



OHIO AUDITOR OF STATE
KEITH FABER



**PLEASANT VALLEY REGIONAL SEWER DISTRICT
ROSS COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Pleasant Valley Regional Sewer District
Ross County
1822 Anderson Station Road
Chillicothe, Ohio 45601

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Pleasant Valley Regional Sewer District, Ross County, Ohio (the District) as of and for the years ended December 31, 2018 and 2017.

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 such 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 Principles

As described in Note 2 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, 2018 and 2017, and the respective changes in financial position 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 cash balances, receipts and disbursements by fund type, and related notes of the Pleasant Valley Regional Sewer District, Ross County as of December 31, 2018 and 2017, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2019, 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.



Keith Faber
Auditor of State

Columbus, Ohio

June 5, 2019

Pleasant Valley Regional Sewer District
Ross County
Combined Statement of Receipts, Disbursements
And Changes in Fund Balances (Regulatory Cash Basis) - Enterprise Funds
For the Year Ended December 31, 2018

Operating Cash Receipts	
Charges for Services	\$968,882
Other Operating Receipts	13,470
	<u>982,352</u>
<i>Total Operating Cash Receipts</i>	
	<u>982,352</u>
Operating Cash Disbursements	
Purchased Services	283,815
Personal Services	352,400
Materials and Supplies	40,368
Other	23,516
	<u>700,099</u>
<i>Total Operating Cash Disbursements</i>	
	<u>700,099</u>
<i>Operating Income/(Loss)</i>	
	<u>282,253</u>
Non-Operating Cash Receipts	
Intergovernmental	44,392
Interest	1,014
	<u>45,406</u>
<i>Total Non-Operating Cash Receipts</i>	
	<u>45,406</u>
Non-Operating Cash Disbursements	
Purchased Services	71,957
Capital Outlay	70,985
Principal Payments	227,317
Interest and Fiscal Charges	74,575
	<u>444,834</u>
<i>Total Non-Operating Cash Disbursements</i>	
	<u>444,834</u>
<i>Net Receipts Over/(Under) Disbursements</i>	
	<u>(117,175)</u>
Cash Balances, January 1	
	<u>1,541,222</u>
<i>Cash Balances, December 31</i>	
	<u>\$1,424,047</u>

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

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Pleasant Valley Regional Sewer District
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The Pleasant Valley Regional Sewer District (the District), Ross 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. Each political subdivision within the District appoints one member to the Board of Trustees to direct the District. There are five Board of Trustees members. Subdivisions within the District are Twin, Union and Scioto Townships, Ross County Commissioners and Ross County Water Company. The District provides sewer services to residents of the District.

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 Board of Trustees recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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 (D) permit.

Budgetary Process

The Ohio Revised Code requires that the Board budget annually.

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

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. The District did use the encumbrance method of accounting.

A summary of 2018 budgetary activity appears in Note 3.

Pleasant Valley Regional Sewer District
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 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 2018 follows:

2018 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$1,080,342	\$1,027,758	\$52,584

2018 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$1,318,645	\$1,144,933	\$173,712

Note 4 – Deposits 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:

Pleasant Valley Regional Sewer District
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2018

	2018
Demand deposits	\$1,173,478
Total deposits	1,173,478
STAR Ohio	250,569
Total investments	250,569
Total deposits and investments	\$1,424,047

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation. The District’s deposits are 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

In November 2018, the District invested funds into a STAR Ohio account.

Note 5 – Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general Liability;
- Inland Marine and Vehicles; and
- Public Officials and Management Liability.

In July 2018, the District paid in excess of \$50,000 for a temporary and permanent repair of a force main pipe that crosses under North Fork of Paint Creek. A claim was submitted to insurance but denied.

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

District full-time employees belong to the Ohio Public Employees Retirement System (OPERS). District Board of Trustees do not contribute to 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 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, 2018.

Pleasant Valley Regional Sewer District
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 8 – Debt

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
OWDA Loan #3325	\$424,839	3.00%
OWDA Loan #5122	185,525	4.00%
OPWC Loan	75,000	0.00%
Ross Co. Commissioners Capital Lease	140,318	5.15%
USDA Loan #92-03	1,347,000	3.13%
Total	\$2,172,682	

In 2001, the Ohio Water Development Authority (OWDA) loan #3325 in \$2,437,042 was used to improve and expand the existing sewer plant. The loan is being repaid in semi-annual installments over 20 years with the last payment due in July 2021. The loan is secured by sewer receipts. The District has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2009, Ohio Water Development Authority (OWDA) loan #5122 in the amount of \$227,398 was used for the expansion of sewer lines to the Green Acres Subdivision and Slate Mills area. The lease will be repaid in semi-annual installments over 30 years with the last payment scheduled to be made in December 2039.

