

Harpers Ferry-Bolivar Public Service District

Financial Statements and Independent Auditor's Report

For the Fiscal Year Ended June 30, 2020

**HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
SCHEDULE OF FUNDS INCLUDED IN REPORT
For the Fiscal Year Ended June 30, 2020**

PROPRIETARY FUND TYPE

MAJOR FUND

Sewer Fund

**HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
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For the Fiscal Year Ended June 30, 2020**

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Introductory Section

**HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
DISTRICT OFFICIALS
For the Fiscal Year Ended June 30, 2020**

OFFICE	NAME	TERM ENDS
Chairman	David Simmons	June 30, 2020
Treasurer	Helen Dettmer	June 30, 2024
Secretary	Michael Lowrey	June 30, 2022

Financial Section

Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

Independent Auditor's Report

Honorable Members of the Board
Harpers Ferry-Bolivar Public Service District
Harpers Ferry, West Virginia 25425

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Harpers Ferry-Bolivar Public Service District (the District), as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Harpers Ferry-Bolivar Public Service District as of June 30, 2020, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that Schedule of the District's Proportionate Share of the Collective Net Pension Liability, Schedule of the District's Pension Plan Contributions, Schedule of the District's Proportionate Share of the Collective Net OPEB Liability, and Schedule of the District's OPEB Plan Contributions contained on pages 24 to 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 District's internal control over financial reporting and compliance.

Ferrari & Associates, PLLC

**Morgantown, West Virginia
December 15, 2020**

HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
STATEMENT OF NET POSITION
June 30, 2020

ASSETS

Current assets:

Cash	\$	50,274
Accounts receivable - customers		31,447
Accrued customer revenues		54,670
Prepaid expenses		1,600
Total current assets		137,991

Restricted cash:

Debt service		22,236
Debt service reserve		49,572
Renewal and replacement		54,828
Construction		6,788
Security deposits		20,723
Total restricted cash		154,147

Capital assets:

Nondepreciable:

Land		9,220
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Depreciable:

Structures and improvements		2,455,687
Tangible plant		6,318,666
Less accumulated depreciation		(4,624,514)
Total capital assets, net		4,159,059

Total assets		4,451,197
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DEFERRED OUTFLOWS OF RESOURCES

Collective deferred outflows related to OPEB		26,729
Collective deferred outflows related to pension		10,768
Total deferred outflows of resources		37,497

Total assets and deferred outflows	\$	4,488,694
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HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
STATEMENT OF NET POSITION
June 30, 2020

LIABILITIES

Current liabilities:

Accounts payable - operations	\$	10,173
Accrued expenses		19,830
Customer deposits		20,723
Note payable, due within one year		16,363
Capital lease payable, due within one year		5,474
Current liabilities payable from restricted assets:		
Bonds payable, due within one year		160,438
Accrued interest on bonds payable		5,475
Accrued bond administration fees		918
Total current liabilities		<u>239,394</u>

Noncurrent liabilities:

Accrued compensated absences		9,132
Net OPEB liability		40,394
Collective net pension liability		13,703
Capital lease payable, due more than one year		9,944
Bonds payable, due more than one year		2,926,818
Total noncurrent liabilities		<u>2,999,991</u>

Total liabilities		<u>3,239,385</u>
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DEFERRED INFLOWS OF RESOURCES

Collective deferred inflows related to OPEB		16,249
Collective deferred inflows related to pension		14,624
Total deferred inflows of resources		<u>30,873</u>

Total liabilities and deferred inflows		<u>3,270,258</u>
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NET POSITION

Invested in capital assets, net of related debt		1,056,385
Restricted		147,754
Unrestricted		14,297
Total net position		<u>1,218,436</u>

Total liabilities, deferred inflows and net position	\$	<u><u>4,488,694</u></u>
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HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2020

