

***ATWOOD REGIONAL WATER AND SEWER
DISTRICT***

TUSCARAWAS COUNTY

Regular Audit

For the Years Ended December 31, 2019 and 2018





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Board of Trustees
Atwood Regional Water and Sewer District
P.O. Box 100
Dellroy, OH 44620

We have reviewed the *Independent Auditor's Report* of the Atwood Regional Water and Sewer District, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. 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. The Atwood Regional Water and Sewer District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

July 28, 2020

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Atwood Regional Sewer and Water District
Tuscarawas County
For the Years Ended December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

Atwood Regional Water and Sewer District
Tuscarawas County
P.O. Box 100
Dellroy, Ohio 44620

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements and related notes of the Atwood Regional Water and Sewer District, Tuscarawas County, (the District) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 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 determined, 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, 2019 and 2018, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

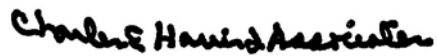
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements and related notes of the Atwood Regional Water and Sewer District, Tuscarawas County as of December 31, 2019 and 2018, for the years then ended in accordance 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.

Emphasis of Matter

As discussed in Note 10 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 11, 2020

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES- PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Operating Cash Receipts	
Charges for Services	\$ 1,187,609
Other Operating Receipts	<u>4,314</u>
Total Operating Cash Receipts	1,191,923
Operating Cash Disbursements	
Personal Services	463,693
Contractual Services	102,680
Materials, Supplies and Equipment	110,457
Utilities	153,145
Other Operating Expenses	<u>57,812</u>
Total Operating Cash Disbursements	<u>887,787</u>
Operating (Loss)	304,136
Non-Operating Cash Receipts	
Rent, Royalties and Interest on Investments	10,355
Other Non-Operating Revenues	<u>3,901</u>
Total Non-Operating Cash Receipts	<u>14,256</u>
Non-Operating Cash Disbursements	
Interest and Fiscal Charges	66,124
Debt Service	<u>221,104</u>
Total Non-Operating Cash Disbursements	<u>287,228</u>
Net Receipts (Over) Disbursements	31,164
Cash Balance, January 1	<u>651,687</u>
Cash Balance, December 31	<u><u>\$ 682,851</u></u>

The accompanying notes are an integral part of the financial statements

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Atwood Regional Water and Sewer District (the District), Carroll and Tuscarawas Counties, 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. North Shore Association, Sunset Valley Civic Association, Atwood Glens Associations, HARCATUS, Central Atwood Lake, The Village of Dellroy, The Village of Sherrodsville and the Muskingum Watershed Conservancy District appoint one member of the Board of Trustees to direct the District. There are 8 Board of Trustee members. Subdivisions within the District are Warren Township, Orange Township, Monroe Township, The Village of Sherrodsville, The Village of Dellroy, Carroll County and Tuscarawas County. The District provides sewer services to residents of the District.

B. ACCOUNTING BASIS

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(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).

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.

C. BUDGETARY PROCESS

The Ohio Revised Code requires that the operating fund of the District be budgeted annually.

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

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

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2019

C. BUDGETARY PROCESS (CONTINUED)

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 2019 budgetary activity appears in Note 4.

D. CASH AND CASH EQUIVALENTS

All deposits are maintained in checking accounts, money market savings accounts. The District also maintains a petty cash account.

E. OPERATING AND NON-OPERATING REVENUES

Operating revenues are defined as those charges or receipts which relate directly to the delivery of sewer or water services. User charges, connection and impact fees, and penalties are operating revenues. Non-operating revenues have an indirect relationship to delivery of services. Interest on investments, proceeds from loans, rents and royalties are examples of non-operating revenues.

F. OPERATING AND NON-OPERATING EXPENSES

Operating expenses are defined as those payments for goods and services directly related to the delivery of sewer or water services. Personnel costs, contractual services, supplies and materials, utilities, and miscellaneous costs are operating expenses. Non-operating expenses have an indirect relationship to delivery of services. Payments for principal and loan interest and capital outlay are the most common non-operating expenses.

