

SYRACUSE RACINE REGIONAL SEWER DISTRICT

MEIGS COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2020 and 2019





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Board of Trustees
Syracuse Racine Regional Sewer District
P.O. Box 201
Racine, Ohio 45771

We have reviewed the *Independent Auditor's Report* of Syracuse Racine Regional Sewer District, Meigs County, prepared by Charles E. Harris & Associates, Inc., for audit period January 1, 2019 through December 31, 2020. 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. Syracuse Racine Regional Sewer District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

May 21, 2021

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SYRACUSE RACINE REGIONAL SEWER DISTRICT
MEIGS COUNTY
REGULAR AUDIT
For the Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

Syracuse Racine Regional Sewer District
Meigs County
P.O. box 201
Racine, Ohio 45771

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for the proprietary fund type as of and for the years ended December 31, 2020 and 2019 and related notes of the Syracuse Racine Regional Sewer District, Meigs County, Ohio (the District).

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 of 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, 2020 and 2019, and the respective changes in financial position or its 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 for the proprietary fund type as of and for the years ended December 31, 2020 and 2019 and related notes of the District, 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.

Emphasis of Matter

As discussed in Note 11 to the 2020 and 2019 financial statements, the financial impact of COVID-19 and the continuing emergency measures may 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 March 25, 2021, 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.



Charles E. Harris & Associates, Inc.
March 25, 2021

Syracuse Racine Regional Sewr District
Meigs County
Statement of Receipts, Disbursements
And Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2020

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Operating Cash Receipts	
Charges for Services	\$386,739
Miscellaneous	6,877
<i>Total Operating Cash Receipts</i>	<u>393,616</u>
Operating Cash Disbursements	
Personal Services	156,850
Fringe Benefits	23,494
Contractual Services	92,585
Supplies and Materials	15,213
<i>Total Operating Cash Disbursements</i>	<u>288,142</u>
<i>Operating Income/(Loss)</i>	105,474
Non-Operating Cash Receipts	
Special Assessments	8,546
Loan Proceeds	17,820
Earning on Investments	1,295
<i>Total Non-Operating Cash Receipts</i>	<u>27,661</u>
Non-Operating Cash Disbursements	
Principal Redemption	(158,815)
Interest and Fiscal Charges	(50,735)
<i>Total Non-Operating Cash Disbursements</i>	<u>(209,550)</u>
<i>Net Receipts Over/(Under) Disbursements before transfers</i>	(76,415)
Transfers In	158,431
Transfers Out	<u>(158,431)</u>
<i>Net Receipts Over/(Under) Disbursements</i>	(76,415)
Cash Balances, January 1	<u>388,617</u>
<i>Cash Balances, December 31</i>	<u><u>\$312,202</u></u>

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

Syracuse Racine Regional Sewer District

Meigs County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Syracuse Racine Regional Sewer District (the District), Meigs 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 member(s) to the Board of Trustees to direct the District. There are 5 Board of Trustees members. Subdivisions within the District are the Village of Racine, the Village of Syracuse, and Sutton Township. The District provides sewer service to residents within 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).

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.

Budgetary Process

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

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

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

Syracuse Racine Regional Sewer District

Meigs County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies – (Continued)

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 reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

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, or as deemed by Board motion, employees are entitled to cash payments for unused leave.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$479,181	\$579,708	(\$100,527)

2020 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation Authority	Budgetary Disbursements	Variance
\$701,643	\$656,123	\$45,520

Syracuse Racine Regional Sewer District

Meigs County

Notes to the Financial Statements

For the Year Ended December 31, 2020

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:

	2020
Demand deposits	\$281,273
Certificates of deposit	30,929
Total deposits and investments	<u>\$312,202</u>

Deposits

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation; or 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.

Note 5 – Risk Management

Workers' Compensation

Worker's Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Settlement amounts have not exceeded insurance coverage for the last three years. There has been no reduction in liability limits.

Syracuse Racine Regional Sewer District

Meigs County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2020.

Social Security

Board Members, which are paid per meeting, are not eligible for OPERS contributions, however, they are members, and are reported annually as non-contributing employees. These Trustees have social security taken out of each paycheck. This plan provides retirement benefits, including survivor and disability benefits to participants.

Trustees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2020.

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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

Note 8 – Ohio Deferred Compensation

The Syracuse Racine Regional Sewer District participates in the Ohio Deferred Compensation program for its employees that choose to use this service. This payroll deduction is paid monthly via the Ohio Business Gateway with the amount the employee chooses to deduct pre-tax from their payroll, up to certain amounts as defined by the program.

Syracuse Racine Regional Sewer District
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Rural Development - Series A Bonds	\$399,600	2.75%
USDA Rural Development - Series B Bonds Refunded Portion	69,200	2.875%
USDA Rural Development - Series B Bond New Money Portion	604,919	2.875%
Total	<u><u>\$1,073,719</u></u>	

The District received a loan from the United States Department of Agriculture Rural Development for the construction phase of the sanitary sewer collection and treatment system. Repayment of this debt began in 2012 in accordance with approved amortization schedule. The debt is collateralized by water resource bonds issued through USDA. The District has agreed to set utility rates sufficient to cover United States Department of Agriculture Rural Development (USDA) debt service requirements.