Operating revenues:	
Residential	\$ 514,258
Commercial	82,772
Governmental	35,475
Customer forfeited discounts and penalties	6,722
Other	<u>1,579</u>
Total operating revenues	<u>640,806</u>
Operating revenue deductions before depreciation:	
Operating expenses:	
Collecting	40,294
Pumping	36,031
Treatment and disposal	140,756
Customer accounts	54,918
General and administrative	99,577
Taxes	<u>7,747</u>
Total operating revenue deductions before depreciation	<u>379,323</u>
Operating income before depreciation and amortization	261,483
Depreciation and amortization	<u>145,843</u>
Operating income (loss)	<u>115,640</u>
Non-operating income (expense):	
Interest income	1,522
Interest expense	(69,762)
Bond issuance costs	<u>(26,500)</u>
Total non-operating income (expense)	<u>(94,740)</u>
Change in net position	20,900
Net position - beginning	<u>1,197,536</u>
Net position - ending	<u><u>\$ 1,218,436</u></u>

HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2020

Cash flows from operating activities:

Cash received from customers	\$ 635,653
Payments made for operation and maintenance expenses	(375,454)
Payments made for taxes other than income taxes	<u>(7,666)</u>
Net cash provided (used) by operating activities	<u>252,533</u>

Cash flows from investing activities:

Interest and other income received	1,522
Decrease in restricted assets	<u>30,904</u>
Net cash provided (used) by investing activities	<u>32,426</u>

Cash flows from capital and related financing activities:

Expenditures for utility plant	(220,960)
Proceeds from long-term debt	152,155
Principal payments on long-term debt	(158,239)
Interest paid	(63,636)
Bond issuance costs	<u>(26,500)</u>
Net cash provided (used) by capital and related financing activities	<u>(317,180)</u>

Net increase (decrease) in cash	<u>(32,221)</u>
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Cash at beginning of year	<u>82,495</u>
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Cash at end of year	<u><u>\$ 50,274</u></u>
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**HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2020**

	Sewer Fund
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ 115,640
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation expense	145,843
Changes in operating assets and liabilities	
Decrease (increase) in accounts receivable and accrued customer revenues	(8,771)
Decrease (increase) in deferred outflows of resources	(2,768)
Increase (decrease) in accounts payable	(5,889)
Increase (decrease) in accrued expenses	4,548
Increase (decrease) in OPEB liability	(1,979)
Increase (decrease) in accrued compensated absences	391
Increase (decrease) in collective net pension liability	(2,269)
Increase (decrease) in customer deposits	3,618
Increase (decrease) in deferred inflows of resources	4,169
Net cash provided by operating activities	\$ 252,533

HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Harpers Ferry-Bolivar Public Service District (the District) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

A. Nature of Business

Harpers Ferry-Bolivar Public Service District (the "District") is a public corporation, incorporated in the State of West Virginia for the purpose of furthering the preservation of the public health, comfort and convenience of the residents of Harpers Ferry-Bolivar by providing sewer service to customers in its franchise area. The District is governed by a board of directors who are appointed by the Jefferson County Commission. The District serves 785 sewer customers.

B. Reporting Entity

For financial reporting purposes, the District is considered an independent reporting entity. The basic criteria for defining the District as an independent reporting entity is the District's financial independence, accountability for fiscal matters, significant influence on operations and ability to designate management.

C. Basis of Presentation

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to enterprise funds of governmental units. The District accounts for its operations in a manner similar to those often found in the private sector. The measurement focus is based upon the determination of net income. The costs (including depreciation) of providing goods and services to customers on a continuing basis are recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control and accountability. The District has not presented the Management's Discussion and Analysis for the year ended June 30, 2020, as required by GASB standards.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Revenues and expenses of the District are accounted for within two funds, both of which are enterprise funds. The District uses the accrual basis of accounting for its enterprise funds, under which revenues are recognized when they are earned and expenses are recognized when they are incurred.

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then the unrestricted resources as needed.

**HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

E. Utility Plant

Utility plant purchased or acquired under capital leases by the District is stated at cost and utility plant contributed to the District is stated at fair market value at the time received. Depreciation is provided on all utility plant in service based on the estimated useful lives of the assets, which range from 5 to 50 years, using the straight-line method. The District's policy is to capitalize all property, plant, and equipment with a purchase price greater than \$5,000.

