



OHIO AUDITOR OF STATE
KEITH FABER



**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY
DECEMBER 31, 2021 AND 2020**

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Twin City Water and Sewer District
Tuscarawas County
308 Grant Street
Dennison, Ohio 44621

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 Twin City Water and Sewer District, Tuscarawas County, Ohio (the District), which comprises the cash balances, receipts and disbursements for the proprietary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the proprietary fund type as of and for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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

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

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

Emphasis of Matter

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding 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 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 July 26, 2022, 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

July 26, 2022

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TWIN CITY WATER & SEWER DISTRICT
Tuscarawas 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	\$3,703,284
Guaranteed Deposits	<u>8,450</u>
<i>Total Operating Cash Receipts</i>	<u>3,711,734</u>
 Operating Cash Disbursements	
Personal Services	1,024,678
Benefits	505,199
Berm Repairs	39,751
Utilities	336,166
Repairs	319,587
Supplies and Materials	166,707
Capital Outlay	448,214
Guaranteed Deposits	7,404
Purchased Services	<u>201,809</u>
 Total Operating Cash Disbursements	 <u>3,049,515</u>
 <i>Operating Income</i>	 <u>662,219</u>
 Non-Operating Cash Receipts	
Proceeds of EPA Grant	41,600
Proceeds of EPA Loan	73,921
Proceeds of OWDA Loans	3,023,831
Intergovernmental Revenues	25,300
Interest	3,879
Other Non-Operating Revenues	<u>194,324</u>
 <i>Total Non-Operating Cash Receipts</i>	 <u>3,362,855</u>
 Non-Operating Cash Disbursements	
Debt Service	3,718,953
Other Non-Operating Cash Disbursements	<u>173,791</u>
 Total Non-Operating Cash Disbursements	 <u>3,892,744</u>
 Net Receipts Over Disbursements	 <u>132,330</u>
 Fund Cash Balances January 1, 2021	 <u>5,164,547</u>
 <i>Fund Cash Balance December 31, 2021</i>	 <u><u>\$5,296,877</u></u>

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

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TWIN CITY WATER & SEWER DISTRICT

Tuscarawas County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 1 – Reporting Entity

Description of the Entity:

The Twin City Water & Sewer District (the District), Tuscarawas 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 directed by an appointed five-member Board of Trustees. Two Board members each are appointed by the City of Uhrichsville and the Village of Dennison. The remaining Board member is appointed at-large by the Board of Trustees. There are 5 Board of Trustees members. Subdivisions within the District are the Village of Dennison, City of Uhrichsville, a portion of Mill Township and a portion of Union Township. The District provides water and sewer services to residents of the District.

Public Entity Risk Pools

The District participates in the Public Entities Pool of Ohio, a public entity risk pool. Note 5 to the financial statements provide additional information for this entity. This organization is a Public Entity Risk Pool that provides property and casualty coverage for its members and assumes the risk of loss up to the limits of the District's policy.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

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

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

TWIN CITY WATER & SEWER DISTRICT
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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, object level of control, and appropriations may not exceed estimated resources. The District must annually approve appropriation measures and subsequent amendments. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). Appropriations lapse at year end.

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when 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 3.

Deposits and Investments

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

The investment in STAR Ohio (the State Treasurer's investment pool) is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

TWIN CITY WATER & SEWER DISTRICT
Tuscarawas County
Notes to the Financial Statement
For the Year Ended December 31, 2021

Note 2 – Summary Significant Accounting Policies (continued)

Accumulated Leave

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

Note 3 – Budgetary Activity

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

2021 Budgeted vs. Actual Receipts

Budgeted Receipts	Actual Receipts	Variance
<u>\$8,080,492*</u>	<u>\$8,915,536*</u>	<u>\$835,044</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures

Appropriations Authority	Budgetary Expenditures	Variance
<u>\$10,717,352*</u>	<u>\$8,783,206*</u>	<u>\$1,934,146</u>

*Includes transfers not reflected on financial statement.

