CITY OF CLARKSBURG
SCHEDULE OF GOVERNMENT CONTRIBUTIONS - OPEB
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Public Employees Insurance Agency
Ten Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</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	<u>\$ -</u>	<u>\$ (28,140)</u>	<u>\$ (34,204)</u>	<u>\$ (67,040)</u>	<u>\$ (72,216)</u>	<u>\$ (75,945)</u>	<u>\$ (72,216)</u>	<u>\$ (68,700)</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Government's covered-employee payroll	\$ 2,690,781	\$ 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	0.00%	1.09%	1.39%	2.72%	3.08%	3.06%	3.27%	3.24%	0.00%	0.00%

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

WATER BOARD OF THE CITY OF CLARKSBURG
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Federal Grantor/ Program Title	Pass-Through Entity Number	Federal ALN Number	Expenditures
United States Environmental Protection Agency			
<i>Pass Through Awards:</i>			
Drinking Water State Revolving Fund	N/A	66.468	<u>\$ 1,045,573</u>
Total -- United States Environmental Protection Agency			<u>1,045,573</u>
United States Department of the Interior			
<i>Pass Through Awards:</i>			
Abandoned Mine Land Reclamation	N/A	15.252	<u>\$ 53,500</u>
Total -- United States Department of the Interior			<u>53,500</u>
Total Federal Expenditures			<u>\$ 1,099,073</u>

The accompanying notes to the Schedule of Expenditures Federal Awards are an integral part of this schedule.

WATER BOARD OF THE CITY OF CLARKSBURG
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Note A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Water Board of the City of Clarksburg, Harrison County, West Virginia (the Authority) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Board.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Board has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

WATER BOARD OF THE CITY OF CLARKSBURG
OTHER SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023
(Unaudited)

Projected Statement of Income and Expenses

CLARKSBURG WATER BOARD
Summary Statement of Income and Expenses
Projected Results of Operations
Fiscal Years Ended June 30, 2025 and 2026

	2025	2026
Operating Revenue		
Revenue From Water Sales to Customers	\$ 9,192,670	\$ 9,192,670
Other Revenue	531,090	531,385
Total Operating Revenue	<u>9,723,760</u>	<u>9,724,055</u>
Operating Expenses		
Operating Expenses	8,094,880	8,090,471
Depreciation	1,289,030	1,334,146
Total Operating Expenses Including Depreciation	<u>9,383,910</u>	<u>9,424,617</u>
Operating Income	339,850	299,438
Net Non Operating Revenue/(Expenses)	<u>238,300</u>	<u>(38,899)</u>
Net Increase in Assets	\$ 578,150	\$ 260,539

Historic Coverage Table

The following table sets forth the debt service coverages for the fiscal years 2021 – 2024

	Historical			
	2021	2022	2023	2024
Revenue	8,566,376	9,732,271	9,065,031	9,563,900
Expenses	<u>6,864,699</u>	<u>7,618,133</u>	<u>7,677,534</u>	<u>8,506,240</u>
Operating Income	1,701,677	2,114,138	1,387,497	1,057,660
Depreciation	1,028,092	1,069,186	1,104,336	1,305,159
Interest Revenue	15,882	26,470	330,399	450,375
Available	<u>2,745,651</u>	<u>3,209,794</u>	<u>2,822,232</u>	<u>2,813,194</u>
Maximum Annual DS Coverage	592,719 4.63	494,264 6.49	467,442 6.04	463,650 6.07

WATER BOARD OF THE CITY OF CLARKSBURG
OTHER SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023
(Unaudited)

Projected Coverage Table

The following table sets forth the projected debt service coverages for fiscal years 2025 – 2028.

	Projected			
	2025	2026	2027	2028
Revenues	9,723,760	9,724,055	9,724,793	9,725,535
Expenses	8,094,880	8,090,471	8,292,732	8,500,051
Operating Income	1,628,880	1,633,584	1,432,061	1,225,484
Interest Revenues	297,170	14,091	36,170	36,202
Available	1,926,050	1,647,675	1,468,231	1,261,686
Series 2004A	147,775	-	-	-
Series 2021A	238,175	241,763	241,763	241,763
Series 2023A	63,124	63,043	63,043	63,043
Series 2023B	14,688	14,688	14,688	14,688
Total Debt Service	463,762	319,494	319,494	319,494
Estimated Coverage	4.15	5.16	4.60	3.95

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 (2020 – 2024) and projections for the next five fiscal years (2025 – 2029).

Customer Category Summary
Numbers of Customers

Year Ended June 30	Residential and Commercial	Industrial	Wholesale	Private Fire Protection	Government Agencies
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	7758	8	14	614	47
2025	7790	8	14	614	49
2026	7790	8	14	614	49
2027	7790	8	14	614	49
2028	7790	8	14	614	49
2029	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, 2024 AND 2023
(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, 2024.

