



OHIO AUDITOR OF STATE
KEITH FABER



**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY
DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

Jefferson Regional Water Authority
Montgomery County
1230 Soldiers Home Miamisburg Road
Miamisburg, Ohio 45342

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the Jefferson Regional Water Authority, Montgomery County, Ohio (the Authority), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash-basis financial position of the Authority, as of December 31, 2022 and 2021, and the changes in cash-basis financial position and where applicable cash flows thereof for the years then ended in accordance with the cash-basis of accounting described in Note 2.

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 Authority, 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.

Emphasis of Matter - Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. 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 Authority'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 *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 Authority'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 Authority'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 Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2023, on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

November 21, 2023

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**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

This discussion and analysis of the Authority's financial performance provides an overall review of the Authority's financial activities for the year ended December 31, 2022, within the limitations of the Authority's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Authority's financial performance. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Highlights

Key highlights for 2022 are as follows:

Cash and investments increased by \$62,884 or 9.1 percent. This increase was due to lower than expected repairs.

Debt service payments for the year were \$154,191. \$145,566 of this decrease was debt principal payments made during the period.

Using the Basic Financial Statements

Report Components

The statement of net position and the statement of cash receipts, disbursements, and changes in net position – cash basis, provide information about the cash basis activities of the Authority as a whole.

The Authority is a single enterprise fund using proprietary fund accounting. The Basic Financial Statements are presented using the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles accepted in the United States of America.

The notes to the financial statements are an integral part of the financial statements, provide expanded explanation, and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Authority has elected to present its financial statements on a cash basis of accounting. Under this basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

As a result of using the cash basis of accounting, certain assets, their related revenues (such as accounts receivable), certain liabilities, and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the Authority's use of the cash basis of accounting.

Reporting the Authority as a Whole

The statement of net position and the statement of cash receipts, disbursements, and changes in net position – cash basis, provide information about the cash basis activities of the Authority as a whole. The statement of net position presents the cash balances and investments of the Authority at year end.

These statements report the Authority's net position and the changes in net position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Authority's financial health. Over time, increases or decreases in the Authority's net position is one indicator of whether the Authority's health is improving or deteriorating. When evaluating the Authority's financial condition, you should also consider other financial factors as well such as the condition of the Authority's capital assets and physical plant, the extent of the Authority's debt obligations, the reliance on non-local financial resources for operations and the possible need for major local revenue sources.

The Authority as a Whole

Table 1 provides a summary of the Authority's net position for 2022 compared to 2021 on a cash basis:

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

Table 1

Net Position

	2022	2021
Assets		
Cash and Investments	\$752,584	\$689,700
Total Assets	\$752,584	\$689,700
Net Position		
Restricted for:		
Debt Service	189,000	189,000
Unrestricted	563,584	500,700
Total Net Position	\$752,584	\$689,700

As mentioned previously, net position increased by \$62,884 or 9.1 percent during 2022. The primary reasons contributing to the increase in cash balances are as follows:

- Decrease in repairs/maintenance expenses

Table 2 reflects the changes in net position in 2021 and 2022 with the variance from the prior year to 2022.

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

TABLE 2

	2022	2021	Variance
Operating Cash Receipts:			
Water Sales	\$931,209	\$896,751	\$34,458
Tap In Fees	38,565	24,000	\$ 14,565
Total Operating Cash Receipts	<u>969,774</u>	<u>920,751</u>	<u>\$49,023</u>
Operating Cash Disbursements:			
Administration	354,326	357,589	\$ (3,263)
Contractual Services	152,942	67,172	\$ 85,770
Supplies/Equipment	2,726	6,668	\$ (3,942)
Operations	163,754	131,525	\$ 32,229
Capital Expenditures	825	66,706	\$ (65,881)
Repairs/Maintenance	69,060	100,916	\$ (31,856)
Asset Management Plan	49,449	48,919	\$ 530
Miscellaneous	3,556	1,877	\$ 1,679
Total Operating Cash Disbursements	<u>796,638</u>	<u>781,372</u>	<u>\$ 15,266</u>
Operating Income (Loss)	173,136	\$ 139,379	33,757
Non-Operating Cash Receipts:			
Investment Income	1,968	48	\$ 1,920
Miscellaneous Income	41,971	10,246	\$ 31,725
Total Non-Operating Cash Receipts	<u>43,939</u>	<u>10,294</u>	<u>\$ 33,645</u>
Non-Operating Cash Disbursements:			
Debt Service	154,191	155,191	\$ (1,000)
Total Non-Operating Cash Disbursements	<u>154,191</u>	<u>155,191</u>	<u>\$ (1,000)</u>
Change in Net Position	62,884	(5,518)	
Net Position Beginning of Year	689,700	695,218	
Net Position End of Year	\$752,584	\$689,700	

