

ATWOOD REGIONAL WATER & SEWER DISTRICT

TUSCARAWAS COUNTY

Regular Audit

For the Years Ended December 31, 2023 and 2022





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Columbus, Ohio 43215
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District Trustees
Atwood Regional Water and Sewer District
PO Box 100
Dellroy, OH 44620

We have reviewed the *Independent Auditor's Report* of the Atwood Regional Water and Sewer District, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2022 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Atwood Regional Water and Sewer District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

October 29, 2024

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Atwood Regional Water & Sewer District
Tuscarawas County
For the Years Ended December 31, 2023 and 2022

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Charles E. Harris & Associates, Inc.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Atwood Regional Water & Sewer District
Tuscarawas County
PO Box 100
Dellroy, OH 44620

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Atwood Regional Water & Sewer District, Tuscarawas County, Ohio (the District), which comprise the cash balances, receipts and disbursements for the proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of December 31, 2023 and 2022, or the changes in financial position or its cash flows, thereof for the years then ended.

Basis for Opinions

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 District, 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 opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *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 District'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 District'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024, on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
September 30, 2024

| | Proprietary Fund Type | |
|--|------------------------------|-----------|
| | Operating Fund | |
| Operating Cash Receipts: | | |
| Charges for Services | \$ | 1,259,128 |
| Other Operating Receipts | | 1,275 |
| <i>Total Cash Receipts</i> | | 1,260,403 |
| Operating Cash Disbursements: | | |
| Personal Services | | 562,515 |
| Contractual Services | | 102,958 |
| Materials, Supplies, and Equipment | | 85,580 |
| Utilities | | 161,539 |
| Other Operating Expenses | | 68,659 |
| <i>Total Cash Disbursements</i> | | 981,251 |
| Excess of Receipts Over/(Under) Disbursements | | 279,152 |
| Non-Operating Cash Receipts/(Disbursements): | | |
| Rent, Royalties and Interest on Investments | | 8,984 |
| Other Non-Operating Revenues | | 3,112 |
| Interest and Fiscal Charges | | (50,981) |
| Principal Retirement | | (205,252) |
| <i>Total Non-Operating Cash Receipts/(Disbursements)</i> | | (244,137) |
| <i>Net Change in Fund Cash Balances</i> | | 35,015 |
| <i>Fund Cash Balances, January 1</i> | | 424,124 |
| <i>Fund Cash Balances, December 31</i> | \$ | 459,139 |

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Atwood Regional Water and Sewer District (the District), Carroll and Tuscarawas Counties, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. North Shore Association, Sunset Valley Civic Association, Atwood Glens Associations, HARCATUS, Central Atwood Lake, The Village of Dellroy, The Village of Sherrodsville and the Muskingum Watershed Conservancy District appoint one member of the Board of Trustees to direct the District. There are 8 Board of Trustee members. Subdivisions within the District are Warren Township, Orange Township, Monroe Township, The Village of Sherrodsville, The Village of Dellroy, Carroll County and Tuscarawas County. The District provides sewer services to residents of the District.

B. ACCOUNTING BASIS

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

C. BUDGETARY PROCESS

The Ohio Revised Code requires that the operating fund of the District be budgeted annually.

Appropriations: Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The District must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources: Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BUDGETARY PROCESS (CONTINUED)

Encumbrances: The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be re-appropriated. A summary of 2023 budgetary activity appears in Note 2.

D. CASH AND CASH EQUIVALENTS

All deposits are maintained in checking accounts and money market savings accounts. The District also maintains a petty cash account.

E. OPERATING AND NON-OPERATING REVENUES

Operating revenues are defined as those charges or receipts which relate directly to the delivery of sewer or water services. User charges, connection and impact fees, and penalties are operating revenues. Non-operating revenues have an indirect relationship to delivery of services. Interest on investments, proceeds from loans, rents and royalties are examples of non-operating revenues.

F. OPERATING AND NON-OPERATING EXPENSES

Operating expenses are defined as those payments for goods and services directly related to the delivery of sewer or water services. Personnel costs, contractual services, supplies and materials, utilities, and miscellaneous costs are operating expenses. Non-operating expenses have an indirect relationship to delivery of services. Payment for principal and loan interest is the most common non-operating expense.