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
UCAR Carbon	54,920,000	150,466	11.47%	3.25%	\$ 226,801	2.55%
FBI	49,878,000	136,652	10.41%	2.95%	\$ 217,543	2.45%
Va Hospital	19,085,000	52,288	3.98%	1.13%	\$ 89,494	1.01%
Clarksburg Housing	9,249,000	25,340	1.93%	0.55%	\$ 52,837	0.59%
Highland Hospital	7,532,000	20,636	1.57%	0.45%	\$ 37,731	0.42%
Clarksburg Park BD	5,195,000	14,233	1.08%	0.31%	\$ 26,040	0.29%
Clarksburg Center	3,523,700	9,654	0.74%	0.21%	\$ 19,944	0.22%
RDR Utility Service	3,191,000	8,742	0.67%	0.19%	\$ 20,225	0.23%
Trinity Property	2,607,800	7,145	0.54%	0.15%	\$ 25,038	0.28%
Merrick Engineering	2,401,000	6,578	0.50%	0.14%	\$ 14,612	0.16%
Total	157,582,500	431,734	32.89%	9.33%	\$ 730,265	8.20%

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 71.68% of total average daily consumption during the fiscal year ended June 30, 2024, and 49.45% 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, 2024)

Customer	Est. Number of Customers (1)	Gallons Of Water Purchased (2)	Revenues (3)	Agreement Date	Agreement Expiration Date
City of Bridgeport	5100	501,224,700	\$ 1,845,649	12/08/1992	Indefinite
City of Salem	1000	91,018,000	333,845	03/24/2009	Indefinite
Greater Harrison PSD	4100	111,366,200	410,196	03/12/2009	03/12/2049
Town of Nutt Fort	815	100,928,000	371,670	03/12/1949	Indefinite
Enlarged Hepzibah PSD	927	72,205,000	265,630	08/26/1964	Indefinite
Short Line PSD	1170	67,301,000	247,752	11/14/2006	11/14/2046
Sun Valley PSD	1200	71,875,000	265,039	01/02/2010	01/02/2050
Valley of Good Hope PSD	905	73,554,500	270,713	03/12/2009	03/12/2049
Town of Anmore	539	45,352,000	166,885	10/06/1953	Indefinite
City of Stonewood	960	33,418,000	122,983	11/19/2007	11/19/2052
Summit Park PSD	430	19,875,000	73,129	11/12/1952	Indefinite
City of Shinnston	50	5,766,000	21,411	None	None
Tri-County Water Assoc. (4)	74	11,176,000	41,575	07/16/2013	07/16/2053
East View PSD	360	7,315,000	26,924	04/01/1991	Indefinite
Total	17630	1,212,374,400	4,463,401		

(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, 2024 AND 2023
(Unaudited)**

Water Rates

The following table sets forth the rates and charges effective October 15, 2023:

	Rate or Charge
First 15,000	.816 Per 100 gals
Next 210,000	.615 Per 100 gals
All Over 225,000	.419 Per 100 gals
Wholesale rate per 1,000	\$ 5.25
Minimum monthly charge (5/8" meter)	\$ 27.48
Annual Fee Per Fire Hydrant	\$ 275.00

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
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
2024	\$8,890,888	\$793,332	\$97,617

Source: Board billing records.



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

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

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States 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, 2024, 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 31, 2024.

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.

Members of the Board

Water Board of the City of Clarksburg

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

Page 2

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.

BHM CPA Group

BHM CPA Group, Inc
Huntington, West Virginia
October 31, 2024



Independent Auditor's Report on Compliance with Requirements Applicable to The Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

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

To the Board of Directors:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Water Board of the City of Clarksburg (the Board) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Board's major federal program for the year ended June 30, 2024. The Board's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the Water Board of the City of Clarksburg complied, in all material respects with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program.

Our audit does not provide a legal determination of the Board's compliance with the compliance requirements referred to above.

Board of Directors

Water Board of the City of Clarksburg

Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Page 2

Management's Responsibility

The Board's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Board's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Board's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Board's compliance with the requirements of major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Board of Directors

Water Board of the City of Clarksburg

Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Page 3

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BHM CPA Group

BHM CPA Group, Inc
Huntington, West Virginia
October 31, 2024

WATER BOARD OF THE CITY OF CLARKSBURG

Schedule of Findings
2 CRT § 200.515
June 30, 2024

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant internal control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under §.510(a)?	No
(d)(1)(vii)	Major Programs (list):	Drinking Water State Revolving Fund ALN#66.468
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

WATER BOARD OF THE CITY OF CLARKSBURG

Schedule of Findings
2 CFR § 200.515
June 30, 2024

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None noted

3. FINDINGS FOR FEDERAL AWARDS

None noted

4. FINDINGS FOR PASSENGER FACILITY CHARGE PROGRAM

None noted