G. 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.

H. 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.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
 Carroll and Tuscarawas Counties, Ohio
 Notes to the Financial Statement
 For the Year Ended December 31, 2019

2. DEPOSITS

At December 31, 2019, the carrying amount of the District's deposits were \$682,651, and the bank balance was \$703,561. All the bank balances were covered by federal depository insurance or collateralized through the Ohio Pooled Collateral System (OPCS). The District also held \$200 in petty cash.

3. COMPLIANCE

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Operating fund by \$144,478 for the year ended December 31, 2019.

4. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$1,109,640	\$1,206,179	\$96,539

2019 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation Authority	Budgetary Disbursements	Variance
\$1,030,537	\$1,175,015	(\$144,478)

ATWOOD REGIONAL WATER AND SEWER DISTRICT
 Carroll and Tuscarawas Counties, Ohio
 Notes to the Financial Statement
 For the Year Ended December 31, 2019

5. DEBT ADMINISTRATION

Long-term debt consists of six loans from Ohio Water Development Authority (OWDA), and one principal only loan from Ohio Public Works Commission (OPWC). The proceeds of these loans provide the District's share of water resource projects. The District pledges its revenues for payment of the loans; however, the agreements contain no stipulated net revenue coverage value for the debt service. Also, Ohio statutes contain no debt limit for water resource loans secured by pledged revenues.

Non-Current Loans Payable Fiscal Year 2019

Obligation	Balance at Jan 1	Issued	Retired	Balance at Dec 31	Due 2020
Cooperative Loan Agreement (OWDA) 1994 Interest Rate 6.02% Mat: 1/1/2020	\$ 31,207	\$ 0	\$ 31,207	\$ 0	\$ 0
Cooperative Loan Agreement (OWDA) 1999 Interest Rate 5.7% Mat: 1/1/2026	\$ 154,512	\$ 0	\$ 18,490	\$ 136,022	\$ 19,572
Cooperative Loan Agreement (OWDA) 2002 Interest Rate 2.00% Mat: 1/1/2029	\$ 338,829	\$ 0	\$ 30,930	\$ 307,899	\$ 31,552
Cooperative Loan Agreement (OWDA) 2008 Planning Loan Interest Rate 1.5% Mat: 2038	\$ 939,945	\$ 0	\$ 38,389	\$ 901,556	\$ 38,967
Cooperative Loan Agreement (OWDA) 2015 Interest Rate 1.4% Mat: 9/30/2045	\$ 2,813,514	\$ 0	\$ 100,956	\$ 2,712,558	\$ 102,350
Cooperative Loan Agreement (OPWC) 2011 Interest Rate 0.0% Mat: 1/1/2032	\$ 14,717	\$ 0	\$ 1,132	\$ 13,585	\$ 1,132
Total Obligations	\$ 4,292,724	\$ 0	\$ 221,104	\$ 4,071,620	\$ 193,573

The financial requirements to amortize all indebtedness, including interest, are as follows:

Year(s) Ending Dec 31 st :	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2020	\$63,866	\$193,573	\$257,439
2021	\$60,085	\$197,354	\$257,439
2022	\$56,194	\$201,245	\$257,439
2023	\$52,186	\$205,253	\$257,439
2024	\$48,057	\$209,382	\$257,439
2025-2029	\$185,536	\$955,528	\$1,141,064
2030-2034	\$120,175	\$840,150	\$960,325
2035-2039	\$60,732	\$750,121	\$810,853
2040-2044	\$21,316	\$429,675	\$450,991
2045	\$871	\$89,339	\$90,210
	\$669,018	\$4,071,620	\$4,740,638

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2019

6. RETIREMENT SYSTEM

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the Plan's retirement benefits, including post-retirement healthcare and survivor and disability benefits to participants.

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2019.

7. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019.

8. INSURANCE

The District maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90 percent coinsured. The District has not significantly decreased coverage in the past three years, nor have claims exceeded commercial coverage.

9. CONTINGENCIES

Management is not aware of any pending litigation or claims against the District.

