

BRILLIANT WATER & SEWER DISTRICT

JEFFERSON COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021



OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Trustees
Brilliant Water and Sewer District
706 2nd Street
Brilliant, OH 43913

We have reviewed the *Independent Auditor's Report* of the Brilliant Water and Sewer District, Jefferson County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2022. 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 Brilliant Water and Sewer District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

March 13, 2024

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**BRILLIANT WATER & SEWER DISTRICT
JEFFERSON COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Brilliant Water and Sewer District
Jefferson County
706 2nd Street
Brilliant, Ohio 43913

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 Brilliant Water & Sewer District, Jefferson County, Ohio (the District), which comprises the cash balances, receipts and disbursements for the enterprise fund as of and for the years ended December 31, 2022 and 2021, 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 enterprise fund as of and for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, or the changes in financial position or its cash flows, thereof for the years then ended.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the 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 opinion.

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

As described in Note 2 of the financial statements, the financial statements are prepared by 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 2 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 January 22, 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.
January 22, 2024

Brilliant Water and Sewer District
Jefferson County
Statement of Receipts, Disbursements
And Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2022

<hr/> <hr/>	
Operating Cash Receipts	
Charges for Services	\$860,529
Miscellaneous	21
	<hr/>
<i>Total Operating Cash Receipts</i>	<i>860,550</i>
	<hr/>
Operating Cash Disbursements	
Personal Services	283,596
Utilities	99,364
Repairs and Maintenance	2,540
Other Contractual Services	64,842
Chemicals and Operating Supplies	86,393
Office Supplies and Materials	31,483
Insurance	21,339
Capital Outlay	50,171
	<hr/>
<i>Total Operating Cash Disbursements</i>	<i>639,728</i>
	<hr/>
<i>Operating Income/(Loss)</i>	<i>220,822</i>
	<hr/>
Non-Operating Cash Disbursements	
Debt Service	111,131
	<hr/>
<i>Total Non-Operating Cash Disbursements</i>	<i>111,131</i>
	<hr/>
<i>Net Receipts Over/(Under) Disbursements</i>	<i>109,691</i>
	<hr/>
Cash Balances, January 1	1,296,658
	<hr/>
<i>Cash Balances, December 31</i>	<i>\$1,406,349</i>
	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

BRILLIANT WATER AND SEWER DISTRICT

JEFFERSON COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 1 - Reporting Entity

The Brilliant Water and Sewer District, Jefferson County, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a five-member Board of Trustees whose membership is composed of trustees elected every three years by water service customers whose accounts are in good standing. The Board of Trustees elect a president, vice president and secretary treasurer, who are responsible for fiscal control of the resources of the District. The District provides water and sewer services to residents of the District.

The District's management believes these financial statements present all activities for which the District is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

These financial statements follow 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 of Trustees 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).

These statements include 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.

Budgetary Process

The Ohio Revised Code requires the Board to budgeted annually.

Appropriations: Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function or object level of control, and appropriations may not exceed estimated resources. The Board 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.

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 reappropriated.

BRILLIANT WATER AND SEWER DISTRICT
JEFFERSON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

The District’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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.

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$738,540	\$860,550	\$122,010

2022 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation Authority	Budgetary Disbursements	Variance
\$725,601	\$750,859	(\$25,258)

BRILLIANT WATER AND SEWER DISTRICT

JEFFERSON COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 4 – Deposits and Investments

The District maintains a deposits 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	\$ 1,118,385
Other time deposits (savings and NOW accounts)	287,964
Total deposits	<u>\$ 1,406,349</u>

Deposits are insured by the Federal Deposit Insurance Corporation. The District’s deposits are 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.

Note 5 - Risk Management

Workers’ Compensation

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.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Settlement amounts have not exceeded insurance coverage for the last three years. There have been no reduction in liability limits.

Note 6 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

District employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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.

BRILLIANT WATER AND SEWER DISTRICT

JEFFERSON COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 7 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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 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 members in the member-directed plan was 4.0 percent during calendar year 2022.