During the year ended June 30, 2020, the District implemented GASS Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. No interest was capitalized during the year ended June 30, 2020.

F. Cash and Cash Equivalents

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

G. Restricted Assets

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

The renewal and replacement fund represents funds held by a bank under the District's bond resolutions. Withdrawals may be made for replacement and emergency repairs.

Construction funds held by a bank. These funds are to be used solely for payment of costs associated with the District's ongoing construction project.

Security deposits account is used to report the segregation of returnable cash deposits from customers of the utility upon initial receipt of the service.

H. Accounts Receivable and Bad Debts

An allowance for doubtful accounts is utilized. The allowance was \$20,000 at June 30, 2020. Management considers the allowance for doubtful accounts to be adequate to provide for potential uncollectible accounts.

I. Income Taxes

The District is exempt from federal and state income taxes as a political subdivision of county government.

J. Inventories

Inventories consist of expendable supplies and are expensed at the time of purchase.

K. Compensated Absences

The District's policy is to permit employees to accumulate earned but unused vacation benefits to a maximum of 200 hours. The amount is charged to expense when incurred. The District's accrued liability for compensated absences as of June 30, 2020, was \$9,132.

HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

L. Estimates

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

M. Nonexchange Transactions

The District follows GASB Statement No. 33; *Accounting and Financial Reporting for Nonexchange Transactions* (Statement 33), which establishes accounting and reporting guidelines for government entities that gives (or receives) value without directly receiving (or giving) equal value. in return. The District receives voluntary nonexchange transactions from developer donations of cash, property, lines and improvements. In addition, the District receives various capital grants from federal and state agencies. These donations are considered capital contributions on the Statement of Revenues, Expenses and Changes in Net Position.

N. Customer Deposits

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

O. Revenue Recognition

The District's policy is to recognize revenue on the accrual basis. The District accrues revenue earned but not billed. Revenue accrued but not billed amounted to \$54,670 at June 30, 2020

P. Net Position

Net position is classified as follows:

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

Q. Deferred Outflows and Inflows of Resources

A deferred outflow of resources represents a consumption of net assets, applicable to a future reporting period and will not be recognized as an expense until then. Deferred outflows related to the District's defined benefit pension and OPEB plans will be recognized based on actuarial determinations.

A deferred inflow of resources represents an acquisition of net assets applicable to a future reporting period and will not be recognized as revenue until then. Deferred inflows related to the District's defined benefit pension and OPEB plans will be recognized based on actuarial determinations.

HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

R. Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of the resources related to the pension, and pension expense, information about the fiduciary net position of the District'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.

S. Postemployment Benefits Other Than Pensions (OPEB)

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

NOTE 2 – NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, *Leases*, aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Statement 87 will be effective for the fiscal year ending June 30, 2022.

GASB Statement No. 91, *Conduit Debt Obligations*, seeks to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issues, (2) arrangements associated with conduit debt obligations, and (3) related not disclosures. Statement 91 will be effective for fiscal year ending June 30, 2023.

GASB Statement No 92, *Omnibus 2020*, enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB pronouncements. The effective date for Statement No. 92 ranges from fiscal year ending June 30, 2021 to fiscal year ending June 30, 2023, depending upon the effective date of the specific GASB pronouncement being addressed.

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

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

HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 3 – CASH

Cash consists of the following accounts and amounts at June 30, 2020:

Working capital reserve	\$ 8,487
Operations and maintenance	<u>41,787</u>
	<u>\$ 50,274</u>

The District's deposits at June 30, 2020 were entirely insured by Federal Depository Insurance.

NOTE 4 – INVESTMENTS

The District does not hold any investments. Therefore, they do not have a policy addressing investment risk.