Note 4 - Deposit and Investments

The District maintains a deposit 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:

	<u>2021</u>
Demand Deposits	\$2,022,434
STAR Ohio	2,651,216
Cash with Fiscal Agent	<u>623,227</u>
	<u>\$5,296,877</u>

TWIN CITY WATER & SEWER DISTRICT
Tuscarawas County
Notes to the Financial Statement
For the Year Ended December 31, 2021

Note 4 - Deposit and Investments (continued)

Deposits

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

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Cash with Fiscal Agent

At fiscal year end, the District had \$ 623,227 cash held by the fiscal agent, which cannot be identified as an investment or deposit. The funds are in an account under the name of Twin City Water & Sewer District, but administrated by Medical Benefits. (See Note 5 for additional information on Medical Benefits Administrators, Inc., third party administrator).

Note 5 - Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District 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 District'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

TWIN CITY WATER & SEWER DISTRICT
Tuscarawas County
Notes to the Financial Statement
For the Year Ended December 31, 2021

Note 5 – Risk Management (continued)

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

Self-Insurance

The District is also self-insured for employee health insurance. The District pays a premium, determined annually, by Medical Benefits Administrators, Inc., its third party self-insurance administrator. The Self Insurance Fund pays covered claims to service providers, and any remaining funds are held in a Money Market Account by Medical Benefits Administrators, Inc., as a reserve to be used for future claims.

Note 6 - Defined Benefit Pension Plan

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

The Ohio Revised Code also prescribes contributions 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 7 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. 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 2020, and 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.

TWIN CITY WATER & SEWER DISTRICT

Tuscarawas County

Notes to the Financial Statement

For the Year Ended December 31, 2021

Note 8 – Debt

Debt outstanding at December 31, 2021 was as follows:

<u>OWDA Loans</u>	<u>Principal</u>	<u>Interest Rate</u>
9514 WW Reservoir	\$464,071	0.550%
9515 WWTP Upgrade	2,025,535	1.590%
9516 Sewer 88	142,272	0.640%
9517 Sewer 88	246,603	0.640%
9518 Midvale Barnhill	128,078	0.790%
9519 Midvale Barnhill	<u>28,159</u>	0.790%
Total	3,034,718	
 <u>Ohio Environmental Protection Agency Loans</u>		
CS392655-02 Reline Trunk	451,438	1%
CS391442-0004 Sludge Press	90,321	1%
FS391442-0008 Well Plant/Fields	3,110,779	0%
CS391442-0010 6 th St L. S.	1,302,808	1%
FS391442-0012 Transmission Line	<u>717,037</u>	1.57%
Total	5,672,383	
 <u>Ohio Public Works Commission</u>		
Loan CN31P	<u>180,211</u>	0%
Total	180,211	
Grand Total	<u>\$ 8,887,312</u>	

Debt relating to the Ohio Water Development Authority (OWDA) loans, Ohio Environmental Protection Agency loans and Ohio Public Works Commission (OPWC) loans were incurred for utility construction projects. Property owned by the District and revenue earned by the District has been pledged to repay these debts.

Of the Ohio Water Development Authority (OWDA) loans, the Midvale Sewer Improvement Project Loan Nos. 9518 and 9519, are being reimbursed to the District by Tuscarawas County, as set forth in an agreement with the County.

TWIN CITY WATER & SEWER DISTRICT

Tuscarawas County

Notes to the Financial Statement

For the Year Ended December 31, 2021

Note 8 – Debt (Continued)

The District was approved for a \$1,529,660 loan from the Ohio Environmental Protection Agency to reline the trunk sewer in 2006.

The District also received \$383,411 loan (#CS391442-004) from the Ohio Environmental Protection Agency for a rotary fan sludge press project in 2010.

The District was approved for a \$4,244,156 loan (#FS391442-0008) from the Ohio Environmental Protection Agency to construct a new well water treatment plant in 2012. The loan is to be repaid over 30 year at 0% interest, using water service charges.

