



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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TROY TOWNSHIP WASTEWATER DISTRICT  
ASHLAND COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2018 and 2017  
Fiscal Years Audited Under GAGAS: 2018 and 2017



OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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(800) 282-0370

Board of Trustees  
Troy Township Wastewater District  
P. O. Box 55  
Nova, Ohio 44859

We have reviewed the *Independent Auditor's Report* of Troy Township Wastewater District, Ashland County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2017 through December 31, 2018. 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. Troy Township Wastewater District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber  
Auditor of State  
Columbus, Ohio

September 3, 2019

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Troy Township Wastewater District  
Ashland County  
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**INDEPENDENT AUDITOR'S REPORT**

Troy Township Wastewater District  
Ashland County  
P.O. Box 55  
Nova, Ohio 44859

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 Troy Township Wastewater District, Ashland 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 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, 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 Troy Township Wastewater District, Ashland 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 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 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.



BHM CPA Group, Inc.  
Piketon, Ohio  
June 24, 2019



**Troy Township Wastewater District**  
*Ashland County*  
**Combined Statement of Receipts, Disbursements**  
**And Changes in Fund Balances (Cash Basis)**  
**For the Year Ended December 31, 2018**

<hr/> <hr/>	
<b>Operating Cash Receipts</b>	
Charges for Services	\$69,477
	<hr/>
<i>Total Operating Cash Receipts</i>	<i>69,477</i>
	<hr/>
<b>Operating Cash Disbursements</b>	
Personal Services	11,874
Utilities	4,022
Repairs and Maintenance	4,137
Other Contractual Services	19,579
Office Supplies and Materials	1,312
Insurance	2,564
	<hr/>
<i>Total Operating Cash Disbursements</i>	<i>43,488</i>
	<hr/>
<i>Operating Income/(Loss)</i>	<i>25,989</i>
	<hr/>
<b>Non-Operating Cash Receipts</b>	
Earnings on Investments	3,215
Other Non-Operating Revenues	456
	<hr/>
<i>Total Non-Operating Cash Receipts</i>	<i>3,671</i>
	<hr/>
<b>Non-Operating Cash Disbursements</b>	
Debt Service	42,077
Other Non-Operating Cash Disbursements	88
	<hr/>
<i>Total Non-Operating Cash Disbursements</i>	<i>42,165</i>
	<hr/>
<i>Net Receipts Over/(Under) Disbursements</i>	<i>(12,505)</i>
	<hr/>
Cash Balances, January 1	198,683
	<hr/>
<i>Cash Balances, December 31</i>	<i>\$186,178</i>
	<hr/> <hr/>

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

TROY TOWNSHIP WASTEWATER DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANACIAL STATEMENTS - DECEMBER 31, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Troy Township Waste Water District, Ashland County, TTWWD as a body corporate and politic. The Board of the TTWWD is made up of 5 members. These were appointed by the Troy Township Trustees. Their terms run for 2 years. The District provides solid waste disposal for the Village of Nova. This includes approximately 110 customers who are billed on a monthly basis at a rate of \$58.00 per month for residential and \$87.00 a month for commercial. The bills are due by the 15<sup>th</sup> of the month. If not paid by the 15<sup>th</sup> there is a late charge. The late charge will be a flat \$30.00 per month. The Fiscal Officer for the district prepares and sends out all bills each month, and also collects the payments and records them in the accounting system. The billing system is prepared on QuickBooks, as the State Auditor does not offer a billing system, but the accounting system is prepared on the State Auditors UAN System.

The District participates in the Ohio Plan Risk Management public entity risk pool. Note 8 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. Accounting Basis**

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 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. Deposit and Investments**

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

The District invests in Star Ohio.

TROY TOWNSHIP WASTEWATER DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2018

**D. Fund Accounting**

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

**1. Sewer Operating Fund**

The Sewer Operating Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Debt Service Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The District had the following significant Debt Service Funds: Star Ohio – Debt Service Fund which the district transfers \$3,500 into each month to cover the cost of the Loan payment on January 1. (There are times during the year that the district does not have enough money in the account to make this transfer.) The district also has a Debt Service Reserve Fund, that the district has invested into Star Ohio.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The District 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 individual commitments are made. Encumbrances outstanding at year end are carried over and need not be re-appropriated.