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Changes in the capital assets accounts are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 7,954	\$ 1,266	\$ -	\$ 9,220
Construction in progress	<u>2,695,074</u>	<u>120,557</u>	<u>2,815,631</u>	<u>-</u>
Total capital assets, not being depreciated	<u>2,703,028</u>	<u>121,823</u>	<u>2,815,631</u>	<u>9,220</u>
Capital assets being depreciated:				
Structures and improvements	1,358,768	1,096,919	-	2,455,687
Tangible plant	4,594,971	1,723,695	-	6,318,666
Less: accumulated depreciation	<u>(4,478,671)</u>	<u>(145,843)</u>	<u>-</u>	<u>(4,624,514)</u>
Total capital assets being depreciated, net	<u>1,475,068</u>	<u>2,674,771</u>	<u>-</u>	<u>4,149,839</u>
Total capital assets	<u>\$ 4,178,096</u>	<u>\$ 2,796,594</u>	<u>\$ 2,815,631</u>	<u>\$ 4,159,059</u>

NOTE 6 – RESTRICTED NET POSITION

Restricted net position reflects that portion of total net position legally or contractually segregated for a specific use. The following represents restricted net position at June 30, 2020:

Cash and temporary investments	
Debt service funds	\$ 22,236
Debt service reserve funds	49,572
Construction funds	6,788
Renewal and replacement funds	54,828
Security deposits	20,723
Accrued bond interest	(5,475)
Accrued bond administration fees	<u>(918)</u>
Total restricted net position	<u>\$ 147,754</u>

**HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 7 – LONG-TERM DEBT

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

<u>Purpose</u>	<u>Maturity Date</u>	<u>Rate</u>	<u>Amount issued</u>	<u>Balance</u>	<u>Current Portion</u>
Series 2009A	2030	0.00%	\$ 629,612	330,540	31,480
Series 2018A	2037	2.50%	\$ 2,850,902	<u>2,756,716</u>	<u>128,958</u>
				<u>\$ 3,087,256</u>	<u>\$ 160,438</u>

The revenue bond issues are secured by a first lien on the net revenues derived from the system.

The sewer revenue bonds Series 2009A, and Series 2018A rank on a parity as to liens pledged in source of and security of payment from the net revenues of the system.

The Series 2009A revenue bonds require a 1% administrative fee to be paid to the issuer. The Series 2018A revenue bonds require a .5% administrative fee to be paid to the issuer.

The 2018A Series bonds are in the aggregate amount of \$2,874,930. The bonds are being used to provide funding for the District's Phase II treatment and collection system upgrade project. Bond proceeds are drawn on a reimbursement basis as construction of the project progresses. Bond proceeds received amounted to \$152,155 for the year ended June 30, 2020.

There are various operating requirements and restrictions contained in the above bond resolutions which govern the financial activities of the District during the terms of the bonds including reserve requirements and debt service coverage requirements.

The District met the debt service coverage requirement and replacement reserve requirement for the year ended June 30, 2020.

Future maturities of bonds payable are as follows:

<u>Year Ended</u>	<u>Interest</u>	<u>Administrative Fee</u>	<u>Principal</u>
2021	\$ 67,715	\$ 11,016	\$ 160,438
2022	64,461	11,016	163,692
2023	61,124	11,016	167,029
2024	57,704	11,016	170,449
2025	54,197	11,016	173,956
2026-2030	215,204	55,080	925,563
2031-2035	113,262	40,736	885,845
2036-2038	<u>14,244</u>	<u>19,572</u>	<u>440,284</u>
	<u>\$ 647,911</u>	<u>\$ 170,468</u>	<u>\$ 3,087,256</u>

**HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

The District has a \$128,000 note payable to a financial institution dated January 12, 2016. The note proceeds were used to fund a working capital reserve. The outstanding balance of the note was \$16,363 at June 30, 2020. The note accrues interest at 5% per annum and is for a five-year term. Principal and interest payments of \$2,420 are due monthly. The note is secured by UCC financing statement and is subordinate to the District's outstanding bond issues.

Future maturities of notes payable are as follows:

Year Ended	Interest	Principal
2021	\$ 261	\$ 16,363
	\$ 261	\$ 16,363

Capital Lease

The District entered into a capital lease on March 20, 2018, for a 2018 F-250 truck in the amount of \$26,500. The lease requires monthly payments of principal and interest of \$526 with interest accrued at 6.45% per annum. The capital lease is secured by a lien on the truck.