G. CAPITAL ASSETS

The District records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

H. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2023

2. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2023, follows:

| 2023 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|--------------|--------------|------------|
| | Budgeted | Actual | |
| Fund Type | Receipts | Receipts | Variance |
| Operating | \$ 1,146,520 | \$ 1,272,499 | \$ 125,979 |

| 2023 Budgeted vs. Actual Budgetary Basis Disbursements | | | |
|--|---------------|--------------|-------------|
| | Appropriation | Budgetary | |
| Fund Type | Authority | Disbursement | Variance |
| Operating | \$ 1,210,926 | \$ 1,237,484 | \$ (26,558) |

3. DEPOSITS

The District maintains a deposits and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2023, was as follows:

| | 2023 |
|-----------------|-------------------|
| Demand deposits | \$ 4,920 |
| Money Market | 454,019 |
| Petty Cash | 200 |
| Total Deposits | <u>\$ 459,139</u> |

Deposits are insured by the Federal Deposit Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the District, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

4. DEBT ADMINISTRATION

Long-term debt consists of four loans from Ohio Water Development Authority (OWDA), and one principal only loan from Ohio Public Works Commission (OPWC). The proceeds of these loans provide the District's share of water resource projects. The District pledges its revenues for payment of the loans; however, the agreements contain no stipulated net revenue coverage value for the debt service. Also, Ohio statutes contain no debt limit for water resource loans secured by pledged revenues.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2023

4. DEBT ADMINISTRATION (CONTINUED)

Non-Current Loans Payable Fiscal Year 2023

| Obligation | Balance at Jan 1 | Issued | Retired | Balance at Dec 31 | Due 2024 |
|--|---------------------|--------|------------|----------------------|------------|
| Cooperative Loan Agreement (OWDA) 1999 Interest Rate 5.7% Mat: 1/1/2026 | \$ 73,802 | \$ 0 | \$ 23,214 | \$ 50,588 | \$ 24,573 |
| Cooperative Loan Agreement (OWDA) 2002 Interest Rate 2.00% Mat: 1/1/2029 | \$ 211,328 | \$ 0 | \$ 33,492 | \$ 177,836 | \$ 34,166 |
| Cooperative Loan Agreement (OWDA) 2008 Planning Loan Interest Rate 1.5% Mat: 2038 | \$ 782,888 | \$ 0 | \$ 40,754 | \$ 742,134 | \$ 41,367 |
| Cooperative Loan Agreement (OWDA) 2015 Interest Rate 1.4% Mat: 9/30/2045 | \$ 2,401,241 | \$ 0 | \$ 106,660 | \$ 2,294,581 | \$ 108,143 |
| Cooperative Loan Agreement (OPWC) 2011 Interest Rate 0.0% Mat: 1/1/2032 | \$ 10,189 | \$ 0 | \$ 1,132 | \$ 9,057 | \$ 1,132 |
| Total Obligations | \$ 3,479,448 | \$ 0 | \$ 205,252 | \$ 3,274,196 | \$ 209,381 |

The financial requirements to amortize all indebtedness, including interest, are as follows:

| Year(s) Ending Dec 31 st : | <u>Interest</u> | <u>Principal</u> | <u>Total</u> |
|---------------------------------------|-----------------|------------------|--------------|
| 2024 | \$48,058 | \$209,381 | \$257,439 |
| 2025 | \$43,798 | \$213,640 | \$257,438 |
| 2026 | \$39,807 | \$190,490 | \$230,297 |
| 2027 | \$36,893 | \$193,403 | \$230,296 |
| 2028 | \$33,931 | \$196,366 | \$230,297 |
| 2029-2033 | \$132,085 | \$829,371 | \$961,456 |
| 2034-2038 | \$71,788 | \$788,134 | \$859,922 |
| 2039-2043 | \$27,431 | \$475,905 | \$503,336 |
| 2044-2045 | \$2,894 | \$177,506 | \$180,400 |
| | \$436,685 | \$3,274,196 | \$3,710,881 |

5. RETIREMENT SYSTEM

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the Plan's retirement benefits, including post-retirement healthcare and survivor and disability benefits to participants.

The Ohio Revised Code also prescribes contribution rates. For 2023, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2023.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2023

6. POST-EMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0% for members in the traditional pension plan and 2% for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4%; however, a portion of the health care rate was funded with reserves.