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

Debt

The Authority has total outstanding loans of \$155,786. This balance represents a decrease of \$145,566 due to principal payments. The Authority issued long term debt to finance the construction of the water lines, and infrastructure. The notes were authorized and issued under resolutions passed by the Board of Trustees. The Authority issued no new debt in 2022.

Capital Assets

Capital Assets: The Authority does not report capital assets under the cash basis of accounting.

Current Issues

The challenge for the Authority is to provide quality water to the public and remain viable for the short and long term. The Authority has been able to accomplish short term objectives and continue to operate the Water Authority with a positive cash flow.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, taxpayers, and patrons with a general overview of the Authority's finances and to reflect the Authority's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ben Larick, Treasurer, Jefferson Regional Water Authority, P.O. Box 369 Miamisburg, OH 45343.

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Jefferson Regional Water Authority
Montgomery County

Statement of Net Position - Cash Basis
December 31, 2022

Assets	
Cash and Investments	<u>\$752,584</u>
<i>Total Assets</i>	<u><u>\$752,584</u></u>
 Net Position	
Restricted for:	
Debt Service	189,000
Unrestricted	<u>563,584</u>
<i>Total Net Position</i>	<u><u>\$752,584</u></u>

See accompanying notes to the basic financial statements.

Jefferson Regional Water Authority
Montgomery County

Statement of Cash Receipts, Disbursements and Changes in Net Position - Cash Basis
For the Year Ended December 31, 2022

Operating Cash Receipts	
Water Sales	\$931,209
Tap In Fees	<u>38,565</u>
<i>Total Operating Cash Receipts</i>	<u>969,774</u>
Operating Cash Disbursements	
Administration	354,326
Contractual Services	152,942
Supplies/Equipment	2,726
Operations	163,754
Capital Expenditures	825
Repairs/Maintenance	69,060
Asset Management Plan	49,449
Miscellaneous	<u>3,556</u>
<i>Total Operating Cash Disbursements</i>	<u>796,638</u>
<i>Operating Income (Loss)</i>	<u>173,136</u>
Non-Operating Cash Receipts (Disbursements)	
Investment Income	1,968
Miscellaneous Income	41,971
Debt Service	<u>(154,191)</u>
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<u>(110,252)</u>
<i>Change in Net Position</i>	62,884
<i>Net Position Beginning of Year</i>	<u>689,700</u>
<i>Net Position End of Year</i>	<u><u>\$752,584</u></u>

See accompanying notes to the basic financial statements.

Jefferson Regional Water Authority
Montgomery County

Statement of Cash Flows - Cash Basis
For the Year Ended December 31, 2022

Cash Flows from Operating Activities

Cash from Water Sales & Tap In Fees	\$969,774
Cash from Miscellaneous Income	41,971
Cash payments for Operating Expenses	(678,129)
Cash payments for Maintenance	<u>(118,509)</u>

Net Cash Provided by Operating Activities 215,107

Cash Flows from Capital and Related Financing Activities

Cash used for Debt Service (154,191)

Cash Flows from Investing Activities

Cash from Investment Income 1,968

Net Increase (Decrease) in Cash and Investments 62,884

Cash and Investments Beginning of Year 689,700

Cash and Investments End of Year \$752,584

See accompanying notes to the basic financial statements.

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**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1 – DESCRIPTION OF THE AUTHORITY AND REPORTING ENTITY

The Jefferson Regional Water Authority, Montgomery County Ohio (the Authority), 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 Authority is directed by a seven-member Board of Trustees elected, for three-year term, by the members of the Authority. The board has complete authority over all aspects of the operation. The Authority provides water services to the residents of the Authority.