Maturities of the capital lease are as follows:

Year Ended	Interest	Principal
2021	\$ 835	\$ 5,474
2022	471	5,838
2023	99	4,106
	\$ 1,405	\$ 15,718

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District participates in various risk management programs administered by the West Virginia Counties Group (WVCorp) and carries property, liability and workers compensation insurance coverage.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The District has substantially completed a project to upgrade its sewer treatment plant and collection system. The total cost of the project as of June 30, 2020 was \$2,851,832 and is being permanently financed by a bond issue from the WV State Clean Water Revolving Fund (Series 2018A).

NOTE 10 – EMPLOYEE RETIREMENT SYSTEM AND PLANS

Public Employees Retirement Systems (PERS)

Plan description, Contribution Information, and Funding Policies

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

**HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

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

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

Eligibility to participate	All District full-time employees, except covered by other pension plans.
Authority establishing contribution obligations and benefit provisions	West Virginia State Code section 5-10d
Tier 1 plan member's contribution rate	4.50% (Employees hired before July 1, 2015)
Tier 2 plan member's contribution rate	6.00% (Employees hired after July 1, 2015)
District's contribution rate	10.00% for fiscal year 2020
Period required to vest	5 years for Tier 1 and 10 years for Tier 2
Benefits and eligibility for distribution	<p><u>Tier 1</u></p> <p>A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.</p> <p><u>Tier 2</u></p> <p>Qualification for normal retirement is age 62 with 10 years of service or at least age 55 plus service years equal to 80 or greater. The final average salary is the average of the five consecutive highest annual earnings years out of the last fifteen years. The final average salary times the years of service times 2% equals the annual retirement benefit.</p>
Deferred retirement portion	No
Provision for:	
Cost of living	No
Death benefits	Yes

Trend Information

Fiscal Year	Annual Pension Cost	Percentage Contributed
2020	\$ 9,656	100%
2019	\$ 9,382	100%
2018	\$ 9,347	100%

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

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

At June 30, 2020, the District reported the following liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined.

At June 30, 2020, the District reported the following proportion and increase/(decrease) from its proportion measured as of June 30, 2019:

Amount of proportionate share of net pension liability	\$ 13,703
Percentage of proportionate share of net pension liability	0.006373%
Increase/(decrease) % from prior proportion measured	0.000189%

For the year ended June 30, 2020, the District recognized \$2,963 of pension expense.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 530	\$ 1,197
Contributions made subsequent to the measurement date	9,656	-
Changes in proportions and differences between employer and proportionate share of contributions	582	5,958
Change in assumptions	-	2,516
Net difference between projected and actual earnings on pension plan investments	-	4,953
Total	<u>\$ 10,768</u>	<u>\$ 14,624</u>

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

Year ended June 30:

2021	\$ (15,761)
2022	(914)
2023	<u>3,163</u>
Total	<u>\$ (13,512)</u>

**HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Actuarial assumptions.

The total pension liability was determined by an actuarial valuation as of July 1, 2018, and rolled forward to June 30, 2019, which is the measurement date, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial cost method	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Market value
Amortization method	Level dollar
Amortization period	Through Fiscal Year 2035
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases:	
PERS:	
State	3.1-5.3%
Nonstate	3.35-6.5%
Inflation rate	3.00%
Discount rate	7.50%
Mortality rates	Active – 100% of Pub-2010 General Employees table, below median, headcount weighted, projected with scale MP-2018 Retired healthy males – 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018 Retired healthy females – 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018 Disabled males – 118% of Pub-2010 General/Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018 Disabled females – 118% of Pub-2010 General/Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018
Withdrawal rates	
State	2.28-45.63%
Non-state	2.50-35.88%
Disability rates	0.005-0.540%
Retirement rates	12.0-100%

Date range in most recent experience study: 2013-2018

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected ROR</u>
Domestic Equity	27.50%	5.8%
International Equity	27.50%	7.7%
Fixed Income	15.00%	3.3%
Private Equity	10.00%	8.8%
Hedge Funds	10.00%	4.4%
Real Estate	10.00%	6.1%
Total	<u>100.00%</u>	

**HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

Discount rate.