The District was awarded a loan (#CN31P) in 2012 in the amount of \$299,000 from the Ohio Public Works Commission for the installation of an ultraviolet disinfection system. Revenue earned by the District has been pledged to repay this debt over 20 years, at 0% interest.

In 2013, the District was approved for a loan (#CS391442-0010) in the amount of \$1,867,874 from the Ohio Environmental Protection Agency to replace equipment of the 6th Street lift station to prevent sewage overflows during wet-weather events. The loan is to be repaid over 20 years, at an interest rate of 1%, using wastewater service charges. At December 31, 2019, the project is complete.

In 2015, the District was approved for a loan, (#FS391442-0012) in the amount of \$1,237,430 from the Ohio Environmental Protection Agency for the installation of a transmission main line between the new well water treatment plant and storage tank. The loan is to be repaid over 30 years, at an interest rate of 1.57%, using water service charges. As of December 31, 2017, the project is complete.

In 2018, the District was approved for a grant (#CN26V) from the Ohio Public Works Commission (OPWC) in the amount of \$150,000 and approved for a loan (#CN27V) from the Ohio Public Works Commission (OPWC) in the amount of \$150,000, at an interest rate of 0.00% for 30 years for the Eastport Avenue Improvements Phase II. The District was approved for a Critical Infrastructure Grant (CIG) from Tuscarawas County in the amount of \$300,000. The District was also approved for a grant from the Appalachian Regional Commission (ARC Area Development) in the amount of \$200,000 for the Eastport Avenue Improvements Phase II.

In 2018, the District was approved for a loan (#FS391442-0014) from the Ohio Environmental Protection Agency in the amount of \$2,163 at an interest rate of 0% for 5 years for the Asset Management Plan. The District was also approved for principal forgiveness in the amount of \$10,000 from the Ohio Environmental Protection Agency for the Asset Management Plan.

TWIN CITY WATER & SEWER DISTRICT

Tuscarawas County

Notes to the Financial Statement

For the Year Ended December 31, 2021

Note 8 – Debt (Continued)

In 2021, the District was approved for a loan from the Ohio Environmental Protection Agency (#FS391442-0015) in the amount of \$125,570 at an interest rate of 0% for the E. 1st Street water line project. The District was also approved for a grant for lead lines from the Ohio Environmental Protection Agency in the amount of \$41,600 for the E. 1st Street water line project.

On November 19, 2021, the District refinanced through OWDA Loan #9514 and paid off USDA FmHA Loan #91-10 in the amount of \$464,071 at an interest rate of 0.550% for a term of 3 years.

On November 19, 2021, the District refinanced through OWDA Loan #9515 and paid off USDA Sewer System Revenue Bonds Loan #92-16 in the amount of \$2,025,535 at an interest rate of 1.590% for a term of 19.5 years.

On November 19, 2021, the District refinanced through OWDA Loan #9516 and paid off USDA FmHA Loan #92-05 in the amount of \$142,272 at an interest rate of 0.640% for a term of 5.5 years.

On November 19, 2021, the District refinanced through OWDA Loan #9517 and paid off USDA FmHA Loan #92-03 in the amount of \$246,603 at an interest rate of 0.640% for a term of 5.5 years.

On November 19, 2021, the District refinanced through OWDA Loan #9518 and paid off USDA FmHA Loan #92-07 in the amount of \$128,078 at an interest rate of 0.790% for a term of 7 years.

On November 19, 2021, the District refinanced through OWDA Loan #9519 and paid off USDA FmHA Loan #92-08 in the amount of \$28,159 at an interest rate of 0.790% for a term of 7 years.

