



**SANDUSKY TOWNSHIP SEWER DISTRICT  
SANDUSKY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2023-2022**



**SANDUSKY TOWNSHIP SEWER DISTRICT  
SANDUSKY COUNTY  
DECEMBER 31, 2023 AND 2022**

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## INDEPENDENT AUDITOR’S REPORT

Sandusky Township Sewer District  
Sandusky County  
551 Northcrest Avenue  
Fremont, Ohio 43420-9010

To the Board of Trustees:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of Sandusky Township Sewer District, Sandusky County, Ohio (the District), which comprises the cash balances, receipts and disbursements as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of December 31, 2023 and 2022, or the changes in financial position thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 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

August 5, 2024

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**Sandusky Township Sewer District**  
*Sandusky County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balance (Regulatory Cash Basis)*  
*For the Year Ended December 31, 2023*

<hr/> <hr/>	
<b>Operating Cash Receipts</b>	
Charges for Services	<u>\$120,485</u>
<b>Operating Cash Disbursements</b>	
Personal Services	13,854
Auditor/Audit Fees	171
Contractual Services	14,355
Office Supplies and Materials	72
Other - Insurance, Service Change	<u>9,227</u>
<i>Total Operating Cash Disbursements</i>	<u>37,679</u>
<i>Operating Income</i>	<u>82,806</u>
<b>Non-Operating Cash Receipts</b>	
Special Assessments	25,424
Interest Income	<u>23,889</u>
<i>Total Non-Operating Cash Receipts</i>	<u>49,313</u>
<b>Non-Operating Cash Disbursements</b>	
Debt Service	<u>216,167</u>
<i>Net Disbursements Over Receipts</i>	<u>(84,048)</u>
Cash Balances, January 1	<u>709,912</u>
<i>Cash Balances, December 31</i>	<u><u>\$625,864</u></u>

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

**Sandusky Township Sewer District**  
*Sandusky County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2023*

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**Note 1 – Reporting Entity**

Sandusky Township Sewer District, Sandusky County, Ohio (the District), 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. Sandusky Township appoints members to the Board of Trustees to direct the District. There are three Board of Trustees members. The District provides sewer services to residents of the District.

**Public Entity Risk Pool**

The District participates in a public entity risk pool. Note 5 to the financial statement provides additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The District’s financial statement consists of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis).

***Basis of Accounting***

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

***Encumbrances*** The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

**Sandusky Township Sewer District**  
*Sandusky County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2023*

A summary of 2023 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.

Investment in STAR Ohio 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 statement does not report these items as assets.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2023 follows:

2023 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$181,601	\$169,798	\$11,803

  

2023 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$319,301	\$253,846	\$65,455

**Note 4 – 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:

	2023
Demand deposits	\$155,830
STAR Ohio	470,034
Total deposits and investments	\$625,864

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Sandusky Township Sewer District**  
*Sandusky County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2023*

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***Investments***

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

**Note 5 – Risk Management**

***Risk Pool Membership***

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

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

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

**Note 6 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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, 2023.

**Note 7 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

**Sandusky Township Sewer District**  
*Sandusky County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2023*

For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4 percent; however, a portion of the health care rate was funded with reserves.

**Note 8 – Debt**

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

	Principal	Interest Rate
OWDA #3245	\$419,528	4.00%
OWDA #4405	371,337	3.75%
OWDA #5524	115,879	0.00%
OWDA #5804	209,436	1.00%
OWDA #7242	72,690	0.71%
OPWC #CE38F	27,541	0.00%
Total	\$1,216,411	

The OWDA Loan No. 3245 is related to the construction of Phase 1 of the District’s sanitary sewer project. Phase 1 of the sanitary sewer project was completed in 2002. The District started remitting payments for this loan on January 1, 2003. Sewer revenues collateralize this loan.

The OWDA Loan No. 4405 is related to the construction of Phase 1B and 3 of the District’s sanitary sewer project. Phase 1B and 3 of the sanitary sewer project was completed in 2007. The District started remitting payments for this loan on July 1, 2007. Sewer revenues collateralize this loan.

The OWDA Loan No. 5524 is related to the construction of the Fangboner Road portion of the District’s Sanitary Sewer project. The Fangboner Road portion of the sanitary sewer project was completed in 2010. The District started remitting payments for this loan on July 1, 2011. Sewer revenues collateralize this loan.

The OWDA Loan No. 5804 is related to the construction of the Whittaker Drive Lift Stations. The Whittaker Drive Lift Station was completed in 2011. The District started remitting payments for this loan on January 1, 2012. Sewer revenues collateralize this loan.