Note 8 – Debt

Debt outstanding at December 31, 2022 was as follows:

<u>Issue</u>	<u>Principal outstanding as of December 31, 2022:</u>	<u>Interest Rate</u>
OWDA #5876	\$101,499	2.00 %
OWDA #5890	301,387	2.00
OPWC #CN28N	34,166	0.00
OWDA #7868	1,774,764	0.00
OPWC CN24T	274,083	0.00

Ohio Water Development Authority (OWDA) Loan #5876 was issued to construct a new well in the amount of for \$138,425 for 30 years. Semiannual payments of \$3,091 due January 1 and July 1 of each year until maturity date of July 1, 2042. The full faith, credit and revenue of the District have been pledged to repay this loan through future sewer revenues of the District.

Ohio Water Development Authority (OWDA) Loan #5890 was issued for a waterline project in the amount of for \$412,638 for 30 years. Semiannual payments of \$9,180 due January 1 and July 1 of each year until maturity date of July 1, 2042. The full faith, credit and revenue of the District have been pledged to repay this loan through future sewer revenues of the District.

Ohio Water Development Authority (OWDA) Loan #7868 was issued for water system improvements in the amount of for \$2,235,415 for 30 years. Semiannual payments of \$37,257 due January 1 and July 1 of each year until maturity date of July 1, 2049. The full faith, credit and revenue of the District have been pledged to repay this loan through future sewer revenues of the District.

Ohio Public Works Commission (OPWC) Loan CN28N was issued to replace a water main in the amount of for \$49,999 for 30 years. Semiannual payments of \$833 due January 1 and July 1 of each year until maturity date of July 1, 2042. The full faith, credit and revenue of the District have been pledged to repay this loan through future sewer revenues of the District.

BRILLIANT WATER AND SEWER DISTRICT

JEFFERSON COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 8 – Debt – (Continued)

Ohio Public Works Commission (OPWC) Loan CN24T was issued for water system improvements in the amount of \$299,999 for 30 years. Semiannual payments of \$4,983 due January 1 and July 1 of each year until maturity date of January 1, 2050. The full faith, credit and revenue of the District have been pledged to repay this loan through future sewer revenues of the District.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	OPWC	OWDA
2023	\$11,633	\$99,056
2024	11,633	99,056
2025	11,633	99,056
2026	11,633	99,056
2027	11,633	99,056
2028-2032	58,170	495,280
2033-2037	58,170	495,280
2038-2042	58,170	495,280
2043-2047	50,668	284,484
2048-2050	24,906	-
Total	<u>\$308,249</u>	<u>\$2,265,604</u>

Note 9 – Contingencies

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially affect the District's financial condition.

Brilliant Water and Sewer District
Jefferson County
Statement of Receipts, Disbursements
And Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2021

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Operating Cash Receipts	
Charges for Services	\$810,599
Miscellaneous	4,368
	<hr/>
<i>Total Operating Cash Receipts</i>	<i>814,967</i>
	<hr/>
Operating Cash Disbursements	
Personal Services	295,832
Utilities	80,683
Repairs and Maintenance	5,178
Other Contractual Services	37,082
Chemicals and Operating Supplies	50,952
Office Supplies and Materials	33,041
Insurance	21,472
Capital Outlay	22,469
	<hr/>
<i>Total Operating Cash Disbursements</i>	<i>546,709</i>
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<i>Operating Income/(Loss)</i>	<i>268,258</i>
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Non-Operating Cash Disbursements	
Debt Service	110,687
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<i>Total Non-Operating Cash Disbursements</i>	<i>110,687</i>
	<hr/>
<i>Net Receipts Over/(Under) Disbursements</i>	<i>157,571</i>
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Cash Balances, January 1	1,139,087
	<hr/>
<i>Cash Balances, December 31</i>	<i>\$1,296,658</i>
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The notes to the financial statements are an integral part of this statement.

BRILLIANT WATER AND SEWER DISTRICT

JEFFERSON COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 1 - Reporting Entity

The Brilliant Water and Sewer District, Jefferson County, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a five-member Board of Trustees whose membership is composed of trustees elected every three years by water service customers whose accounts are in good standing. The Board of Trustees elect a president, vice president and secretary treasurer, who are responsible for fiscal control of the resources of the District. The District provides water and sewer services to residents of the District.

The District's management believes these financial statements present all activities for which the District is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

These financial statements follow 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 of Trustees 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).

These statements include 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.

Budgetary Process

The Ohio Revised Code requires the Board to budgeted annually.

Appropriations: Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function or object level of control, and appropriations may not exceed estimated resources. The Board 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.

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 reappropriated.