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

Year Ending December 31	OWDA Loans	Ohio EPA Loans	OPWC Loan
2022	\$186,426	\$375,255	\$14,417
2023	372,853	375,255	14,417
2024	372,853	375,255	14,417
2025	294,711	375,255	14,417
2026	216,570	375,255	14,417
2027-2031	736,839	1,485,225	72,084
2032-2036	607,198	1,245,759	36,042
2037-2041	607,198	883,839	
2042-2046		441,958	
Total	<u>\$3,394,648</u>	<u>\$5,933,056</u>	<u>\$180,211</u>

TWIN CITY WATER & SEWER DISTRICT

Tuscarawas County

Notes to the Financial Statement

For the Year Ended December 31, 2021

Note 9 – Contingent Liabilities

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

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs and revenues cannot be estimated.

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TWIN CITY WATER & SEWER DISTRICT
Tuscarawas County
Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
For the year ended December 31, 2020

Operating Cash Receipts

Charges for Services	\$3,592,241
Guaranteed Deposits	8,500

Total Operating Cash Receipts 3,600,741

Operating Cash Disbursements

Personal Services	918,706
Benefits	476,091
Berm Repairs	23,029
Utilities	323,789
Repairs	282,156
Supplies and Materials	149,553
Capital Outlay	66,654
Guaranteed Deposits	7,400
Purchased Services	194,979

Total Operating Cash Disbursements 2,442,357

Operating Income 1,158,384

Non-Operating Cash Receipts

Intergovernmental Revenues	25,167
Interest	17,708
Other Non-Operating Revenues	189,624

Total Non-Operating Cash Receipts 232,499

Non-Operating Cash Disbursements

Debt Service	759,679
Other Non-Operating Cash Disbursements	167,933

Total Non-Operating Cash Disbursements 927,612

Net Receipts Over Disbursements 463,271

Fund Cash Balances January 1, 2020 4,701,276

Fund Cash Balance December 31, 2020 \$5,164,547

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

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TWIN CITY WATER & SEWER DISTRICT

Tuscarawas County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 1 – Reporting Entity

Description of the Entity:

The Twin City Water & Sewer District (the District), Tuscarawas 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 directed by an appointed five-member Board of Trustees. Two Board members each are appointed by the City of Uhrichsville and the Village of Dennison. The remaining Board member is appointed at-large by the Board of Trustees. There are 5 Board of Trustees members. Subdivisions within the District are the Village of Dennison, City of Uhrichsville, a portion of Mill Township and a portion of Union Township. The District provides water and sewer services to residents of the District.

Public Entity Risk Pool

The District participates in the Public Entities Pool of Ohio, a public entity risk pool. Note 5 to the financial statements provide additional information for this entity. This organization is a Public Entity Risk Pool that provides property and casualty coverage for its members and assumes the risk of loss up to the limits of the District's policy.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The District recognized 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 statement include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

TWIN CITY WATER & SEWER DISTRICT
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

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, object level of control, and appropriations may not exceed estimated resources. The District must annually approve appropriation measures and subsequent amendments. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). Appropriations lapse at year end.

Estimated Resources

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

Encumbrances

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

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

The investment in STAR Ohio (the State Treasurer's investment pool) is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

TWIN CITY WATER & SEWER DISTRICT
Tuscarawas County
Notes to the Financial Statement
For the Year Ended December 31, 2020

Note 2 – Summary Significant Accounting Policies (continued)

Capital Assets

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

Accumulated Leave

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts

<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
<u>\$4,994,026*</u>	<u>\$5,098,148*</u>	<u>\$104,122</u>

*Includes transfers not reflected on financial statement.

2020 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Appropriations Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
<u>\$6,168,058*</u>	<u>\$4,634,877*</u>	<u>\$1,533,181</u>

*Includes transfers not reflected on financial statement.