The Authority’s management believes this financial statement presents all activities for which the Authority is financially accountable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the “Basis of Accounting” section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

A. Basis of Presentation

The Authority’s basic financial statements consist of a statement of net position – cash basis, a statement of cash receipts, disbursements, and changes in net position – cash basis, and a statement of cash flows – cash basis which provide a more detailed level of financial information.

Entity-Wide Financial Statements

The statement of net position – cash basis, the statement of cash receipts, disbursements, and changes in net position – cash basis, and the statement of cash flows – cash basis display information about the Authority at year end. These statements include the financial activities of the government.

The statement of net position – cash basis presents the cash balance of the Authority at year end. The statement of cash receipts, disbursements, and changes in net position – cash basis, compares disbursements with receipts. The statement of cash flows – cash basis presents the cash flows of the Authority during the year.

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(continued)**

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The Authority has created a single fund type and a single fund within that fund type.

Proprietary Fund Type – This fund type accounts for operations that are organized to be self-supporting through user charges. The fund included in this category used by the Authority is the Enterprise Fund.

Enterprise Fund – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing certain goods or services to the general public on a continuing basis are financed or received primarily through user charges. This fund is used by the Authority to account for water management services.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Authority is responsible.

B. Basis of Accounting

The Authority's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Authority's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

C. Budgetary Process

All expenditures are legally required to be appropriated. The Appropriation Resolution is the Trustee's authorization to spend resources and sets limits on expenditures plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund level. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Trustees.

For control purposes, the Authority estimates revenues to be received for the year. These estimated revenues, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated revenues may be revised during the year if projected increases or decreases in receipts are identified by the Treasurer.

The Appropriation Resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources.

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(continued)**

D. Cash and Investments

For reporting purposes, the Authority considers “Net Position” to be cash on hand, demand deposits, and all investments held by the Authority. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as unrealized gain or loss. All investments are reported at cost.

E. Restricted Assets

Certain resources are set aside for the repayment of loans and as such are classified as restricted assets on the asset sheet because their use is limited to repayment of debt. The restricted assets are used for assuring payment of future principal and interest.

F. Inventory and Prepaid Items

The Authority reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability on the cash basis of accounting.

I. Employer Contributions to Cost-Sharing Plans

The Authority recognized the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long Term Obligations

The Authority’s cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received, and principal and interest payments are reported when paid.

K. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(continued)**

NOTE 3 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Authority into three categories.

Active deposits are public deposits necessary to meet current demands on the Authority's treasury. Such monies must be maintained either as cash in the Authority's treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Authority has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in 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.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio or Ohio local governments.

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(continued)**

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
7. The State Treasurer’s investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

On December 31, 2022, the carrying amount of the Authority’s deposits was \$275,498 as compared to the bank balance of \$284,216. Of the bank balances on December 31, 2022, \$250,000 was covered by federal depository insurance and any excess balance would be collateralized by a pool of securities maintained by the Authority’s financial institution but not in the Authority’s name. The Authority had \$200 in petty cash on hand at December 31, 2022.

As of December 31, 2022, the Authority had the following instruments and maturities:

<u>Carrying Value</u> <u>Investment Type</u>	<u>Amount</u>	<u>Maturity</u>
Money Market Raymond James	476,886	daily
Total Investments	476,886	

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(continued)**

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement.

Credit Risk – The Authority’s investment policy addresses credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers, intermediaries and financial advisors and by diversifying the investment portfolio so that potential losses on the individual securities do not exceed income generated from the remaining portfolio.

NOTE 4 – RISK MANAGEMENT

The Authority 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 Authority’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

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Authority 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 System administers and pays all claims

NOTE 5 - DEBT

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

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(continued)**

Loan	Outstanding as of 12/31/21	2022 Retirements	Outstanding as of 12/31/22	Due in one year
OWDA Loan 4026	120,820	8,225	112,595	8,390
OPWC Loan CD7F	55,532	12,341	43,191	12,341
USDA Loan	125,000	125,000	0	0
	301,352	145,566	155,786	20,731

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

Year ending December 31:	OWDA Loan 4026	OPWC Loan CD07F
2023	\$10,600	\$12,341
2024	10,600	12,341
2025	10,600	12,341
2026	10,600	6,168
2027	10,600	
2028-2032	53,002	
2033-2034	21,201	
Total	\$127,203	\$43,191

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(continued)**

The below describes each specific debt obligation:

Farmer's Home Administration (USDA) Loan 1982 – The loan was issued on September 1, 1982, for a period of 40 years with an interest rate of 5.00 percent. The original issue was for \$2,232,000 to construct water lines and infrastructure. Current operations are expected to provide sufficient cash flows to fund debt service requirements.

