

**WHITEWATER TOWNSHIP  
REGIONAL SEWER & WATER DISTRICT  
*HAMILTON COUNTY, OHIO***

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2015 AND 2014**





# Dave Yost • Auditor of State

Board of Trustees  
Whitewater Township Regional Sewer and Water District  
PO Box 532  
Miamitown, Ohio 45041

We have reviewed the *Independent Auditor's Report* of Whitewater Township Regional Sewer and Water District, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Whitewater Township Regional Sewer and Water District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 29, 2016

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**WHITEWATER TOWNSHIP REGIONAL SEWER & WATER DISTRICT  
HAMILTON COUNTY, OHIO**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report.....	1
Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - For the Years Ended December 31, 2015 and 2014 .....	3
Notes to the Financial Statements .....	4
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	10

# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

Whitewater Township Regional Sewer & Water District  
Hamilton County  
P.O. Box 532  
Miamitown, Ohio 45041

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Whitewater Township Regional Sewer & Water District, Hamilton County, (the District) as of and for the years ended December 31, 2015 and 2014.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### ***Basis for Adverse Opinion on U.S Generally Accepted Accounting Principle***

As described in Note 1 of the financial statements, the District prepared these financial statements using 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), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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* paragraph, the financial statements referred to above 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, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Whitewater Township Regional Sewer & Water District, Hamilton County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.



Cincinnati, Ohio  
May 20, 2016

**WHITEWATER TOWNSHIP REGIONAL SEWER & WATER DISTRICT  
HAMILTON COUNTY, OHIO  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
<b>Operating Cash Receipts:</b>		
Sewer Usage Fees	\$ 36,697	\$ 20,125
Tap-in Fees	21,083	10,780
<i>Total Operating Cash Receipts</i>	57,780	30,905
<b>Operating Cash Disbursements:</b>		
Personal Services	11,865	12,275
Utilities	2,472	2,851
Contractual Services	35,476	38,815
Insurance	1,403	1,403
Miscellaneous	4,270	3,721
<i>Total Operating Cash Disbursements</i>	55,486	59,065
<i>Operating Income (Loss)</i>	2,294	(28,160)
<b>Non-Operating Cash Receipts</b>		
Special Assessments	160,829	157,964
Intergovernmental Revenues	432,853	1,431,309
OWDA Loan Proceeds	195,448	175,614
Interest	2,576	521
<i>Total Non-Operating Cash Receipts</i>	791,706	1,765,408
<b>Non-Operating Cash Disbursements</b>		
Capital Outlay	449,053	275,356
Principal Payment	372,430	378,309
Interest Expense	83,873	90,849
Other Non-Operating Cash Disbursements	5,339	4,961
<i>Total Non-Operating Cash Disbursements</i>	910,695	749,475
<i>Net Receipts Over/(Under) Disbursements</i>	(116,695)	987,773
Cash Balances, January 1	1,366,227	378,454
<i>Cash Balances, December 31</i>	\$ 1,249,532	\$ 1,366,227

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



**WHITEWATER TOWNSHIP REGIONAL SEWER & WATER DISTRICT  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Whitewater Township Regional Sewer & Water District, Hamilton County, Ohio (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a five-member Board of Trustees. The Board is appointed by the Whitewater Township Board of Trustees, and only those members who are residents of an area within the District's territory are eligible to serve as Board members. The District provides sewer services to residents of the District.

The Village participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. PEP provides property and casualty coverage for its members. 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.

**B. 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 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. 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.

STAR Ohio is recorded at share values the mutual funds report.

**D. Budgetary Process**

The Ohio Revised Code requires the District to budget annually.

**1. 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 Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**WHITEWATER TOWNSHIP REGIONAL SEWER & WATER DISTRICT  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(continued)**

**D. Budgetary Process**

The Ohio Revised Code requires the District to budget annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are canceled and re-appropriated in the subsequent year.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

**E. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2015	2014
Demand deposits	\$6,004	\$1,075
Other time deposits (savings account)	1,987	1,987
STAR Plus	962,673	1,000,356
Total deposits	970,664	1,003,418
STAR Ohio	278,868	362,809
Total investments	278,868	362,809
Total deposits and investments	\$1,249,532	\$1,366,227

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

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

**WHITEWATER TOWNSHIP REGIONAL SEWER & WATER DISTRICT  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$ 841,571	\$ 849,486	\$ 7,915

2015 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$ 995,000	\$ 966,181	\$ 28,819

2014 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$ 1,795,792	\$ 1,796,313	\$ 521

2014 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$ 810,540	\$ 808,540	\$ 2,000

**4. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
OWDA Construction Loan #3502	\$637,606	5.15%
OWDA Construction Loan #4275	1,572,837	1%
OPWC Loan Project #CB22G	200,000	0%
OWDA Construction Loan #5260	320,970	1%
OWDA Construction Loan #5904	2,149,768	1%
OWDA Construction Loan #6437	290,702	1.5%
Total	\$5,171,883	

The OWDA (Ohio Water Development Authority) Construction Loan #3502 was issued on June 28, 2001, for the purpose of constructing a sewer line. OWDA approved \$1,358,971 in loans to the District for this project. This project was completed in 2004. The loan will be repaid semiannually over a period of 20 years at an interest rate of 5.15%.