Note 4 - Deposit and Investments

The District maintains a deposit 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:

TWIN CITY WATER & SEWER DISTRICT
Tuscarawas County
Notes to the Financial Statement
For the Year Ended December 31, 2020

Note 4 - Deposit and Investments (continued)

	<u>2020</u>
Demand Deposits	\$2,365,252
STAR Ohio	2,174,194
Cash with Fiscal Agent	<u>625,101</u>
	<u>\$5,164,547</u>

Deposits

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

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Cash with Fiscal Agent

At fiscal year end, the District had \$ 625,101 cash held by the fiscal agent, which cannot be identified as an investment or deposit. The funds are in an account under the name of Twin City Water & Sewer District, but administrated by Medical Benefits. (See Note 5 for additional information on Medical Benefits Administrators, Inc., third party administrator).

Note 5 - Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability

TWIN CITY WATER & SEWER DISTRICT
Tuscarawas County
Notes to the Financial Statement
For the Year Ended December 31, 2020

Note 5 – Risk Management (continued)

- 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>2020</u>
Cash and investments	\$40,318,971
Actuarial liabilities	\$14,111,510

Self-Insurance

The District is also self-insured for employee health insurance. The District pays a premium, determined annually, by Medical Benefits Administrators, Inc., its third party self-insurance administrator. The Self Insurance Fund pays covered claims to service providers, and any remaining funds are held in a Money Market Account by Medical Benefits Administrators, Inc., as a reserve to be used for future claims.

Note 6 - Defined Benefit pension Plan

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

The Ohio Revised Code also prescribes contributions 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, 2020.

Note 7 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0.0 percent during calendar year 2019, and 0.0 percent during calendar year 2020.

TWIN CITY WATER & SEWER DISTRICT
Tuscarawas County
Notes to the Financial Statement
For the Year Ended December 31, 2020

Note 8 – Debt

Debt outstanding at December 31, 2020 was as follows:

<u>USDA FmHA Loans</u>	<u>Principal</u>	<u>Interest Rate</u>
Uhrichsville Dennison No. 91-10	\$549,000	5%
Midvale No. 92-03	232,000	6.125%
Midvale No. 92-05	134,000	6%
Midvale No. 92-07	136,000	6.25%
Midvale No. 92-08	<u>30,000</u>	6%
Total	1,081,000	

Ohio Environmental Protection Agency Loans

CS392655-02	Reline Trunk	530,890	1%
CS391442-0004	Sludge Press	99,866	1%
FS391442-0008	Well Plant/Fields	3,252,178	0%
CS391442-0010	6 th St L. S.	1,392,512	1%
FS391442-0012	Transmission Line	<u>740,868</u>	1.57%
	Total	6,016,314	

Ohio Public Works Commission

Loan CN31P	<u>194,628</u>	0%
Total	194,628	

USDA Sewer System Revenue Bonds

Loan No. 92-16	<u>2,060,000</u>	4.5%
Total	<u>2,060,000</u>	
Grand Total	<u>\$9,351,942</u>	

TWIN CITY WATER & SEWER DISTRICT

Tuscarawas County

Notes to the Financial Statement

For the Year Ended December 31, 2020

Note 8 – Debt (Continued)

Debt relating to the United States Department of Agriculture Farmers Home Administration (USDAFmHA) loans, Ohio Environmental Protection Agency loans and Ohio Public Works Commission (OPWC) loans were incurred for utility construction projects. Property owned by the District and revenue earned by the District has been pledged to repay these debts.

Of the Farmers Home Administration Loans, the Midvale Sewer Improvement Project Loan Nos. 92-07 and 92-08, are being reimbursed to the District by Tuscarawas County, as set forth in an agreement with the County.

The District issued USDA Sewer System Revenue Bonds in September 2001 in the amount of \$2,828,000 to finance improvements at the wastewater treatment plant, which were mandated by the OhioEPA.

The District was approved for a \$1,529,660 loan from the Ohio Environmental Protection Agency to reline the trunk sewer in 2006.

The District also received \$383,411 loan (#CS391442-004) from the Ohio Environmental Protection Agency for a rotary fan sludge press project in 2010.

The District was approved for a \$4,244,156 loan (#FS391442-0008) from the Ohio Environmental Protection Agency to construct a new well water treatment plant in 2012. The loan is to be repaid over 30 year at 0% interest, using water service charges.