7. INSURANCE

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The District maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured. The District has not significantly decreased coverage in the past three years, nor have claims exceeded commercial coverage.

8. CONTINGENCIES

Management is not aware of any pending litigation or claims against the District.

Atwood Regional Water & Sewer District
Tuscarawas County
Statement of Receipts, Disbursements, and Changes in
Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2022

| | <u>Proprietary Fund Type</u> |
|--|-------------------------------------|
| | |
| | <u>Operating Fund</u> |
| Operating Cash Receipts: | |
| Charges for Services | \$ 1,201,716 |
| <i>Total Cash Receipts</i> | 1,201,716 |
| Operating Cash Disbursements: | |
| Personal Services | 516,106 |
| Contractual Services | 90,613 |
| Materials, Supplies, and Equipment | 122,008 |
| Utilities | 155,065 |
| Capital Outlay | 87,548 |
| Other Operating Expenses | 59,998 |
| <i>Total Cash Disbursements</i> | 1,031,338 |
| Excess of Receipts Over/(Under) Disbursements | 170,378 |
| Non-Operating Cash Receipts/(Disbursements): | |
| Rent, Royalties and Interest on Investments | 3,602 |
| Other Non-Operating Revenues | 3,913 |
| Interest and Fiscal Charges | (54,595) |
| Principle Retirement | (201,244) |
| <i>Total Non-Operating Cash Receipts/(Disbursements)</i> | (248,324) |
| <i>Net Change in Fund Cash Balances</i> | (77,946) |
| <i>Fund Cash Balances, January 1</i> | 502,070 |
| <i>Fund Cash Balances, December 31</i> | \$ 424,124 |

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Atwood Regional Water and Sewer District (the District), Carroll and Tuscarawas Counties, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. North Shore Association, Sunset Valley Civic Association, Atwood Glens Associations, HARCATUS, Central Atwood Lake, The Village of Dellroy, The Village of Sherrodsville and the Muskingum Watershed Conservancy District appoint one member of the Board of Trustees to direct the District. There are 8 Board of Trustee members. Subdivisions within the District are Warren Township, Orange Township, Monroe Township, The Village of Sherrodsville, The Village of Dellroy, Carroll County and Tuscarawas County. The District provides sewer services to residents of the District.

B. ACCOUNTING BASIS

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

C. BUDGETARY PROCESS

The Ohio Revised Code requires that the operating fund of the District be budgeted annually.

Appropriations: Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The District must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources: Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BUDGETARY PROCESS (CONTINUED)

Encumbrances: The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be re-appropriated. The District did not have any encumbrances at year end.

D. CASH AND CASH EQUIVALENTS

All deposits are maintained in checking accounts, money market savings accounts. The District also maintains a petty cash account.

E. OPERATING AND NON-OPERATING REVENUES

Operating revenues are defined as those charges or receipts which relate directly to the delivery of sewer or water services. User charges, connection and impact fees, and penalties are operating revenues. Non-operating revenues have an indirect relationship to delivery of services. Interest on investments, proceeds from loans, rents and royalties are examples of non-operating revenues.

F. OPERATING AND NON-OPERATING EXPENSES

Operating expenses are defined as those payments for goods and services directly related to the delivery of sewer or water services. Personnel costs, contractual services, supplies and materials, utilities, and miscellaneous costs are operating expenses. Non-operating expenses have an indirect relationship to delivery of services. Payment for principal and loan interest is the most common non-operating expense.

G. CAPITAL ASSETS

The District records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

H. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2022

2. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2022, follows:

| 2022 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|--------------|--------------|------------|
| | Budgeted | Actual | |
| Fund Type | Receipts | Receipts | Variance |
| Operating | \$ 1,102,840 | \$ 1,209,231 | \$ 106,391 |

| 2022 Budgeted vs. Actual Budgetary Basis Disbursements | | | |
|--|---------------|--------------|-----------|
| | Appropriation | Budgetary | |
| Fund Type | Authority | Disbursement | Variance |
| Operating | \$ 1,318,241 | \$ 1,287,177 | \$ 31,064 |

3. DEPOSITS

The District maintains a deposits and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

| | 2022 |
|-----------------|-------------------|
| Demand deposits | \$ 21,232 |
| Money Market | 402,692 |
| Petty Cash | 200 |
| Total Deposits | <u>\$ 424,124</u> |