BRILLIANT WATER AND SEWER DISTRICT
JEFFERSON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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.

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$741,720	\$814,967	\$73,247

2021 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation Authority	Budgetary Disbursements	Variance
\$738,650	\$657,396	\$81,254

BRILLIANT WATER AND SEWER DISTRICT

JEFFERSON COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 4 – Deposits

The District maintains a deposits 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:

	2021
Demand deposits	<u>\$ 1,159,631</u>
Other time deposits (savings and NOW accounts)	<u>137,027</u>
Total deposits	<u><u>\$ 1,296,658</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation. The District’s deposits are 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.

Note 5 - Risk Management

Workers’ Compensation

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.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Settlement amounts have not exceeded insurance coverage for the last three years. There have been no reduction in liability limits.

Note 6 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

District employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2021.

BRILLIANT WATER AND SEWER DISTRICT

JEFFERSON COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 7 – Postemployment Benefits

OPERS offer 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% during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2021.

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.

Note 8 – Debt

Debt outstanding at December 31, 2021 was as follows:

Issue	Principal outstanding as of <u>December 31, 2021:</u>	<u>Interest Rate</u>
OWDA #5876	\$105,590	2.00 %
OWDA #5890	313,534	2.00
OPWC #CN28N	35,832	0.00
OWDA #7868	1,849,278	0.00
OPWC CN24T	284,050	0.00

Ohio Water Development Authority (OWDA) Loan #5876 was issued to construct a new well in the amount of for \$138,425 for 30 years. Semiannual payments of \$3,091 due January 1 and July 1 of each year until maturity date of July 1, 2042. The full faith, credit and revenue of the District have been pledged to repay this loan through future sewer revenues of the District.

Ohio Water Development Authority (OWDA) Loan #5890 was issued for a waterline project in the amount of for \$412,638 for 30 years. Semiannual payments of \$9,180 due January 1 and July 1 of each year until maturity date of July 1, 2042. The full faith, credit and revenue of the District have been pledged to repay this loan through future sewer revenues of the District.

Ohio Water Development Authority (OWDA) Loan #7868 was issued for water system improvements in the amount of for \$2,235,415 for 30 years. Semiannual payments of \$37,257 due January 1 and July 1 of each year until maturity date of July 1, 2049. The full faith, credit and revenue of the District have been pledged to repay this loan through future sewer revenues of the District.

Ohio Public Works Commission (OPWC) Loan CN28N was issued to replace a water main in the amount of for \$49,999 for 30 years. Semiannual payments of \$833 due January 1 and July 1 of each year until maturity date of July 1, 2042. The full faith, credit and revenue of the District have been pledged to repay this loan through future sewer revenues of the District.

BRILLIANT WATER AND SEWER DISTRICT

JEFFERSON COUNTY

*Notes to the Financial Statements
For the Year Ended December 31, 2021*

Note 8 – Debt – (Continued)

Ohio Public Works Commission (OPWC) Loan CN24T was issued for water system improvements in the amount of \$299,999 for 30 years. Semiannual payments of \$4,983 due January 1 and July 1 of each year until maturity date of January 1, 2050. The full faith, credit and revenue of the District have been pledged to repay this loan through future sewer revenues of the District.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	OPWC	OWDA
2022	\$11,634	\$99,056
2023	11,634	99,056
2024	11,634	99,056
2025	11,634	99,056
2026	11,634	99,056
2027-2031	58,170	495,280
2032-2036	58,170	495,280
2037-2041	58,170	495,280
2042-2046	52,325	383,540
2047-2050	34,877	-
Total	<u>\$319,882</u>	<u>\$2,364,660</u>

Note 9 – Contingencies

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially affect the District's financial condition.

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During 2021, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

Brilliant Water and Sewer District
Jefferson County
706 2nd Street
Brilliant, Ohio 43913

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 by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for the enterprise fund of the Brilliant Water & Sewer District, Jefferson County, (the District) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, and have issued our report thereon dated January 22, 2024, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 opinion on the financial statements, but not for the purpose of expressing an opinions 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 reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we are required to be reported under *Government Auditing Standards*.

However we noted certain other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 22, 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.
January 22, 2024

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OHIO AUDITOR OF STATE KEITH FABER



BRILLIANT WATER AND SEWER DISTRICT

JEFFERSON 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 3/26/2024

88 East Broad 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