The District was awarded a loan (#CN31P) in 2012 in the amount of \$299,000 from the Ohio Public Works Commission for the installation of an ultraviolet disinfection system. Revenue earned by the District has been pledged to repay this debt over 20 years, at 0% interest.

In 2013, the District was approved for a loan (#CS391442-0010) in the amount of \$1,867,874 from the Ohio Environmental Protection Agency to replace equipment of the 6th Street lift station to prevent sewage overflows during wet-weather events. The loan is to be repaid over 20 years, at an interest rate of 1%, using wastewater service charges. At December 31, 2019, the project is complete.

In 2015, the District was approved for a loan, (#FS391442-0012) in the amount of \$1,237,430 from the Ohio Environmental Protection Agency for the installation of a transmission main line between the new well water treatment plant and storage tank. The loan is to be repaid over 30 years, at an interest rate of 1.57%, using water service charges. As of December 31, 2017, the project is complete.

TWIN CITY WATER & SEWER DISTRICT

Tuscarawas County

Notes to the Financial Statement

For the Year Ended December 31, 2020

Note 8 – Debt (Continued)

In 2018, the District was approved for a grant (#CN26V) from the Ohio Public Works Commission (OPWC) in the amount of \$150,000 and approved for a loan (#CN27V) from the Ohio Public Works Commission (OPWC) in the amount of \$150,000, at an interest rate of 0.00% for 30 years for the Eastport Avenue Improvements Phase II. The District was approved for a Critical Infrastructure Grant (CIG) from Tuscarawas County in the amount of \$300,000. The District was also approved for a grant from the Appalachian Regional Commission (ARC Area Development) in the amount of \$200,000 for the Eastport Avenue Improvements Phase II.

In 2018, the District was approved for a loan (#FS391442-0014) from the Ohio Environmental Protection Agency in the amount of \$2,163 at an interest rate of 0% for 5 years for the Asset Management Plan. The District was also approved for principal forgiveness in the amount of \$10,000 from the Ohio Environmental Protection Agency for the Asset Management Plan.

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

Year Ending December 31	USDA Sewer System Revenue Bonds	USDA FmHA Loans	Ohio EPA Loans	OPWC Loan
2021	\$153,700	\$218,000	\$375,255	\$14,417
2022	153,955	217,445	375,255	14,417
2023	153,075	216,469	375,255	14,417
2024	154,105	217,048	375,255	14,417
2025	153,955	217,081	375,255	14,417
2026-2030	767,620	229,654	1,580,306	72,084
2031-2035	768,380		1,349,164	50,459
2036-2040	768,805		883,840	
2041-2045	153,615		601,041	
2046-2050			17,684	
Total	<u>\$3,227,210</u>	<u>\$1,315,697</u>	<u>\$6,308,310</u>	<u>\$194,628</u>

TWIN CITY WATER & SEWER DISTRICT

Tuscarawas County

Notes to the Financial Statement

For the Year Ended December 31, 2020

Note 9 – Contingent Liabilities

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

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs and revenues cannot be estimated.

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad 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

Twin City Water and Sewer District
Tuscarawas County
308 Grant Street
Dennison, Ohio 44621

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for the proprietary fund type as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Twin City Water and Sewer District, Tuscarawas County, Ohio (the District), and have issued our report thereon dated July 26, 2022, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

July 26, 2022

Twin City Water & Sewer District

308 GRANT STREET
DENNISON, OHIO 44621

PHONE (740) 922-1460
FAX (740) 922-2813

SUMMARY SCHEDULE OF PRIOR AUDIT FINDING

DECEMBER 31, 2021 AND 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Significant Deficiency for improper posting of receipts.	Corrected	

OHIO AUDITOR OF STATE KEITH FABER



TWIN CITY WATER AND SEWER DISTRICT

TUSCARAWAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/9/2022

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