10. SUBSEQUENT EVENT

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES- PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Operating Cash Receipts	
Charges for Services	\$ 1,113,128
Other Operating Receipts	<u>22,437</u>
Total Operating Cash Receipts	1,135,565
Operating Cash Disbursements	
Personal Services	444,958
Contractual Services	116,237
Materials, Supplies and Equipment	104,592
Utilities	147,771
Other Operating Expenses	<u>59,767</u>
Total Operating Cash Disbursements	<u>873,325</u>
Operating (Loss)	262,240
Non-Operating Cash Receipts	
Rent, Royalties and Interest on Investments	8,453
Proceeds of Loans	195,355
Other Non-Operating Revenues	<u>30,903</u>
Total Non-Operating Cash Receipts	<u>234,711</u>
Non-Operating Cash Disbursements	
Capital Outlay	249,782
Interest and Fiscal Charges	67,454
Debt Service	<u>200,001</u>
Total Non-Operating Cash Disbursements	<u>517,237</u>
Net Receipts (Over) Disbursements	(20,286)
Cash Balance, January 1	<u>671,973</u>
Cash Balance, December 31	<u>\$ 651,687</u>

The accompanying notes are an integral part of the financial statements

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Atwood Regional Water and Sewer District (the District), Carroll and Tuscarawas Counties, 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. North Shore Association, Sunset Valley Civic Association, Atwood Glens Associations, HARCATUS, Central Atwood Lake, The Village of Dellroy, The Village of Sherrodsville and the Muskingum Watershed Conservancy District appoint one member of the Board of Trustees to direct the District. There are 8 Board of Trustee members. Subdivisions within the District are Warren Township, Orange Township, Monroe Township, The Village of Sherrodsville, The Village of Dellroy, Carroll County and Tuscarawas County. The District provides sewer services to residents of the District.

B. ACCOUNTING BASIS

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(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).

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.

C. BUDGETARY PROCESS

The Ohio Revised Code requires that the operating fund of the District be budgeted annually.

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

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

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2018

C. BUDGETARY PROCESS (CONTINUED)

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 4.

D. CASH AND CASH EQUIVALENTS

All deposits are maintained in checking accounts, money market savings accounts. The District also maintains a petty cash account.

E. OPERATING AND NON-OPERATING REVENUES

Operating revenues are defined as those charges or receipts which relate directly to the delivery of sewer or water services. User charges, connection and impact fees, and penalties are operating revenues. Non-operating revenues have an indirect relationship to delivery of services. Interest on investments, proceeds from loans, rents and royalties are examples of non-operating revenues.

F. OPERATING AND NON-OPERATING EXPENSES

Operating expenses are defined as those payments for goods and services directly related to the delivery of sewer or water services. Personnel costs, contractual services, supplies and materials, utilities, and miscellaneous costs are operating expenses. Non-operating expenses have an indirect relationship to delivery of services. Payments for principal and loan interest and capital outlay are the most common non-operating expense.

G. 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.

H. 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.

ATWOOD REGIONAL WATER AND SEWER DISTRICT
 Carroll and Tuscarawas Counties, Ohio
 Notes to the Financial Statement
 For the Year Ended December 31, 2018

2. DEPOSITS

At December 31, 2018, the carrying amount of the District's deposits were \$651,487, and the bank balance was \$651,436. All of the bank balances were covered by federal depository insurance, or collateralized through the Ohio Pooled Collateral System (OPCS). The District also held \$200 in petty cash.

3. COMPLIANCE

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Operating fund by \$328,459 for the year ended December 31, 2018.

4. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$1,103,640	\$1,370,276	\$266,636

2018 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation Authority	Budgetary Disbursements	Variance
\$1,062,103	\$1,390,562	(\$328,459)

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2018

5. DEBT ADMINISTRATION

Long-term debt consists of six loans from Ohio Water Development Authority (OWDA), and one principal only loan from Ohio Public Works Commission (OPWC). The proceeds of these loans provide the District's share of water resource projects. The District pledges its revenues for payment of the loans; however, the agreements contain no stipulated net revenue coverage value for the debt service. Also, Ohio statutes contain no debt limit for water resource loans secured by pledged revenues. The balance of the OPWC loan was overstated by \$567 in the prior year audit report. In addition, there was a debt forgiveness of \$2,977 for the 2015 OWDA loan.