A summary of 2018 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

TROY TOWNSHIP WASTEWATER DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANACIAL STATEMENTS - DECEMBER 31, 2018

**1. Nonspendable**

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Commissioners can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Commissioners amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Commissioners or a District official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. 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.

**H. Accumulated Leave**

The District does not provide vacation or sick leave.

TROY TOWNSHIP WASTEWATER DISTRICT  
 ASHLAND COUNTY  
 NOTES TO THE FINANACIAL STATEMENTS - DECEMBER 31, 2018

**2. Equity in Pooled 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:

	2018
Demand deposits	\$46,986
Total deposits	46,986
STAR Ohio	139,192
Total investments	139,192
Total deposits and investments	\$186,178

**Deposits:**

Deposits are insured by the Federal Depository Insurance Corporation.

**Investments:**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 2018 follows:

2018 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
130,850	73,148	(57,702)

2018 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$145,808	\$85,653	\$60,155

TROY TOWNSHIP WASTEWATER DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANACIAL STATEMENTS - DECEMBER 31, 2018

**4. DEBT**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
USDA Debt	\$ 706,500	4.375%
Total	\$ 706,500	

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

Year Ending December 31:	USDA Loan
2019	\$ 42,109
2020	42,019
2021	42,112
2022	42,078
2023	42,023
2024-2028	210,312
2029-2033	210,309
2034-2038	210,314
2039-2043	210,299
2044-2048	210,278
2049	42,062
Total	\$ 1,303,915

**6. Debt Service Trust Funds**

The District's Revenue bonds require the District to establish a Sewer Debt Service Fund and a Sewer Reserve Fund. These funds are to receive one twelfth and one fifth, respectively, of the monthly receipts. The balances of these funds as of December 31, 2018 are \$43,811. and \$72,671, respectively. For financial reporting purposes, these reserve funds are combined with the District's operating fund.

**7. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10 and 14%, respectively, of their gross salaries and the District contributed an amount equaling 10

TROY TOWNSHIP WASTEWATER DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANACIAL STATEMENTS - DECEMBER 31, 2018

and 14%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2018.

As the Board members are appointed, and according to PERS regulations, the board members pay Social Security and Medicare. No PERS is withheld from their pay.

**8. Risk Management**

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Troy Township Wastewater District**  
*Ashland County*  
**Combined Statement of Receipts, Disbursements**  
**And Changes in Fund Balances (Cash Basis)**  
**For the Year Ended December 31, 2017**

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<b>Operating Cash Receipts</b>	
Charges for Services	\$73,462
	<hr/>
<i>Total Operating Cash Receipts</i>	<i>73,462</i>
	<hr/>
<b>Operating Cash Disbursements</b>	
Personal Services	11,841
Utilities	3,625
Repairs and Maintenance	2,035
Other Contractual Services	18,609
Office Supplies and Materials	1,132
Insurance	2,533
	<hr/>
<i>Total Operating Cash Disbursements</i>	<i>39,775</i>
	<hr/>
<i>Operating Income/(Loss)</i>	<i>33,687</i>
	<hr/>
<b>Non-Operating Cash Receipts</b>	
Earnings on Investments	1,897
Other Non-Operating Revenues	133,295
	<hr/>
<i>Total Non-Operating Cash Receipts</i>	<i>135,192</i>
	<hr/>
<b>Non-Operating Cash Disbursements</b>	
Debt Service	42,024
Other Non-Operating Cash Disbursements	133,216
	<hr/>
<i>Total Non-Operating Cash Disbursements</i>	<i>175,240</i>
	<hr/>
<i>Net Receipts Over/(Under) Disbursements</i>	<i>(6,361)</i>
	<hr/>
Cash Balances, January 1	205,044
	<hr/>
<i>Cash Balances, December 31</i>	<i>\$198,683</i>
	<hr/> <hr/>

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



TROY TOWNSHIP WASTEWATER DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2017

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Troy Township Waste Water District, Ashland County, TTWWD as a body corporate and politic. The Board of the TTWWD is made up of 5 members. These were appointed by the Troy Township Trustees. Their terms run for 2 years. The District provides solid waste disposal for the Village of Nova. This includes approximately 110 customers who are billed on a monthly basis at a rate of \$58.00 per month for residential and \$87.00 a month for commercial. The bills are due by the 15<sup>th</sup> of the month. If not paid by the 15<sup>th</sup> there is a late charge. The late charge will be a flat \$30.00 per month. The Fiscal Officer for the district prepares and sends out all bills each month, and also collects the payments and records them in the accounting system. The billing system is prepared on QuickBooks, as the State Auditor does not offer a billing system, but the accounting system is prepared on the State Auditors UAN System.