Ohio Water Development Authority (OWDA) Loan 4026 – The loan was issued on January 29, 2004, for a period of 30 years in the amount of \$250,000 with an interest rate of 2%. The loan provided for water line construction and infrastructure. Current operations are expected to provide sufficient cash flows to fund debt service requirements.

Ohio Public Works Commission (OPWC) Loan CD07F - The loan was issued on July 1, 2005, for a period of 20 years in the amount of \$246,811 with an interest rate of 0%. The loan provides for water line construction and infrastructure. Current operations are expected to provide sufficient cash flows to fund debt service requirements.

NOTE 6 – RETIREMENT SYSTEMS

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. (1) The Traditional Pension Plan—a cost sharing, multiple employers defined benefit pension plan. (2) The Member-Directed Plan—a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings. (3) The Combined Plan—a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits are provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(continued)**

The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll. For 2022, member and employer contribution rates were consistent across all three plans. The member contribution rate was 10.0% for members in local classifications. The 2022 employer contribution rate for local government employer units was 14.00% of covered payroll. The Authority has paid all required contributions through 2022.

NOTE 7 - POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 6, the Ohio Public Employees Retirement System (OPERS) provides other post-employment benefits (OPEB).

Plan Description - OPERS maintains a cost-sharing multiple employers defined benefit postemployment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2022, state and local employers contributed at a rate of 14.00% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under and is administrated in accordance with Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan and for members in the Combined Plan was 2.0% for calendar year 2022.

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(continued)**

Effective January 1, 2022, the portion of employer contributions allocated to healthcare remains at 2.0% for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2022. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

This discussion and analysis of the Authority's financial performance provides an overall review of the Authority's financial activities for the year ended December 31, 2021, within the limitations of the Authority's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Authority's financial performance. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Highlights

Key highlights for 2021 are as follows:

Cash and investments decreased by \$5,518 or 1.0 percent. This decrease was due to higher than expected repairs.

Debt service payments for the year were \$155,191. \$140,404 of this decrease was debt principal payments made during the period.

Using the Basic Financial Statements

Report Components

The statement of net position and the statement of cash receipts, disbursements, and changes in net position – cash basis, provide information about the cash basis activities of the Authority as a whole.

The Authority is a single enterprise fund using proprietary fund accounting. The Basic Financial Statements are presented using the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The notes to the financial statements are an integral part of the financial statements, provide expanded explanation, and detail regarding the information reported in the statements.

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Authority has elected to present its financial statements on a cash basis of accounting. Under this basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets, their related revenues (such as accounts receivable), certain liabilities, and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the Authority's use of the cash basis of accounting.

Reporting the Authority as a Whole

The statement of net position and the statement of cash receipts, disbursements, and changes in net position – cash basis, provide information about the cash basis activities of the Authority as a whole. The statement of net position presents the cash balances and investments of the Authority at year end.

These statements report the Authority's net position and the changes in net position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Authority's financial health. Over time, increases or decreases in the Authority's net position is one indicator of whether the Authority's health is improving or deteriorating. When evaluating the Authority's financial condition, you should also consider other financial factors as well such as the condition of the Authority's capital assets and physical plant, the extent of the Authority's debt obligations, the reliance on non-local financial resources for operations and the possible need for major local revenue sources.

The Authority as a Whole

Table 1 provides a summary of the Authority's net position for 2021 compared to 2020 on a cash basis:

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

Table 1

Net Position

	2021	2020
Assets		
Cash and Investments	\$689,700	\$695,218
<i>Total Assets</i>	\$689,700	\$695,218
 Net Position		
Restricted for:		
Debt Service	189,000	189,000
Unrestricted	500,700	506,218
 <i>Total Net Position</i>	\$689,700	\$695,218

As mentioned previously, net position decreased by \$5,518 or 1.0 percent during 2021. The primary reasons contributing to the decrease in cash balances are as follows:

- Increase in repairs/maintenance expenses

Table 2 reflects the changes in net position in 2020 and 2021 with the variance from the prior year to 2021.

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

TABLE 2

	2021	2020	Variance
Operating Cash Receipts:			
Water Sales	\$896,751	\$856,798	\$39,953
Tap In Fees	24,000	26,475	\$ (2,475)
Total Operating Cash Receipts	<u>920,751</u>	<u>883,273</u>	<u>\$37,478</u>
Operating Cash Disbursements:			
Administration	357,589	346,196	11,393
Contractual Services	67,172	37,269	29,903
Supplies/Equipment	6,668	2,915	3,753
Operations	131,525	136,646	\$ (5,121)
Capital Expenditures	66,706	108,963	\$ (42,257)
Repairs/Maintenance	100,916	105,481	\$ (4,565)
Asset Management Plan	48,919	142,369	\$ (93,450)
Miscellaneous	1,877	3,888	\$ (2,011)
Total Operating Cash Disbursements	<u>781,372</u>	<u>883,727</u>	<u>\$ (102,355)</u>
Operating Income (Loss)	139,379	\$ (454)	139,833
Non-Operating Cash Receipts:			
Investment Income	48	2,924	\$ (2,876)
Miscellaneous Income	10,246	17,449	\$ (7,203)
Total Non-Operating Cash Receipts	<u>10,294</u>	<u>20,373</u>	<u>\$ (10,079)</u>
Non-Operating Cash Disbursements:			
Debt Service	155,191	149,770	5,421
Total Non-Operating Cash Disbursements	<u>155,191</u>	<u>149,770</u>	<u>5,421</u>
Change in Net Position	(5,518)	(129,851)	
Net Position Beginning of Year	695,218	825,069	
Net Position End of Year	\$689,700	\$695,218	

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

Debt

The Authority has total outstanding loans of \$301,352. This balance represents a decrease of \$140,404 due to principal payments. The Authority issued long term debt to finance the construction of the water lines, and infrastructure. The notes were authorized and issued under resolutions passed by the Board of Trustees. The Authority issued no new debt in 2021.

Capital Assets

Capital Assets: The Authority does not report capital assets under the cash basis of accounting.

Current Issues

The challenge for the Authority is to provide quality water to the public and remain viable for the short and long term. The Authority has been able to accomplish short term objectives and continue to operate the Water Authority with a positive cash flow.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, taxpayers, and patrons with a general overview of the Authority's finances and to reflect the Authority's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ben Larick, Treasurer, Jefferson Regional Water Authority, P.O. Box 369 Miamisburg, OH 45343.

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Jefferson Regional Water Authority
Montgomery County

Statement of Net Position - Cash Basis
December 31, 2021

Assets	
Cash and Investments	<u>\$689,700</u>
<i>Total Assets</i>	<u><u>\$689,700</u></u>
 Net Position	
Restricted for:	
Debt Service	189,000
Unrestricted	<u>500,700</u>
<i>Total Net Position</i>	<u><u>\$689,700</u></u>

See accompanying notes to the basic financial statements.

Jefferson Regional Water Authority
Montgomery County

Statement of Cash Receipts, Disbursements and Changes in Net Position - Cash Basis
For the Year Ended December 31, 2021

Operating Cash Receipts	
Water Sales	\$896,751
Tap In Fees	<u>24,000</u>
<i>Total Operating Cash Receipts</i>	<u>920,751</u>
Operating Cash Disbursements	
Administration	357,589
Contractual Services	67,172
Supplies/Equipment	6,668
Operations	131,525
Capital Expenditures	66,706
Repairs/Maintenance	100,916
Asset Management Plan	48,919
Miscellaneous	<u>1,877</u>
<i>Total Operating Cash Disbursements</i>	<u>781,372</u>
<i>Operating Income (Loss)</i>	<u>139,379</u>
Non-Operating Cash Receipts (Disbursements)	
Investment Income	48
Miscellaneous Income	10,246
Debt Service	<u>(155,191)</u>
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<u>(144,897)</u>
<i>Change in Net Position</i>	(5,518)
<i>Net Position Beginning of Year</i>	<u>695,218</u>
<i>Net Position End of Year</i>	<u><u>\$689,700</u></u>

See accompanying notes to the basic financial statements.

Jefferson Regional Water Authority
Montgomery County

Statement of Cash Flows - Cash Basis
For the Year Ended December 31, 2021

Cash Flows from Operating Activities

Cash from Water Sales & Tap In Fees	\$920,751
Cash from Miscellaneous Income	10,246
Cash payments for Operating Expenses	(631,537)
Cash payments for Maintenance	<u>(149,835)</u>

Net Cash Provided by Operating Activities 149,625

Cash Flows from Capital and Related Financing Activities

Cash used for Debt Service (155,191)

Cash Flows from Investing Activities

Cash from Investment Income 48

Net Increase (Decrease) in Cash and Investments (5,518)

Cash and Investments Beginning of Year 695,218

Cash and Investments End of Year \$689,700

See accompanying notes to the basic financial statements.

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**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 1 – DESCRIPTION OF THE AUTHORITY AND REPORTING ENTITY

The Jefferson Regional Water Authority, Montgomery County Ohio (the Authority), 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 Authority is directed by a seven-member Board of Trustees elected, for three-year term, by the members of the Authority. The board has complete authority over all aspects of the operation. The Authority provides water services to the residents of the Authority.

The Authority’s management believes this financial statement presents all activities for which the Authority is financially accountable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the “Basis of Accounting” section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

A. Basis of Presentation

The Authority’s basic financial statements consist of a statement of net position – cash basis, a statement of cash receipts, disbursements, and changes in net position – cash basis, and a statement of cash flows – cash basis which provide a more detailed level of financial information.

Entity-Wide Financial Statements

The statement of net position – cash basis, the statement of cash receipts, disbursements, and changes in net position – cash basis, and the statement of cash flows – cash basis display information about the Authority at year end. These statements include the financial activities of the government.

The statement of net position – cash basis presents the cash balance of the Authority at year end. The statement of cash receipts, disbursements, and changes in net position – cash basis, compares disbursements with receipts. The statement of cash flows – cash basis presents the cash flows of the Authority during the year.

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(continued)**

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The Authority has created a single fund type and a single fund within that fund type.

Proprietary Fund Type – This fund type accounts for operations that are organized to be self-supporting through user charges. The fund included in this category used by the Authority is the Enterprise Fund.

Enterprise Fund – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing certain goods or services to the general public on a continuing basis are financed or received primarily through user charges. This fund is used by the Authority to account for water management services.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Authority is responsible.

B. Basis of Accounting

The Authority's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Authority's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

C. Budgetary Process

All expenditures are legally required to be appropriated. The Appropriation Resolution is the Trustee's authorization to spend resources and sets limits on expenditures plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund level. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Trustees.

For control purposes, the Authority estimates revenues to be received for the year. These estimated revenues, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated revenues may be revised during the year if projected increases or decreases in receipts are identified by the Treasurer.

The Appropriation Resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources.

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(continued)**

D. Cash and Investments

For reporting purposes, the Authority considers “Net Position” to be cash on hand, demand deposits, and all investments held by the Authority. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as unrealized gain or loss. All investments are reported at cost.

E. Restricted Assets

Certain resources are set aside for the repayment of loans and as such are classified as restricted assets on the asset sheet because their use is limited to repayment of debt. The restricted assets are used for assuring payment of future principal and interest.

F. Inventory and Prepaid Items

The Authority reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability on the cash basis of accounting.

I. Employer Contributions to Cost-Sharing Plans

The Authority recognized the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long Term Obligations

The Authority’s cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received, and principal and interest payments are reported when paid.

K. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(continued)**

NOTE 3 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Authority into three categories.

Active deposits are public deposits necessary to meet current demands on the Authority's treasury. Such monies must be maintained either as cash in the Authority's treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Authority has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in 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.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio or Ohio local governments.

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(continued)**

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
7. The State Treasurer’s investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

On December 31, 2021, the carrying amount of the Authority’s deposits was \$214,176 as compared to the bank balance of \$226,326. Of the bank balances on December 31, 2021, the entire amount was covered by federal depository insurance and any excess balance would be collateralized by a pool of securities maintained by the Authority’s financial institution but not in the Authority’s name. The Authority had \$200 in petty cash on hand at December 31, 2021.

As of December 31, 2021, the Authority had the following instruments and maturities:

<u>Carrying Value</u> <u>Investment Type</u>	<u>Amount</u>	<u>Maturity</u>
Money Market Raymond James	475,324	daily
Total Investments	475,324	

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(continued)**

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement.

Credit Risk – The Authority’s investment policy addresses credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers, intermediaries and financial advisors and by diversifying the investment portfolio so that potential losses on the individual securities do not exceed income generated from the remaining portfolio.

NOTE 4 – RISK MANAGEMENT

The Authority 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 Authority’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>2021</u>
Cash and investments	\$ 41,996,850
Actuarial liabilities	\$14,974,099

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Authority 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 System administers and pays all claims

NOTE 5 - DEBT

Debt outstanding on December 31, 2021, was as follows:

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(continued)**

Loan	Outstanding as of 12/31/20	2021 Retirements	Outstanding as of 12/31/21	Due in one year
OWDA Loan 4026	128,883	8,063	120,820	8,225
OPWC Loan CD7F	67,873	12,341	55,532	12,341
USDA Loan	245,000	120,000	125,000	125,000
	441,756	140,404	301,352	145,566

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

Year ending December 31:	OWDA Loan 4026	OPWC Loan CD07F	USDA Loan
2022	\$10,600	\$12,341	\$131,250
2023	10,600	12,341	
2024	10,600	12,341	
2025	10,600	12,341	
2026	10,600	6,168	
2027-2031	53,002		
2032-2034	31,801		
Total	\$137,803	\$55,532	\$131,250

**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(continued)**

The below describes each specific debt obligation:

Farmer's Home Administration (USDA) Loan 1982 – The loan was issued on September 1, 1982, for a period of 40 years with an interest rate of 5.00 percent. The original issue was for \$2,232,000 to construct water lines and infrastructure. Current operations are expected to provide sufficient cash flows to fund debt service requirements.

Ohio Water Development Authority (OWDA) Loan 4026 – The loan was issued on January 29, 2004, for a period of 30 years in the amount of \$250,000 with an interest rate of 2%. The loan provided for water line construction and infrastructure. Current operations are expected to provide sufficient cash flows to fund debt service requirements.

Ohio Public Works Commission (OPWC) Loan CD07F - The loan was issued on July 1, 2005, for a period of 20 years in the amount of \$246,811 with an interest rate of 0%. The loan provides for water line construction and infrastructure. Current operations are expected to provide sufficient cash flows to fund debt service requirements.

NOTE 6 – RETIREMENT SYSTEMS

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. (1) The Traditional Pension Plan—a cost sharing, multiple employers defined benefit pension plan. (2) The Member-Directed Plan—a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings. (3) The Combined Plan—a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits are provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(continued)**

The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll. For 2021, member and employer contribution rates were consistent across all three plans. The member contribution rate was 10.0% for members in local classifications. The 2021 employer contribution rate for local government employer units was 14.00% of covered payroll. The Authority has paid all required contributions through 2021.

NOTE 7 - POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 6, the Ohio Public Employees Retirement System (OPERS) provides other post-employment benefits (OPEB).

Plan Description - OPERS maintains a cost-sharing multiple employers defined benefit postemployment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2021, state and local employers contributed at a rate of 14.00% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under and is administrated in accordance with Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan and for members in the Combined Plan was 2.0% for calendar year 2021.

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(continued)**

Effective January 1, 2021, the portion of employer contributions allocated to healthcare remains at 2.0% for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2021. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.



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

Jefferson Regional Water Authority
Montgomery County
1230 Soldiers Home Miamisburg Road
Miamisburg, Ohio 45342

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, the financial statements of the Jefferson Regional Water Authority, Montgomery County, (the Authority) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 21, 2023, wherein we noted the Authority uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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 Authority'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*.

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



Keith Faber
Auditor of State
Columbus, Ohio

November 21, 2023

OHIO AUDITOR OF STATE KEITH FABER



JEFFERSON REGIONAL WATER AUTHORITY

MONTGOMERY 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 12/14/2023

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