**WHITEWATER TOWNSHIP REGIONAL SEWER & WATER DISTRICT  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(continued)**

The OWDA Construction Loan #4275 was issued on March 31, 2005, for the purpose of constructing a sewer line. OWDA approved \$2,737,337 in loans to the District for this project. This project was completed in 2010. The loan will be repaid over a period of 20 years at an interest rate of 1%.

The OPWC (Ohio Public Works Commission) Loan #CB22G was issued in 2005 for the purpose of constructing a sewer line. OPWC approved \$400,000 in loans to the District for this project. The loan will be repaid over a period of 20 years at an interest rate of 0%.

The OWDA Construction Loan #5260 was issued on September 24, 2009, for the purpose of constructing a sewer line. OWDA approved \$417,722 in loans to the District for this project. This project was completed in 2013. The loan will be repaid over a period of 20 years at an interest rate of 1%.

The OWDA Construction Loan #5904 was issued on July 28, 2011, for the purpose of constructing a sewer line. OWDA has approved up to \$2,625,218 in loans to the District for this project. As of December 31, 2015, the District has drawn down \$2,506,436 of available funds. Repayment of the loan began in July 2013 and will be repaid over 20 years at an interest rate of 1%. This loan is not included in the amortization schedule below because a repayment schedule has not been established.

The OWDA Construction Loan #6437 was issued on April 25, 2013, for the purpose of constructing a sewer line. OWDA approved \$318,436 in loans to the District for this project. This project was completed in 2015. The loan will be repaid over a period of 20 years at an interest rate of 1.5%.

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

Year ending December 31:	OWDA Construction Loan #3502	OWDA Construction Loan #4275	OWPC Loan Project #CB22G	OWDA Construction Loan #5260	OWDA Construction Loan #6437	Total
2016	\$ 102,533	\$ 151,350	\$ 20,000	\$ 23,096	\$ 16,488	\$ 313,467
2017	103,439	151,350	20,000	23,096	16,489	314,374
2018	104,393	151,350	20,000	23,096	16,488	315,327
2019	105,396	151,350	20,000	23,096	16,489	316,331
2020	106,451	151,350	20,000	23,096	16,488	317,385
2021-2025	216,292	756,751	100,000	115,481	92,443	1,280,967
2026-2030	-	151,350	-	115,481	92,442	359,273
2031-2034	-	-	-	-	55,465	55,465
<b>Total</b>	<b>\$ 738,504</b>	<b>\$ 1,664,851</b>	<b>\$ 200,000</b>	<b>\$ 346,442</b>	<b>\$ 322,792</b>	<b>\$ 3,272,589</b>

**WHITEWATER TOWNSHIP REGIONAL SEWER & WATER DISTRICT  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(continued)**

**5. RETIREMENT SYSTEMS**

All full-time employees of the District belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2015 and 2014, OPERS members contributed 10% of their gross wages into the plan. For 2015 and 2014 the District contributed an amount equal to 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2015.

**6. 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 belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015:

	2014	2015
Assets	\$35,402,177	\$38,307,677
Liabilities	(12,363,257)	(12,759,127)
Net Position	\$23,038,920	\$25,548,550

**WHITEWATER TOWNSHIP REGIONAL SEWER & WATER DISTRICT  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(continued)**

At December 31, 2014 and 2015, respectively, the liabilities above include approximately 11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the District's share of these unpaid claims collectible in future years is approximately \$1,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP	
2014	2015
\$1,403	\$1,403

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

# Bastin & Company, LLC

*Certified Public Accountants*

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

Whitewater Township Regional Sewer & Water District  
Hamilton County  
P.O. Box 532  
Miami town, Ohio 45041

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Whitewater Township Regional Sewer & Water District, Hamilton County, (the District) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated May 20, 2016 wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated May 20, 2016.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bastin & Company, L L C*

Cincinnati, Ohio  
May 20, 2016





# Dave Yost • Auditor of State

**WHITEWATER TOWNSHIP REGIONAL SEWER DISTRICT  
HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 12, 2016**