



OHIO AUDITOR OF STATE
KEITH FABER



**MONROE WATER SYSTEMS
MONROE COUNTY
DECEMBER 31, 2023 AND 2022**

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INDEPENDENT AUDITOR'S REPORT

Monroe Water Systems
Monroe County
P.O. Box 15
43022 Six Points Road
Laings, Ohio 43752

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 Monroe Water Systems, Monroe County, Ohio (the Water Systems), which comprises 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 Monroe Water Systems, as of December 31, 2023 and 2022, or the changes in financial position 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 Water Systems, 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 2 of the financial statements, the financial statements are prepared by the Water Systems 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 Water Systems' 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 *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 Water Systems' 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 Water Systems' 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 October 13, 2025, on our consideration of the Water Systems' 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 Water Systems' 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 Water Systems' internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

October 13, 2025

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Monroe Water Systems
Monroe County
Statement of Receipts, Disbursements
And Changes in Fund Balance (Regulatory Cash Basis)
For the Year Ended December 31, 2023

Operating Cash Receipts	
Charges for Services	\$1,127,983
Interest	782
Miscellaneous	15,055
Penalties & Fees	78,793
	<hr/>
<i>Total Operating Cash Receipts</i>	<i>1,222,613</i>
	<hr/>
Operating Cash Disbursements	
Personal Services	383,200
Utilities	165,387
Repairs and Maintenance	79,844
Testing and Licenses	11,701
Other Contractual Services	49,625
Chemicals and Operating Supplies	248,304
Office Supplies and Materials	34,255
Insurance	247,746
Miscellaneous	1,555
	<hr/>
<i>Total Operating Cash Disbursements</i>	<i>1,221,617</i>
	<hr/>
<i>Operating Income/(Loss)</i>	<i>996</i>
	<hr/>
Non-Operating Cash Disbursements	
Debt Service	241,290
	<hr/>
<i>Total Non-Operating Cash Disbursements</i>	<i>241,290</i>
	<hr/>
<i>Net Receipts Over/(Under) Disbursements</i>	<i>(240,294)</i>
	<hr/>
Cash Balance, January 1	837,157
	<hr/>
<i>Cash Balance, December 31</i>	<i>\$596,863</i>
	<hr/>

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

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Monroe Water Systems
Monroe County
Notes to the Financial Statement
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges for the Monroe Water Systems, Monroe County, Ohio (the Water Systems), as a body corporate and politic. The Water Systems was established as a separate political subdivision of the State of Ohio under provisions of Chapter 6119 of the Ohio Revised Code. The Water Systems is directed by a seven-member Board of Trustees and an appointed Business Manager. The Board members are appointed by the Water Systems Board of Trustees. The Water Systems provides water services to residents of various locations within Monroe County.

The Water Systems participates in Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 5 to the financial statement provides additional information for this entity.

The Water Systems' management believes the financial statement presents all activities for which the Water Systems is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Water Systems' financial statements consist of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis).

Basis of Accounting

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 Water Systems 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.

Budgetary Process

The Ohio Revised Code requires that each fund be 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 Water Systems 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 Water Systems to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

Monroe Water Systems
Monroe County
Notes to the Financial Statement
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

A summary of 2023 budgetary activity appears in Note 3.

Capital Assets.

The Water Systems records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

Accumulated Leave

Water Systems employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

Note 3 – Budgetary Activity

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

2023 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$1,549,000	\$1,222,613	\$326,387

2023 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$1,549,000	\$1,462,907	\$86,093

Note 4 – Deposits and Investments

The Water Systems 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:

	2023
Demand deposits	\$279,811
Other time deposits (savings and NOW accounts)	317,052
Total deposits	596,863

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Water Systems.

Monroe Water Systems
Monroe County
Notes to the Financial Statement
For the Year Ended December 31, 2023

Note 5 – Risk Management

Risk Pool Membership

The Water Systems is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2023</u>
Cash and investments	\$ 43,996,442
Actuarial liabilities	\$ 19,743,401

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Water Systems 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 health care and survivor and disability benefits.

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

Note 7 – Postemployment 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 percent for members in the traditional pension plan and 2 percent 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 4.0 percent; however, a portion of the health care rate was funded with reserves.