Deposits are insured by the Federal Deposit Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the District, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

4. DEBT ADMINISTRATION

Long-term debt consists of four loans from Ohio Water Development Authority (OWDA), and one principal only loan from Ohio Public Works Commission (OPWC). The proceeds of these loans provide the District's share of water resource projects. The District pledges its revenues for payment of the loans; however, the agreements contain no stipulated net revenue coverage value for the debt service. Also, Ohio statutes contain no debt limit for water resource loans secured by pledged revenues.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2022

4. DEBT ADMINISTRATION (CONTINUED)

Non-Current Loans Payable Fiscal Year 2022

| Obligation | Balance at Jan 1 | Issued | Retired | Balance at Dec 31 | Due 2023 |
|--|---------------------|-------------|-------------------|----------------------|-------------------|
| Cooperative Loan Agreement (OWDA) 1999 Interest Rate 5.7% Mat: 1/1/2026 | \$ 95,732 | \$ 0 | \$ 21,930 | \$ 73,802 | \$ 23,214 |
| Cooperative Loan Agreement (OWDA) 2002 Interest Rate 2.00% Mat: 1/1/2029 | \$ 244,161 | \$ 0 | \$ 32,833 | \$ 211,328 | \$ 33,492 |
| Cooperative Loan Agreement (OWDA) 2008 Planning Loan Interest Rate 1.5% Mat: 2038 | \$ 823,037 | \$ 0 | \$ 40,149 | \$ 782,888 | \$ 40,754 |
| Cooperative Loan Agreement (OWDA) 2015 Interest Rate 1.4% Mat: 9/30/2045 | \$ 2,506,441 | \$ 0 | \$ 105,200 | \$ 2,401,241 | \$ 106,660 |
| Cooperative Loan Agreement (OPWC) 2011 Interest Rate 0.0% Mat: 1/1/2032 | \$ 11,321 | \$ 0 | \$ 1,132 | \$ 10,189 | \$ 1,132 |
| Total Obligations | \$ 3,680,692 | \$ 0 | \$ 201,244 | \$ 3,479,448 | \$ 205,252 |

The financial requirements to amortize all indebtedness, including interest, are as follows:

| Year(s) Ending Dec 31 st : | <u>Interest</u> | <u>Principal</u> | <u>Total</u> |
|---------------------------------------|------------------|--------------------|--------------------|
| 2023 | \$52,187 | \$205,252 | \$257,440 |
| 2024 | \$48,058 | \$209,381 | \$257,439 |
| 2025 | \$43,798 | \$213,640 | \$257,438 |
| 2026 | \$39,807 | \$190,490 | \$230,297 |
| 2027 | \$36,893 | \$193,403 | \$230,296 |
| 2028-2032 | \$144,363 | \$855,782 | \$1,000,145 |
| 2033-2037 | \$83,473 | \$825,518 | \$908,991 |
| 2038-2042 | \$34,243 | \$521,438 | \$555,681 |
| 2043-2045 | \$6,051 | \$264,544 | \$270,595 |
| | \$488,873 | \$3,479,448 | \$3,968,321 |

5. RETIREMENT SYSTEM

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the Plan's retirement benefits, including post-retirement healthcare and survivor and disability benefits to participants.

The Ohio Revised Code also prescribes contribution rates. For 2022, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2022.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2022

6. POST-EMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

7. INSURANCE

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The District maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured. The District has not significantly decreased coverage in the past three years, nor have claims exceeded commercial coverage.

8. CONTINGENCIES

Management is not aware of any pending litigation or claims against the District.

Charles E. Harris & Associates, Inc.

Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Atwood Regional Water & Sewer District
Tuscarawas County
PO Box 100
Dellroy, OH 44620

To the Board of Trustees:

We have audited, 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 the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for proprietary fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Atwood Regional Water & Sewer District, Tuscarawas County, (the District) and have issued our report thereon dated September 30, 2024, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions 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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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


Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated September 30, 2024.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
September 30, 2024

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OHIO AUDITOR OF STATE KEITH FABER



ATWOOD REGIONAL WATER AND SEWER DISTRICT

TUSCARAWAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/12/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov