



OHIO AUDITOR OF STATE
KEITH FABER



**SUNDAY CREEK VALLEY WATER DISTRICT
ATHENS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) For the Year Ended December 31, 2022.....	5
Notes to the Financial Statements For the Year Ended December 31, 2022.....	7
Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) For the Year Ended December 31, 2021.....	13
Notes to the Financial Statements For the Year Ended December 31, 2021.....	15
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	21
Schedule of Findings.....	23

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

Sunday Creek Valley Water District
Athens County
15945 Second Street
Millfield, Ohio 45761

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 Sunday Creek Valley Water District, Athens County, Ohio (the District), which comprises the cash balances, receipts and disbursements as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of December 31, 2022 and 2021, or the changes in financial position thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 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 § 117.38 and Ohio Administrative Code 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

June 18, 2024

This page intentionally left blank.

Sunday Creek Valley Water District
Athens County
Statement of Receipts, Disbursements
And Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2022

Operating Cash Receipts	
Charges for Services	\$1,124,318
Miscellaneous	1,058
	<u>1,125,376</u>
<i>Total Operating Cash Receipts</i>	<u>1,125,376</u>
Operating Cash Disbursements	
Water Costs	472,313
Salaries	221,914
Advertising	78
Truck Expense	21,363
Bad Debts	1,466
Merchant CC Processing Fees	8,091
Consultant Fees	212
Dues and Subscriptions	250
Equipment Rental	237
Insurance - Property and Liability	8,455
Insurance - Group	135,113
Interest	13,167
Legal and Accounting	5,385
Licenses and Permits	4,891
Miscellaneous	319
Office Expense	11,688
Postage and Delivery	10,712
Refunds	52
Repair and Maintenance	16,227
Supplies	36,156
Real Estate Taxes	4,291
Payroll Taxes - Medicare	2,642
Payroll Taxes - BWC	1,128
Pension Expense	30,852
Telephone	9,985
Utilities	37,199
	<u>1,054,186</u>
<i>Total Operating Cash Disbursements</i>	<u>1,054,186</u>
<i>Operating Income/(Loss)</i>	<u>71,190</u>
Non-Operating Cash Receipts	
Interest Receipts	2,475
	<u>2,475</u>
<i>Total Non-Operating Cash Receipts</i>	<u>2,475</u>
Non-Operating Cash Disbursements	
Debt Service	109,768
Other Non-Operating Cash Disbursements	4,422
	<u>114,190</u>
<i>Total Non-Operating Cash Disbursements</i>	<u>114,190</u>
<i>Net Receipts Over/(Under) Disbursements</i>	<u>(40,525)</u>
Cash Balances, January 1	247,183
	<u>247,183</u>
<i>Cash Balances, December 31</i>	<u>\$206,658</u>

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

This page intentionally left blank.

Sunday Creek Valley Water District
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Sunday Creek Valley Water District (the District), Athens County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is organized under the provisions of Section 6119 of the Ohio Revised Code by the Common Pleas Court of Athens County, Ohio. The District operates under a five-member Board of Trustees that is selected from its user-members. The Board of Trustees is responsible for the fiscal control of the assets and the operating funds of the District. The District provides water and sewer services to residents of the District.

Public Entity Risk Pool

The District participates in the Ohio Plan Risk Management, Inc (OPRM), a public entity risk pool. Note 6 to the financial statements provide additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

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

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 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 fund, function or object level of control , and appropriations may not exceed estimated resources. The District must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

Sunday Creek Valley Water District
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2022 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Note 3 – Compliance

Contrary to Ohio law, the Board did not formally approve appropriations in 2022. As such, all budgetary expenditures exceeded appropriation authority for the year ended December 31, 2022.

Note 4 – Budgetary Activity

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

2022 Budgeted vs. Actual Receipts		
Budgeted	Actual	
Receipts	Receipts	Variance
\$1,142,800	\$1,127,851	(\$14,949)

2022 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation	Budgetary	
Authority	Expenditures	Variance
\$0	\$1,168,376	(\$1,168,376)

Sunday Creek Valley Water District
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 5– Deposits and Investments

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

	2022
Demand deposits	\$75,981
Certificates of deposit	130,677
Total deposits	206,658

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 6 – Risk Management

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	(18,158,351)
Members’ Equity	\$ 3,503,940

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Workers’ Compensation

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

Sunday Creek Valley Water District
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The District employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement 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 District contributed an amount equaling 14% percent of participants’ gross salaries. The District has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

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

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

Note 9 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan 3196	\$52,873	2.00%
OWDA Loan 3332	33,725	2.00%
OWDA Loan 3577	420,684	1.50%
OWDA Loan 4841	354,699	1.00%
OWDA Loan 8937	643,218	0.00%
OPWC Loan CR09F	14,160	2.00%
Total	<u>\$1,519,359</u>	

The Note payable with Ohio Public Works Commission (OPWC), CR09F, is for construction of water system improvements. This note is dated July 1, 2004, and is due in semi-annual installments of \$3,629 through July 1, 2024, bearing interest 2.00%.

Sunday Creek Valley Water District
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

The Note payable with the Ohio Water Development Authority (OWDA), 3577, is for construction of water lines, water towers, and pump stations. This note is dated July 1, 2004, and is due in semi-annual payments of \$23,839 through July 1, 2032 bearing interest of 1.50%.

The Note Payable with OWDA, 3332, is for the construction of water lines. The note is dated August 23, 2001, and is due in semi-annual payments of \$6,989 through July 1, 2025 bearing interest of 2.00%.

The Note payable with OWDA, 3196, is for the planning and design of water system improvements. This note is dated January 23, 2002, and is due in semi-annual payments of \$9,123 through January 1, 2026, bearing interest of 2.00%.

The Note payable with OWDA, 4841, is for the Hooper Ridge Water Systems Improvement Project. This loan is dated January 31, 2008 and is due in semi-annual payments of \$11,682 through July 1, 2039, bearing interest of 1.00%.

The Note payable with OWDA, 8937, is for the construction of water line improvements. This loan is dated May 28, 2020, and does not bear interest, and does not currently have an amortization schedule.

Amortization

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

Year Ending December 31:	OWDA	OPWC
2023	72,017	7,258
2024	114,202	7,258
2025	125,129	
2026	102,028	
2027	180,321	
2028-2032	464,524	
2033-2037	226,134	
2038-2042	156,015	
2043-2047	109,270	
2048-2052	21,854	
	1,571,494	14,516

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 District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

This page intentionally left blank.

Sunday Creek Valley Water District
Athens County
Statement of Receipts, Disbursements
And Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2021

Operating Cash Receipts	
Charges for Services	\$1,076,088
Miscellaneous	3,192
	1,079,280
<i>Total Operating Cash Receipts</i>	
Operating Cash Disbursements	
Water Costs	414,754
Salaries	209,976
Advertising	78
Truck Expense	14,440
Bad Debts	1,786
Merchant CC Processing Fees	7,899
Bank Charges	53
Consultant Fees	180
Dues and Subscriptions	250
Equipment Rental	649
Insurance - Property and Liability	8,150
Insurance - Group	113,530
Interest	15,037
Legal and Accounting	10,388
Licenses and Permits	4,238
Miscellaneous	180
Office Expense	16,608
Postage and Delivery	5,961
Refunds	2,753
Repair and Maintenance	6,686
Supplies	34,625
Payroll Taxes - Medicare	2,927
Payroll Taxes - BWC	2,004
Pension Expense	28,602
Telephone	5,848
Travel	282
Utilities	36,098
Capital Outlay	353,274
	1,297,256
<i>Total Operating Cash Disbursements</i>	
<i>Operating Income/(Loss)</i>	
	(217,976)
Non-Operating Cash Receipts	
Interest Receipts	2,391
Proceeds from Sale of Public Debt:	
Other Proceeds from Sale of Public Debt	330,051
Other Non-Operating Revenues	5,941
	338,383
<i>Total Non-Operating Cash Receipts</i>	
Non-Operating Cash Disbursements	
Debt Service	99,125
	99,125
<i>Total Non-Operating Cash Disbursements</i>	
<i>Net Receipts Over/(Under) Disbursements</i>	
	21,282
Cash Balances, January 1- Restated	225,901
	225,901
<i>Cash Balances, December 31</i>	\$247,183

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

This page intentionally left blank.

Sunday Creek Valley Water District
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Sunday Creek Valley Water District (the District), Athens County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is organized under the provisions of Section 6119 of the Ohio Revised Code by the Common Pleas Court of Athens County, Ohio. The District operates under a five-member Board of Trustees that is selected from its user-members. The Board of Trustees is responsible for the fiscal control of the assets and the operating funds of the District. The District provides water and sewer services to residents of the District.

Public Entity Risk Pool

The District participates in the Ohio Plan Risk Management, Inc (OPRM), a public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

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

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 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 fund, function or object level of control , and appropriations may not exceed estimated resources. The District must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

Sunday Creek Valley Water District
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2021 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Note 3 – Compliance

Contrary to Ohio law, the Board did not formally approve appropriations in 2021. As such, all budgetary expenditures exceeded appropriation authority for the year ended December 31, 2021.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts		
Budgeted	Actual	
Receipts	Receipts	Variance
\$991,500	\$1,417,663	\$426,163

2021 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation	Budgetary	
Authority	Expenditures	Variance
\$0	\$1,396,381	(\$1,396,381)

Sunday Creek Valley Water District
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 5 – Deposits and Investments

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

	2021
Demand Deposits	\$118,835
Certificates of Deposit	128,348
Total deposits	247,183

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 6 – Risk Management

Risk Pool Membership

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated, and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	(15,037,383)
Members' Equity	\$ 6,740,056

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Sunday Creek Valley Water District
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Workers' Compensation

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The District employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement 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 District contributed an amount equaling 14% percent of participants' gross salaries. The District has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 9 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan 3196	\$69,808	2.00%
OWDA Loan 3332	46,768	2.00%
OWDA Loan 3577	461,591	1.50%
OWDA Loan 4841	374,377	1.00%
OPWC Loan CR09F	21,031	2.00%
OWDA Loan 8937	655,620	0.00%
Total	<u>\$1,629,195</u>	

The Note payable with Ohio Public Works Commission (OPWC), CR09F, is for construction of water system improvements. This note is dated July 1, 2004, and is due in semi-annual installments of \$3,629 through July 1, 2024, bearing interest 2.00%.

Sunday Creek Valley Water District
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

The Note payable with the Ohio Water Development Authority (OWDA), 3577, is for construction of water lines, water towers, and pump stations. This note is dated July 1, 2004, and is due in semi-annual payments of \$23,839 through July 1, 2032 bearing interest of 1.50%.

The Note Payable with OWDA, 3332, is for the construction of water lines. The note is dated August 23, 2001, and is due in semi-annual payments of \$6,989 through July 1, 2025 bearing interest of 2.00%.

The Note payable with OWDA, 3196, is for the planning and design of water system improvements. This note is dated January 23, 2002, and is due in semi-annual payments of \$9,123 through January 1, 2026, bearing interest of 2.00%.

The Note payable with OWDA, 4841, is for the Hooper Ridge Water Systems Improvement Project. This loan is dated January 31, 2008 and is due in semi-annual payments of \$11,682 through July 1, 2039, bearing interest of 1.00%.

The Note payable with OWDA, 8937, is for the construction of water line improvements. This loan is dated May 28, 2020, and does not bear interest, and does not currently have an amortization schedule.

Amortization

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

Year Ending December 31:	OWDA	OPWC
2022	64,040	7,258
2023	123,654	7,258
2024	114,202	7,258
2025	125,129	
2026	102,028	
2027-2031	464,524	
2032-2036	273,812	
2037-2041	179,388	
2042-2046	109,270	
2047-2051	109,270	
2052-2056	21,854	
	<u>1,687,171</u>	<u>21,774</u>

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 District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Sunday Creek Valley Water District
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 11 – Restatement of Fund Balance

It was determined that the total Fund Cash Balance was understated at December 31, 2020 due to the treatment of a certificate of deposit in prior periods. The resulting change to Fund Balance was as follows:

<u>Fund Balance at</u> <u>12/31/2020</u>	<u>Restatement</u>	<u>Restated Fund</u> <u>Balance at</u> <u>12/31/2020</u>
\$177,072	\$48,829	\$225,901

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

Sunday Creek Valley Water District
Athens County
15945 Second Street
Millfield, Ohio 45761

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 years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Sunday Creek Valley Water District, Athens County, (the District) and have issued our report thereon dated June 18, 2024, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as item 2022-001.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

June 18, 2024

**SUNDAY CREEK VALLEY WATER DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2022-001

Noncompliance and Material Weakness

Ohio Rev. Code §5705.28 (B)(2) provides, in part, that the taxing authority of a taxing unit that does not levy a tax is not required to adopt a tax budget pursuant to division (A) of this section. Instead, on or before the fifteenth day of July each year, such taxing authority shall adopt an operating budget for the taxing unit for the ensuing fiscal year. The operating budget shall include an estimate of receipts from all sources, a statement of all taxing unit expenses that are anticipated to occur, and the amount required for debt charges during the fiscal year. The operating budget is not required to be filed with the county auditor or the county budget commission. Except for this section and sections 5705.36, 5705.38, 5705.40, 5705.41, 5705.43, 5705.44 and 5705.45 of the Revised Code, a taxing unit that does not levy a tax is not a taxing unit for purposes of Chapter 5705 of the Revised Code. Documents prepared in accordance with such sections are not required to be filed with the county auditor or county budget commission. The total appropriations from each fund of a taxing unit that does not levy a tax shall not exceed the total estimated revenue available for expenditures from the fund, and appropriations shall be made from each fund only for the purposes for which the fund is established.

Ohio Rev. Code § 5705.38 provides, in part, that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate.

Ohio Rev. Code § 5705.41(B) provides no subdivision or taxing unit shall make any expenditure of money unless the fiscal officer of the subdivision or taxing authority has certified that the expenditure has been appropriated.

The District did not document Board approval of its appropriation measures in 2021 or 2022 in the minute record nor indicate approval through signatures on its maintained budgetary sheets. The failure to properly document the approval of appropriations can result in questions as to their authorization. As such, all expenditures in 2022 and 2021 were in excess of appropriations. Failure to have adequate appropriations in place at the time expenditures are made could result in deficit spending practices.

The Board should adopt an appropriation measure on or about the first day of each fiscal year and document that approval in the minute record. Furthermore, the Board should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer/Treasurer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response: We will definitely let the Board know. We talked with the accountant's office as well and we have agreed, going forward, to go back around the sixth month mark each year to review and discuss with the Board. The Board agrees on the budget very early in the year; a couple of opportunities came up to acquire a new billing system, some internet changes, etc. and they proceeded because we had money available not realizing we should have documented/adjusted the formal budget.

**SUNDAY CREEK VALLEY WATER DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2022-002

Material Weakness - Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The District classified certain transactions incorrectly resulting in material audit adjustments. For the year ended December 31, 2021, loan proceeds were posted as grant proceeds resulting in a decrease of Proceeds from Grant and an increase of Proceeds from Loan of \$150,343.

These misstatements were caused by confusion over proper posting. As a result, these reclassifications and some additional immaterial adjustments, with which the District's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements. Adjustments were also made to the footnotes to the financial statements.

The District should ensure transactions are properly classified and take additional care in posting transactions to the District's ledgers in order to ensure the financial statements reflect the appropriate classifications.

Officials' Response: We will discuss with the accountant on how better to document these findings going forward.

OHIO AUDITOR OF STATE KEITH FABER



SUNDAY CREEK VALLEY WATER DISTRICT

ATHENS 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 7/9/2024

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

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