The Ohio Public Works Commission (OPWC) loan proceeds of \$500,000 received in 2001 were used for the expansion of the sewer plant. The loan is being repaid in semi-annual installments over 20 years with the last payment due in January 2022.

In 2004, the District entered into a lease agreement with the Ross County Commissioners for the purpose of leasing sewage lines and appurtenances in order to transport raw sewage, effluent, wastewater and other waste substances and materials. The lease is being paid in semi-annual installments over 20 years with the last payment due in December 2024.

The District entered into a loan agreement, Water Resource Revenue Bonds, Series 2015, with United States Department of Agriculture Rural Development (USDA) in March 2015 for \$1,403,000. The loan was for the construction of a new administration building and improvements to the treatment plant. The loan is being repaid in annual installments over 40 years with the last payment due in March 2055.

Pleasant Valley Regional Sewer District
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2018

The mortgage revenue bond covenant requires the District to establish and fund a debt service reserve bank account, included as a debt service fund. The balance in the fund at December 31, 2018, is \$62,068. Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OWDA	OPWC	Commissoners Capital Lease	USDA
2019	\$189,276	\$25,000	\$27,481	\$61,894
2020	191,215	25,000	27,481	62,088
2021	102,893	25,000	27,481	61,934
2022	13,073	0	27,481	61,875
2023	13,083	0	27,481	61,897
2024-2028	65,574	0	27,136	309,926
2029-2033	65,887	0	0	309,723
2034-2038	66,271	0	0	309,731
2039-2043	13,308	0	0	309,660
2044-2048	0	0	0	309,793
2049-2053	0	0	0	309,626
2054-2055	0	0	0	123,875
Total	<u>\$720,580</u>	<u>\$75,000</u>	<u>\$164,541</u>	<u>\$2,292,022</u>

Debt principal outstanding at December 31, 2018, was \$2,172,682.

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Pleasant Valley Regional Sewer District
Ross County
Combined Statement of Receipts, Disbursements
And Changes in Fund Balances (Regulatory Cash Basis) - Enterprise Funds
For the Year Ended December 31, 2017

Operating Cash Receipts	
Charges for Services	\$939,319
Other Operating Receipts	19,784
	<u>959,103</u>
<i>Total Operating Cash Receipts</i>	
Operating Cash Disbursements	
Purchased Services	306,520
Personal Services	334,661
Materials and Supplies	30,741
Other	33,355
	<u>705,277</u>
<i>Total Operating Cash Disbursements</i>	
<i>Operating Income/(Loss)</i>	
	<u>253,826</u>
Non-Operating Cash Receipts	
Intergovernmental	42,946
Interest	361
	<u>43,307</u>
<i>Total Non-Operating Cash Receipts</i>	
Non-Operating Cash Disbursements	
Purchased Services	34,782
Capital Outlay	59,567
Principal Payments	239,932
Interest and Fiscal Charges	80,125
	<u>414,406</u>
<i>Total Non-Operating Cash Disbursements</i>	
<i>Net Receipts Over/(Under) Disbursements</i>	
	<u>(117,273)</u>
Cash Balances, January 1	<u>1,658,495</u>
<i>Cash Balances, December 31</i>	<u>\$1,541,222</u>

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

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Pleasant Valley Regional Sewer District
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The Pleasant Valley Regional Sewer District (the District), Ross 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. Each political subdivision within the District appoints one member to the Board of Trustees to direct the District. There are five Board of Trustees members. Subdivisions within the District are Twin, Union and Scioto Townships, Ross County Commissioners and Ross County Water Company. The District provides sewer services to residents of the District.

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 Board of Trustees recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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 (D) permit.

Budgetary Process

The Ohio Revised Code requires that the Board budget annually.

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

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. The District did use the encumbrance method of accounting.

A summary of 2017 budgetary activity appears in Note 3.

Pleasant Valley Regional Sewer District
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2017 follows:

2017 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$1,102,801	\$1,002,410	\$100,391

2017 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$1,305,503	\$1,119,683	\$185,820

Note 4 – Deposits 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:

	2017
Demand deposits	\$1,541,222

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation. The District's deposits are collateralized by the financial institution's public entity deposit pool through November 2017 and then the financial institution joined OPCS.