The discount rate used to measure the total pension asset was 7.5 percent for the defined benefit plan. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that the government contributions to all plans will be made at contractually required rates, actuarially determined. Based on those assumptions, the 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 pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability of the plan.

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

	1% Decrease 6.5%	Current Rate 7.5%	1% Increase 8.5%
District's proportionate share of PERS's net pension (liability) asset	\$ (63,830)	\$ (13,703)	\$ 28,701

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

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan description

The District contributes to the West Virginia Other Postemployment Benefit Plan (the Plan), a cost-sharing, multiple employer, defined benefit other postemployment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education and other government entities as set forth in the West Virginia Code Section 5-16D-2 (the Code). The financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The Plan is administered by a combination of the PEIA and the RHBT staff. Plan benefits are established and revised by the PEIA and the RHBT management with approval of the Finance Board. The Finance Board is comprised of 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. Four remaining members represent the public-at-large.

Active employees who retire are eligible for the PEIA health and life benefits, provided they meet the minimum eligibility requirements of the applicable State retirement system and if their last employer immediately prior to retirement: is a participating employer under the Consolidated Public Retirement Board (CPRB) and, as of July 1, 2008 forward, is a participating employer with the PEIA. Active employees who, as of July 1, 2008, have ten years or more of credited service in the CPRB and whose employer at the time of their retirement does participate with CPRB, but does not participate with the PEIA will be eligible for PEIA retiree coverage provided: they otherwise meet all criteria under this heading and their employer agrees, in writing, upon a form prescribed by the PEIA, that the employer will pay to the PEIA the non-participating retiree premium on behalf of the retiree or retirees, or that the retiree agrees to pay the entire

HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

unsubsidized premium themselves. Active employees who are members of the Teacher's Defined Contribution Retirement plan must be either: 55 years of age and have 12 or more years of credited service; or be at least 60 years of age with five years of service; and their last employer immediately prior to retirement must be a participating employer under that, or the CPRB system to qualify to continue PEIA insurance benefits upon retirement. Employees who participate in non-State retirement systems but are CPRB system affiliated, contracted, or approved (such as TIAA-CREF and similar plans), or are approved, in writing, by the PEIA Director must, in the case of education employees, meet the minimum eligibility requirements of the State Teacher's Retirement System and in all other cases meet the minimum eligibility requirements of the Public Employees Retirement System to be eligible for PEIA benefits as a retiree.

The RHBT audited financial statements and actuarial reports can be found on the PEIA website at www.peia.wv.gov. Questions in writing can also be submitted 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 \$152 million for both fiscal years ending June 30, 2019. Contributions to the OPEB plan from the District were \$4,824 and \$5,016, for the years ended June 30, 2020 and 2019, respectively.

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

At fiscal year-end, the District reported a liability of \$40,394 for its proportionate share of the net OPEB liability. The net OPEB liability, deferred inflows and outflows of resources and OPEB expense were determined by an actuarial valuation date as of June 30, 2018, rolled forward to June 30, 2019, which is the measurement date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2019, the District's proportion was 0.002434618%, which was an increase of 0.0004595697% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$5,844.

**HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,711
Change in assumptions	-	8,192
Contributions made subsequent to the measurement date	4,824	-
Changes in proportions and differences between employer and proportionate share of contributions	21,665	1,594
Reallocation of opt out employer change in proportionate share	10	1,087
Difference between expected and actual investment earnings	230	665
Total	\$ 26,729	\$ 16,249

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

Year ended June 30:

2020	\$	1,782	
2021		2,078	
2022		1,833	
2023		(37)	
Total	\$	5,656	

Actuarial assumptions.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.75%
Wage inflation	4.00%
Investment Rate of Return	7.15%, net of OPEB plan investment expense, including inflation
Asset valuation method	Market value
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll over a 20-year closed period
Salary increases	Dependent upon pension system, ranging from 3.0% to 6.5%, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Aging factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death"
Mortality	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2014 Healthy Annuitant Mortality Table projected with scale MP-2016 on a fully generational basis for Troopers A and B. Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2014 Healthy Annuitant Mortality Table projected with scale MP-2016 on a fully generational basis for Troopers A and B.

**HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

Healthcare Cost Trend Rates Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.

Expenses Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015.

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 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. Target asset allocations, capital market assumptions ("CMA"), and a 10-year forecast of nominal geometric returns by major asset class were provided by the plan's investment advisors, including the West Virginia Investment Management Board ("WV-IMB"). The projected nominal return for the Money Market Pool held with the West Virginia Board of Treasury Investments ("WV-BTI") was estimated based on WV_IMB assumed inflation of 2.0% plus a 25 basis point spread.

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

Asset Class	Target Allocation	Long-term Expected ROR
Global equity	49.50%	4.8%
Core plus fixed income	13.50%	2.1%
Core real estate	9.00%	4.1%
Private Equity	9.00%	6.8%
Hedge Funds	9.00%	2.4%
Cash and cash equivalents	10.00%	0.3%
Total	100.00%	

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

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

	1% Decrease 6.15%	Current Rate 7.15%	1% Increase 8.15%
Net OPEB liability	\$ (48,209)	\$ (40,394)	\$ (33,854)

**HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	<u>\$ (32,572)</u>	<u>\$ (40,394)</u>	<u>\$ (49,886)</u>

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.

NOTE 12 – SUBSEQUENT EVENTS

The spread of the novel coronavirus (COVID-19) has severely impacted many local economies around the world. In many countries, businesses and organizations are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and financial institutions have responded with monetary and fiscal interventions to try to stabilize economic conditions. The District has determined that these events are non-adjusting subsequent events. Accordingly, the financial net position and changes in net position as of and for the year ended June 30, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and financial responses remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial net position and results of the District for future periods.

The State of West Virginia has allocated approximately \$25 million of federal funding it received through the CARES ACT to help keep local public service districts solvent. As of the issuance date of these financial statements, it has not been determined how these funds will be distributed.

The District's management has evaluated the effect that subsequent events would have on the District's financial statements through December 15, 2020, which is the date the financial statements were available to be released.

Required Supplementary Information

HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY
For the Fiscal Year Ended June 30, 2020

Public Employees Retirement System
 Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportionate share of the net pension liability (%)	0.006373%	0.006184%	0.008514%	0.008483%	0.00851%	0.007989%	0.008713%
District's proportionate share of the net pension liability (\$)	\$ 13,703	\$ 15,972	\$ 36,751	\$ 77,967	\$ 47,520	\$ 29,486	\$ 79,428
District's covered-employee payroll	\$ 96,558	\$ 93,820	\$ 84,976	\$ 116,892	\$ 116,892	\$ 115,414	\$ 111,793
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	14.19%	17.02%	43.25%	66.70%	40.65%	25.55%	71.05%
Plan fiduciary net position as a percentage of the total pension liability	96.99%	96.33%	99.56%	86.11%	91.29%	93.98%	79.70%

* This data will be presented prospectively until ten years is accumulated. The amounts presented for each fiscal year were determined as of June 30th.

**HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS
For the Fiscal Year Ended June 30, 2020**

**Public Employees Retirement System
Last 10 Fiscal Years***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 9,656	\$ 9,382	\$ 9,347	\$ 14,027	\$ 15,780	\$ 16,158	\$ 16,210	\$ 16,326	\$ 16,565
Contributions in relation to the contractually required contribution	<u>\$(9,656)</u>	<u>\$(9,382)</u>	<u>\$(9,347)</u>	<u>\$(14,027)</u>	<u>\$(15,780)</u>	<u>\$(16,158)</u>	<u>\$(16,210)</u>	<u>\$(16,326)</u>	<u>\$(16,565)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$96,558	\$93,820	\$84,976	\$116,892	\$ 116,892	\$115,414	\$111,793	\$ 116,621	\$ 114,242
Contributions as a percentage of covered-employee payroll	10.00%	10.00%	11.00%	12.00%	13.50%	14.00%	14.50%	14.00%	14.50%

* This data will be presented prospectively until ten years is accumulated. The amounts presented for each fiscal year were determined as of June 30th.

HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY
For the Fiscal Year Ended June 30, 2020

West Virginia Retiree Health Benefit Trust
 Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportionate share of the net OPEB liability (%)	0.002434618%	0.001975049%	0.000966902%	0.001143415%
District's proportionate share of the net OPEB liability (\$)	\$ 40,394	\$ 42,373	\$ 23,776	\$ 28,395
District's covered-employee payroll	\$ 96,558	\$ 93,820	\$ 84,976	\$ 116,892
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	41.83%	45.16%	27.98%	24.29%
Plan fiduciary net position as a percentage of the total OPEB liability	39.69%	30.98%	25.10%	21.64%

* This data will be presented prospectively until ten years is accumulated. The amounts presented for each fiscal year were determined as of June 30th.

**HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS
For the Fiscal Year Ended June 30, 2020**

**West Virginia Retiree Health Benefit Trust
Last 10 Fiscal Years***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 4,824	\$ 5,016	\$ 946	\$ 1,986
Contributions in relation to the contractually required contribution	<u>\$ (4,824)</u>	<u>\$ (5,016)</u>	<u>\$ (946)</u>	<u>\$ (1,986)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 96,558	\$ 93,820	\$ 84,976	\$ 116,892
Contributions as a percentage of covered-employee payroll	5.00%	5.35%	1.11%	1.70%

* This data will be presented prospectively until ten years is accumulated. The amounts presented for each fiscal year were determined as of June 30th.

**HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2020**

PERS

Change in benefit terms

Under HB 3095, a minimum monthly benefit of \$750 was established for current pensioners as of June 3, 2019 who had completed at least 25 years of service. A corresponding minimum of \$375 was set for beneficiaries in pay status under the 50% joint-and-survivor annuity options were the original member had completed at least 25 years of services.

Change in assumptions

Mortality, withdrawal rates, disability rates, retirement rates, salary scales, and non-contributory service loads were changed to reflect the most recent experience study for June 1, 2013 through June 30, 2018.

OPEB

Certain assumptions have been changed since the prior actuarial valuation of June 30, 2018 and a measurement date of June 30, 2019. The net effect of assumptions changes was approximately \$236 million. The assumption changes that most significantly impacted the total OPEB liability were an approximate \$11.8 million decrease in the per capita claims costs for pre-Medicare and Medicare, as well as an approximate \$224.2 million decrease due to capped subsidy costs implemented in December 2019. Certain other assumption changes were noted but did not materially impact the total OPEB liability.

Subsequent to the OPEB valuation with a measurement date of June 30, 2019 a global pandemic was declared by the World Health Organization due to an outbreak and spread of the coronavirus COVID-19 virus. The pandemic is impacting local and national economies. The extent of the impact of the pandemic on the Plans operations and net OPEB liability is unknown and will depend on certain developments, including the duration and spread of the virus, impact on plan participants, employees and vendors, and governmental, regulatory and private sector responses. On March 10, 2020, PEIA issued a Policy for COVID-19 effective through September 30, 2020, which provides for certain COVID-19 related benefits and coverage. It also extended telemedicine, certain precertification requirements, dependent upon coverage and COBRA benefits. Certain benefits are further extended to the end of the COVID-19 emergency period.

This policy was not deemed to require re-measurement of the OPEB valuation. The OPEB valuation with a measurement date of June 30, 2019, does not reflect the recent and still developing impact of COVID-19, which is likely to influence healthcare claims experience, demographic experience and economic expectations. As these factors related to the pandemic develop, they could result in significant changes in assumptions for future valuations, which could result in significant changes to reported estimated net OPEB liability.

Accompanying Information

Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Members of the Board
Harpers Ferry-Bolivar Public Service District
Harpers Ferry, West Virginia 25425

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Harpers Ferry-Bolivar Public Service District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ferrari & Associates, PLLC

**Morgantown, West Virginia
December 15, 2020**

**HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2020**

There were no findings in the current year.

**HARPERS FERRY-BOLIVAR PUBLIC SERVICE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2020**

Status of Prior Year Audit Findings

There were no findings in the prior year.