The District participates in the Ohio Plan Risk Management public entity risk pool. Note 8 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. Accounting Basis**

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 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. Deposit and Investments**

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

The District invests in Star Ohio.

TROY TOWNSHIP WASTEWATER DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2017

**D. Fund Accounting**

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

**1. Sewer Operating Fund**

The Sewer Operating Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Debt Service Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The District had the following significant Debt Service Funds: Star Ohio – Debt Service Fund which the district transfers \$3,500 into each month to cover the cost of the Loan payment on January 1. (There are times during the year that the district does not have enough money in the account to make this transfer.) The district also has a Debt Service Reserve Fund, that the district has invested into Star Ohio.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The District 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 individual commitments are made. Encumbrances outstanding at year end are carried over and need not be re-appropriated.

A summary of 2017 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

TROY TOWNSHIP WASTEWATER DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2017

**1. Nonspendable**

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Commissioners can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Commissioners amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Commissioners or a District official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. 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.

**H. Accumulated Leave**

The District does not provide vacation or sick leave.

TROY TOWNSHIP WASTEWATER DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2017

**2. Equity in Pooled 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	\$55,591
Total deposits	55,591
STAR Ohio	143,092
Total investments	143,092
Total deposits and investments	\$198,683

**Deposits:**

Deposits are insured by the Federal Depository Insurance Corporation.

**Investments:**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 2017 follows:

2017 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$261,296	\$208,654	(\$52,642)

2017 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$302,820	\$215,015	\$87,805

**4. DEBT**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
USDA Debt	\$ 717,200	4.375%
Total	\$ 717,200	

TROY TOWNSHIP WASTEWATER DISTRICT  
 ASHLAND COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2017

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

Year Ending December 31:	USDA Loan
2018	\$ 42,078
2019	42,109
2020	42,019
2021	42,112
2022	42,078
2023-2027	210,271
2028-2032	210,324
2033-2037	210,261
2038-3042	210,306
2043-2047	210,319
2048-2049	84,115
Total	<u>\$ 1,345,992</u>

**6. Debt Service Trust Funds**

The District's Revenue bonds require the District to establish a Sewer Debt Service Fund and a Sewer Reserve Fund. These funds are to receive one twelfth and one fifth, respectively, of the monthly receipts. The balances of these funds as of December 31, 2017 are \$43,748 and \$72,671, respectively. For financial reporting purposes, these reserve funds are combined with the District's operating fund.

**7. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10 and 14%, respectively, of their gross salaries and the District contributed an amount equaling 10 and 14%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2017.

As the Board members are appointed, and according to PERS regulations, the board members pay Social Security and Medicare. No PERS is withheld from their pay.

TROY TOWNSHIP WASTEWATER DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2017

**8. Risk Management**

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



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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**

Troy Township Wastewater District  
Ashland County  
P.O. Box 55  
Nova, Ohio 44859

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 Troy Township Wastewater District, Ashland 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 24, 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 opinions 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

***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*.

***District's Response to Findings***

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.  
Piketon, Ohio  
June 24, 2019



TROY TOWNSHIP WASTEWATER DISTRICT  
ASHLAND COUNTY

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

**FINDING NUMBER 2018-001**

**Material Weakness- *Internal Controls related to financial reporting***

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustment or reclassification:

- The Sewer Operating Fund was misclassified as a general fund.
- Interest receipts
- Non-operating disbursements
- Fund Balances

To ensure the District's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the correct line item to post various receipts and expenditures of the District.

**Client Response:** A Sewer Operating Fund has been set up in UAN. Going forward, the District will post all appropriate receipts and disbursements into the Sewer Operating Fund.

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**TROY TOWNSHIP WASTE WATER DISTRICT**

**ASHLAND 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  
SEPTEMBER 17, 2019**