Pleasant Valley Regional Sewer District
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 5 – Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and General liability;
- Inland Marine and Vehicles; and
- Public Officials and Management Liability.

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

District full-time employees belong to the Ohio Public Employees Retirement System (OPERS). District Board of Trustees do not contribute to 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 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, 2017.

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 1.0 percent during calendar year 2017.

Note 8 – Debt

Debt outstanding at December 31, 2017, was as follows:

	Principal	Interest Rate
OWDA Loan #3325	\$582,902	3.00%
OWDA Loan #5122	\$190,978	4.00%
OPWC Loan	\$100,000	0.00%
Ross County Commissioners Capital Lease	\$159,820	5.15%
USDA Loan #92-03	\$1,366,300	3.13%
Total	\$2,400,000	

Pleasant Valley Regional Sewer District

Ross County

Notes to the Financial Statements

For the Year Ended December 31, 2017

In 2001, the Ohio Water Development Authority (OWDA) loan 3325, in the amount of \$2,437,042 was used to improve and expand the existing sewer plant. The loan is being repaid in semi-annual installments over 20 years with the last payment due in July 2021. The loan is secured by sewer receipts. The District has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2009, Ohio Water Development Authority (OWDA) loan 5122 in the amount of \$227,398 was used for the expansion of sewer lines to the Green Acres Subdivision and Slate Mills area. The lease will be repaid in semi-annual installments over 30 years with the last payment scheduled to be made in December 2039.

The Ohio Public Works Commission (OPWC) loan proceeds of \$500,000 received in 2001 were used for the expansion of the sewer plant. The loan is being repaid in semi-annual installments over 20 years with the last payment due in January 2022.

In 2004, the District entered into a lease agreement with the Ross County Commissioners for the purpose of leasing sewage lines and appurtenances in order to transport raw sewage, effluent, wastewater and other waste substances and materials. The lease is being paid in semi-annual installments over 20 years with the last payment due in December 2024.

The District entered into a loan agreement, Water Resource Revenue Bonds, Series 2015, with United States Department of Agriculture Rural Development in March 2015 for \$1,403,000. The loan was for the construction of a new administration building and improvements to the treatment plant. The loan is being repaid in annual installments over 40 years with the last payment due in March 2055.

The mortgage revenue bond covenant requires the District to establish and fund a debt service reserve fund, included as a debt service bank account. The balance in the fund at December 31, 2017, is \$55,864.

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

Year Ending December 31:	OWDA	OPWC	Commissioners Capital Lease	USDA
2018	187,415	25,000	27,481	61,997
2019	189,275	25,000	27,481	61,894
2020	191,215	25,000	27,481	62,088
2021	102,893	25,000	27,481	61,934
2022	13,073	0	27,481	61,875
2023-2027	65,519	0	54,618	309,760
2028-2032	65,819	0	0	309,874
2033-2037	66,188	0	0	309,706
2038-2042	26,596	0	0	309,678
2043-2047	0	0	0	309,762
2048-2052	0	0	0	309,613
2053-2055	0	0	0	185,838
Total	<u>\$907,993</u>	<u>\$100,000</u>	<u>\$192,023</u>	<u>\$2,354,019</u>

Debt principal outstanding at December 31, 2017, was \$2,400,000.

OHIO AUDITOR OF STATE KEITH FABER



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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

Pleasant Valley Regional Sewer District
Ross County
1822 Anderson Station Road
Chillicothe, Ohio 45601

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 cash balances, receipts, and disbursements by fund type of the Pleasant Valley Regional Sewer District, Ross County, (the District) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated June 5, 2019 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 District'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*.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

June 5, 2019

Pleasant Valley Regional Sewer District

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This institution is an equal opportunity provider and employer.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 30, 2018 and 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Ohio Rev. Code section 5705.28 (B)(2) – Budgeting Revenues and Expenditures	Fully Corrected	
2016-002	Ohio Rev. Code section 5705.41 (B) – Expenditures exceed Appropriations	Fully Corrected	
2016-003	Material Weakness – Accounting Records	Fully Corrected	

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OHIO AUDITOR OF STATE KEITH FABER



PLEASANT VALLEY REGIONAL SEWER DISTRICT

ROSS 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
JUNE 25, 2019**