The OWDA Loan No. 7242 is related to the Construction of Sewer Extension Phase 2 of the District’s sanitary sewer project. The Sewer Extension Phase 2 of the sanitary sewer project was completed in 2016. The District started remitting payments for this loan on July 1, 2016. Sewer Revenues collateralize this loan.

The OPWC Loan No. CE38F is related to the construction of Phase 1B of the District’s sanitary sewer project. Phase 1B of the sanitary sewer project was completed in 2007. The District stated remitting payments for this loan on January 1, 2007. Sewer revenues collateralize this loan.

***Amortization***

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

**Sandusky Township Sewer District**  
*Sandusky County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2023*

<b>Year Ending December 31:</b>	<b>OWDA</b>				
	<b>Loan No. 3245</b>	<b>Loan No. 4405</b>	<b>Loan No. 5524</b>	<b>Loan No. 5804</b>	<b>Loan No. 7242</b>
2024	\$126,261	\$51,423	\$15,451	\$12,743	\$6,087
2025	128,969	51,423	15,451	12,743	6,087
2026	131,853	51,423	15,451	12,743	6,087
2027	67,066	51,423	15,451	12,743	6,087
2028		51,423	15,451	12,743	6,087
2029-2033		179,982	38,624	63,715	30,437
2034-2038				63,715	15,218
2039-2041				38,229	
Total	<u>\$454,149</u>	<u>\$437,097</u>	<u>\$115,879</u>	<u>\$229,374</u>	<u>\$76,090</u>

<b>Year Ending December 31:</b>	<b>OPWC</b>
	<b>Loan No. CE38F</b>
2024	\$7,869
2025	7,869
2026	7,869
2027	3,934
	<u>\$27,541</u>

**Sandusky Township Sewer District**  
*Sandusky County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balance (Regulatory Cash Basis)*  
*For the Year Ended December 31, 2022*

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<b>Operating Cash Receipts</b>	
Charges for Services	<u>\$120,716</u>
<b>Operating Cash Disbursements</b>	
Personal Services	13,849
Audit Fees	2,958
Contractual Services	156
Other - Insurance, Service Change	<u>9,071</u>
<i>Total Operating Cash Disbursements</i>	<u>26,034</u>
<i>Operating Income</i>	<u>94,682</u>
<b>Non-Operating Cash Receipts</b>	
Special Assessments	90,463
Interest Income	<u>7,505</u>
<i>Total Non-Operating Cash Receipts</i>	<u>97,968</u>
<b>Non-Operating Cash Disbursements</b>	
Debt Service	<u>220,524</u>
<i>Net Disbursements Over Receipts</i>	<u>(27,874)</u>
Cash Balances, January 1	<u>737,786</u>
<i>Cash Balances, December 31</i>	<u><u>\$709,912</u></u>

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

**Sandusky Township Sewer District**  
*Sandusky County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

Sandusky Township Sewer District, Sandusky County, Ohio (the District), 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. Sandusky Township appoints members to the Board of Trustees to direct the District. There are three Board of Trustees members. The District provides sewer services to residents of the District.

**Public Entity Risk Pool**

The District participates in a public entity risk pool. Note 5 to the financial statement provides additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Basis of Accounting***

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

***Encumbrances*** The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.



**Sandusky Township Sewer District**  
*Sandusky County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2022*

A summary of 2022 budgetary activity appears in Note 3.

***Deposits and Investments***

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

Investment in STAR Ohio 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 statement does not report these items as assets.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$272,371	\$218,684	(\$53,687)

2022 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$309,671	\$246,558	\$63,113

**Note 4 – 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	\$263,767
STAR Ohio	446,145
Total deposits and investments	\$709,912

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Sandusky Township Sewer District**  
*Sandusky County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2022*

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***Investments***

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

**Note 5 – Risk Management**

***Risk Pool Membership***

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

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

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

**Note 6 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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 7 – Postemployment Benefits**

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

**Sandusky Township Sewer District**  
*Sandusky County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 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 8 – Debt**

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

	Principal	Interest Rate
OWDA #3245	\$523,336	4.00%
OWDA #4405	407,807	3.75%
OWDA #5524	131,330	0.00%
OWDA #5804	220,005	1.00%
OWDA #7242	78,231	0.71%
OPWC #CE23B	2,808	0.00%
OPWC #CE38F	31,475	0.00%
Total	\$1,394,993	

The OWDA Loan No. 3245 is related to the construction of Phase 1 of the District’s sanitary sewer project. Phase 1 of the sanitary sewer project was completed in 2002. The District started remitting payments for this loan on January 1, 2003. Sewer revenues collateralize this loan.