Non-Current Loans Payable Fiscal Year 2018

Obligation	Balance at Jan 1	Issued	Retired	Balance at Dec 31	Due 2019
Cooperative Loan Agreement (OWDA) 1994 Interest Rate 6.02% Mat: 1/1/2020	\$ 60,630	\$ 0	\$ 29,423	\$ 31,207	\$ 31,207
Cooperative Loan Agreement (OWDA) 1999 Interest Rate 5.7% Mat: 1/1/2026	\$ 171,979	\$ 0	\$ 17,467	\$ 154,512	\$ 18,490
Cooperative Loan Agreement (OWDA) 2002 Interest Rate 2.00% Mat: 1/1/2029	\$ 369,149	\$ 0	\$ 30,320	\$ 338,829	\$ 30,930
Cooperative Loan Agreement (OWDA) 2008 Planning Loan Interest Rate 1.5% Mat: 2038	\$ 977,765	\$ 0	\$ 37,820	\$ 939,945	\$ 38,389
Cooperative Loan Agreement (OWDA) 2015 Interest Rate 1.4% Mat: 9/30/2045	\$ 2,704,975	\$ 195,355	\$ 83,839	\$ 2,813,514	\$ 100,959
Cooperative Loan Agreement (OPWC) 2011 Interest Rate 0.0% Mat: 1/1/2032	\$ 15,849	\$ 0	\$ 1,132	\$ 14,717	\$ 1,132
Total Obligations	\$ 4,300,347	\$ 195,355	\$ 200,001	\$ 4,292,724	\$ 221,107

The financial requirements to amortize all indebtedness, including interest, are as follows:

Year(s) Ending Dec 31 st :	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2019	\$69,376	\$221,107	\$290,483
2020	\$63,866	\$193,573	\$257,439
2021	\$60,085	\$197,354	\$257,439
2022	\$56,194	\$201,245	\$257,439
2023	\$52,186	\$205,253	\$257,439
2024-2028	\$202,488	\$1,003,271	\$1,205,759
2029-2033	\$132,086	\$829,371	\$961,457
2034-2038	\$71,788	\$788,134	\$859,922
2039-2043	\$27,433	\$475,903	\$503,336
2044-2045	\$2,893	\$177,513	\$180,406
	\$738,395	\$4,292,724	\$5,031,119

ATWOOD REGIONAL WATER AND SEWER DISTRICT
Carroll and Tuscarawas Counties, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2018

6. RETIREMENT SYSTEM

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the Plan's retirement benefits, including post-retirement healthcare and survivor and disability benefits to participants.

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2018.

5. POSTEMPLOYMENT BENEFITS

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

6. INSURANCE

The District maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90 percent coinsured. The District has not significantly decreased coverage in the past three years, nor have claims exceeded commercial coverage.

7. CONTINGENCIES

Management is not aware of any pending litigation or claims against the District.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Atwood Regional Water and Sewer District
Tuscarawas County
P.O. Box 100
Dellroy, Ohio 44620

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements of the Atwood Regional Water and Sewer District, Tuscarawas County (the District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 11, 2020, 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. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2019-001.


We also noted certain other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 11, 2020.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the District's response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris and Associates, Inc.
June 11, 2020

**ATWOOD REGIONAL WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2019 and 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2019-001 - Noncompliance

Budgetary Expenditures Exceeding Appropriations

Ohio Revised Code Section 5705.41(B) requires that budgetary expenditures shall not exceed appropriations. In 2019, budgetary expenditures exceeded appropriation authority in the Operating Fund by \$144,478. In 2018, budgetary expenditures exceeded appropriation authority in the Operating Fund by \$328,459.

We recommend that the District monitor its budget closely to prevent expenditures from exceeding appropriations.

Management's Response:

See Corrective Action Plan.

Atwood Regional Water and Sewer District
Tuscarawas County
Schedule of Prior Audit Findings (Prepared by Management)
December 31, 2019 and 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Financial Reporting – material adjustments	Corrected	

Atwood Regional Water and Sewer District
Tuscarawas County
Corrective Action Plan (Prepared by Management)
December 31, 2019 and 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	We will do an amended budget as needed throughout the year.	ASAP	Vicki Winkler, Secretary/Treasurer

OHIO AUDITOR OF STATE KEITH FABER



ATWOOD REGIONAL WATER AND SEWER DISTRICT

TUSCARAWAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/11/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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