Monroe Water Systems
Monroe County
Notes to the Financial Statement
For the Year Ended December 31, 2023

Note 8 – Debt

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$3,784,705	1.50-3.40%

There were two outstanding loans with the Ohio Water Development Authority (OWDA) for water line construction and Treatment Plant upgrades, which were long term, issued up to thirty years. The loans are collateralized by water revenue. The Water Systems has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization

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

Year Ending December 31:	Ohio Water Development Authority Loans
2024	\$241,290
2025	241,290
2026	241,290
2027	241,290
2028	241,290
2029-2033	1,206,450
2034-2038	1,082,392
2039-2043	896,308
2044	179,262
Total	<u>\$4,570,862</u>

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the Water Systems are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Water System. The Water System's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Water System's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated

Monroe Water Systems
Monroe County
Statement of Receipts, Disbursements
And Changes in Fund Balance (Regulatory Cash Basis)
For the Year Ended December 31, 2022

Operating Cash Receipts	
Charges for Services	\$1,237,159
Interest	915
Miscellaneous	12,952
Penalties & Fees	64,335
	<hr/>
<i>Total Operating Cash Receipts</i>	<i>1,315,361</i>
	<hr/>
Operating Cash Disbursements	
Personal Services	382,262
Utilities	177,366
Repairs and Maintenance	49,845
Testing and Licenses	13,569
Other Contractual Services	40,377
Chemicals and Operating Supplies	191,416
Office Supplies and Materials	16,494
Insurance	252,753
Miscellaneous	1,393
	<hr/>
<i>Total Operating Cash Disbursements</i>	<i>1,125,475</i>
	<hr/>
<i>Operating Income/(Loss)</i>	<i>189,886</i>
	<hr/>
Non-Operating Cash Disbursements	
Debt Service	241,290
	<hr/>
<i>Total Non-Operating Cash Disbursements</i>	<i>241,290</i>
	<hr/>
<i>Net Receipts Over/(Under) Disbursements</i>	<i>(51,404)</i>
	<hr/>
Cash Balance, January 1	888,561
	<hr/>
<i>Cash Balance, December 31</i>	<i>\$837,157</i>
	<hr/>

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

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Monroe Water Systems
Monroe County
Notes to the Financial Statement
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges for the Monroe Water Systems, Monroe County, Ohio (the Water Systems), as a body corporate and politic. The Water Systems was established as a separate political subdivision of the State of Ohio under provisions of Chapter 6119 of the Ohio Revised Code. The Water Systems is directed by a seven-member Board of Trustees and an appointed Business Manager. The Board members are appointed by the Water Systems Board of Trustees. The Water Systems provides water services to residents of various locations within Monroe County.

The Water Systems participates in Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 5 to the financial statement provides additional information for this entity.

The Water Systems' management believes the financial statement presents all activities for which the Water Systems is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Water Systems' financial statement consists of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis).

Basis of Accounting

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 Water Systems 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.

Budgetary Process

The Ohio Revised Code requires that each fund be 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 Water Systems 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 Water Systems to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

Monroe Water Systems
Monroe County
Notes to the Financial Statement
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.

Capital Assets.

The Water Systems records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

Accumulated Leave

Water Systems employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

Note 3 – Budgetary Activity

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

2022 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$1,493,000	\$1,315,361	\$177,639

2022 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$1,493,000	\$1,366,765	\$126,235

Note 4 – Deposits and Investments

The Water Systems 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	\$520,446
Other time deposits (savings and NOW accounts)	316,711
Total deposits	837,157

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Water Systems.

Monroe Water Systems
Monroe County
Notes to the Financial Statement
For the Year Ended December 31, 2022

Note 5 – Risk Management

Risk Pool Membership

The Water Systems is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$ 42,310,794
Actuarial liabilities	\$ 15,724,479

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Water Systems 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 health care and survivor and disability benefits.

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

Note 7 – Postemployment 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. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Monroe Water Systems
Monroe County
Notes to the Financial Statement
For the Year Ended December 31, 2022

Note 8 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$3,951,608	1.50-3.40%

There were two outstanding loans with the Ohio Water Development Authority (OWDA) for water line construction and Treatment Plant upgrades, which were long term, issued up to thirty years. The loans are collateralized by water revenue. The Water Systems has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization

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

Year Ending December 31:	Ohio Water Development Authority Loans
2023	\$241,290
2024	241,290
2025	241,290
2026	241,290
2027	241,290
2028-2032	1,206,450
2033-2037	1,144,420
2038-2042	896,308
2043-2044	358,523
Total	<u>\$4,812,151</u>

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the Water Systems are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Water System. The Water System's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Water System's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



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Columbus, Ohio 43215
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800-282-0370

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

Monroe Water Systems
Monroe County
P.O. Box 15
43022 Six Points Road
Laings, Ohio 43752

To the Board of Trustees:

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 (*Government Auditing Standards*), the financial statements of 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 of Monroe Water Systems, Monroe County, Ohio (the Water Systems) and have issued our report thereon dated October 13, 2025, wherein we noted the Water Systems 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 Water Systems' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Water Systems' internal control. Accordingly, we do not express an opinion on the effectiveness of the Water Systems' 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 Water Systems' 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 Water Systems' 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*.

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 Water Systems' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Water Systems' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

October 13, 2025

OHIO AUDITOR OF STATE KEITH FABER



MONROE WATER SYSTEMS

MONROE 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 11/6/2025

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