The OWDA Loan No. 4405 is related to the construction of Phase 1B and 3 of the District’s sanitary sewer project. Phase 1B and 3 of the sanitary sewer project was completed in 2007. The District started remitting payments for this loan on July 1, 2007. Sewer revenues collateralize this loan.

The OWDA Loan No. 5524 is related to the construction of the Fangboner Road portion of the District’s Sanitary Sewer project. The Fangboner Road portion of the sanitary sewer project was completed in 2010. The District started remitting payments for this loan on July 1, 2011. Sewer revenues collateralize this loan.

The OWDA Loan No. 5804 is related to the construction of the Whittaker Drive Lift Stations. The Whittaker Drive Lift Station was completed in 2011. The District started remitting payments for this loan on January 1, 2012. Sewer revenues collateralize this loan.

The OWDA Loan No. 7242 is related to the Construction of Sewer Extension Phase 2 of the District’s sanitary sewer project. The Sewer Extension Phase 2 of the sanitary sewer project was completed in 2016. The District started remitting payments for this loan on July 1, 2016. Sewer Revenues collateralize this loan.

The OPWC Loan No. CE23B is related to the construction of Phase 1A of the District’s sanitary sewer project. Phase 1A of the sanitary sewer project was completed in 2002. The District started remitting payments for this loan on July 1, 2003. Sewer revenues collateralize this loan.

The OPWC Loan No. CE38F is related to the construction of Phase 1B of the District’s sanitary sewer project. Phase 1B of the sanitary sewer project was completed in 2007. The District stated remitting payments for this loan on January 1, 2007. Sewer revenues collateralize this loan.

**Sandusky Township Sewer District**  
*Sandusky County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2022*

***Amortization***

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

<b>Year Ending December 31:</b>	<b>OWDA</b>				
	<b>Loan No. 3245</b>	<b>Loan No. 4405</b>	<b>Loan No. 5524</b>	<b>Loan No. 5804</b>	<b>Loan No. 7242</b>
2023	\$123,720	\$51,423	\$15,451	\$12,743	\$6,087
2024	126,261	51,423	15,451	12,743	6,087
2025	128,969	51,423	15,451	12,743	6,087
2026	131,853	51,423	15,451	12,743	6,087
2027	67,066	51,423	15,451	12,743	6,087
2028-2032		231,405	54,075	63,715	30,437
2033-2037				63,715	21,306
2038-2041				50,972	
Total	<u>\$577,869</u>	<u>\$488,520</u>	<u>\$131,330</u>	<u>\$242,117</u>	<u>\$82,178</u>

<b>Year Ending December 31:</b>	<b>OPWC</b>	
	<b>Loan No. CE23B</b>	<b>Loan No. CE38F</b>
2023	\$2,808	\$7,869
2024		7,869
2025		7,869
2026		7,868
	<u>\$2,808</u>	<u>\$31,475</u>

# OHIO AUDITOR OF STATE KEITH FABER



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

Sandusky Township Sewer District  
Sandusky County  
551 Northcrest Avenue  
Fremont, Ohio 43420-9010

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 as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of Sandusky Township Sewer District, Sandusky County, Ohio, (the District) and have issued our report thereon dated August 5, 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 a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

***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*.

***District's Response to Finding***

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

***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

August 5, 2024

**SANDUSKY TOWNSHIP SEWER DISTRICT  
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2023-001**

**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.

Charges for Services receipts and Contractual Services disbursements were overstated by \$477,399 in 2023 and by \$474,029 in 2022.

The District's financial statement and notes to the financial statement oversight and review procedures were not sufficient to help ensure activity is properly recorded and reported in the financial statements and notes. Failure to complete accurate financial statements and notes to the financial statements could lead to the Board making misinformed decisions. Management has agreed to the adjustments above. They have been made to the District ledgers and are reflected in the accompanying financial statements and notes to the financial statements.

The District should develop and implement policies and procedures for oversight and review of the financial statements and notes to the financial statements by the Fiscal Officer and Board of Trustees to help ensure the completeness and accuracy of the District's financial ledgers and reports.

**Officials' Response:**

The District will correct how Charges for Services are recorded in the future.

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# OHIO AUDITOR OF STATE KEITH FABER



**SANDUSKY TOWNSHIP SEWER DISTRICT**

**SANDUSKY 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 8/20/2024**

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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)