The loan agreement required the District to establish certain funds, which are restricted as to their use. The Debt Service Revenue Bond and interest Sinking Fund are to be used to making the annual payment, the Debt Service Reserve Fund can be used to make the annual payment, however, the District needs Rural Development's consent, and the Short Lived Asset Reserve Fund can only be used to replace short lived assets.

The mortgage revenue bond covenant requires the District to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2020, is \$121,679.49.

Syracuse Racine Regional Sewer District
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt – (Continued)

Amortization

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

Year Ending December 31:	USDA - Series A	USDA Series B
2021	\$19,289	\$101,026
2022	19,361	29,880
2023	19,330	29,833
2024	19,330	29,833
2025	19,330	29,833
2026-2030	96,650	149,165
2031-2035	96,650	149,165
2036-2040	96,650	149,165
2041-2045	96,650	149,165
2046-2050	96,650	149,165
2051	19,330	29,833
TOTAL	\$560,570	\$996,063

Note 10 – Construction and Contractual Commitments

The District is, and has been in an agreement/contract with Triad Engineering, Inc, since 2015 for the second phase of a rehab project. It is currently still in the design phase.

Note 11- COVID 19

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

Syracuse Racine Regional Sewer District
Meigs County
Statement of Receipts, Disbursements
And Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2019

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Operating Cash Receipts	
Charges for Services	\$384,005
Miscellaneous	1,768
<i>Total Operating Cash Receipts</i>	<u>385,773</u>
 Operating Cash Disbursements	
Personal Services	132,828
Fringe Benefits	21,775
Contractual Services	110,326
Supplies and Materials	20,433
<i>Total Operating Cash Disbursements</i>	<u>285,362</u>
 <i>Operating Income/(Loss)</i>	 100,411
 Non-Operating Cash Receipts	
Intergovernmental Revenues	20,983
Special Assessments	1,950
Earning on Investments	2,904
<i>Total Non-Operating Cash Receipts</i>	<u>25,837</u>
 Non-Operating Cash Disbursements	
Principal Redemption	(89,595)
Interest and Fiscal Charges	(35,349)
<i>Total Non-Operating Cash Disbursements</i>	<u>(124,944)</u>
 <i>Net Receipts Over/(Under) Disbursements before transfers</i>	 1,304
 Trasfers In	 139,064
Transfers Out	<u>(139,064)</u>
 <i>Net Receipts Over/(Under) Disbursements</i>	 1,304
 Cash Balances, January 1	 <u>387,313</u>
 <i>Cash Balances, December 31</i>	 <u><u>\$388,617</u></u>

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

Syracuse Racine Regional Sewer District

Meigs County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Syracuse Racine Regional Sewer District (the District), Meigs 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 member(s) to the Board of Trustees to direct the District. There are 5 Board of Trustees members. Subdivisions within the District are the Village of Racine, the Village of Syracuse, and Sutton Township. The District provides sewer service to residents within 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).

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.

Budgetary Process

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

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

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

Syracuse Racine Regional Sewer District

Meigs County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies – (Continued)

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 reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

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

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, or as deemed by Board motion, employees are entitled to cash payments for unused leave.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$612,046	\$550,674	(\$61,372)
2019 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation Authority	Budgetary Disbursements	Variance
\$601,304	\$549,370	\$51,934

Syracuse Racine Regional Sewer District

Meigs County

Notes to the Financial Statements

For the Year Ended December 31, 2019

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:

	2019
Demand deposits	<u>\$357,914</u>
Certificates of deposit	<u>30,703</u>
Total deposits and investments	<u><u>\$388,617</u></u>

Deposits

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation; or 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.

Note 5 – Risk Management

Workers' Compensation

Worker's Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Settlement amounts have not exceeded insurance coverage for the last three years. There has been no reduction in liability limits.

Syracuse Racine Regional Sewer District

Meigs County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Social Security

Board Members, which are paid per meeting, are not eligible for OPERS contributions, however, they are members, and are reported annually as non-contributing employees. These Trustees have social security taken out of each paycheck. District Trustees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Trustees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2019.

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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

Note 8 – Ohio Deferred Compensation

The Syracuse Racine Regional Sewer District participates in the Ohio Deferred Compensation program for its employees that choose to use this service. This payroll deduction is paid monthly via the Ohio Business Gateway with the amount the employee chooses to deduct pre-tax from their payroll, up to certain amounts as defined by the program.

Syracuse Racine Regional Sewer District

Meigs County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Rural Development - Series A Bonds	\$407,700	2.75%
USDA Rural Development - Series B Bonds Refunded Portion	136,400	2.875%
USDA Rural Development - Series B Bond New Money Portion	613,328	2.875%
OWDA - 6958	52,114	3.25%
Total	<u><u>\$1,209,542</u></u>	

The District received a loan from the United States Department of Agriculture Rural Development for the construction phase of the sanitary sewer collection and treatment system. Repayment of this debt began in 2012 in accordance with approved amortization schedule. The debt is collateralized by water resource bonds issued through USDA. The District has agreed to set utility rates sufficient to cover United States Department of Agriculture Rural Development (USDA) debt service requirements.

The loan agreement required the District to establish certain funds, which are restricted as to their use. The Debt Service Revenue Bond and interest Sinking Fund are to be used to making the annual payment, the Debt Service Reserve Fund can be used to make the annual payment, however, the District needs Rural Development's consent, and the Short Lived Asset Reserve Fund can only be used to replace short lived assets.

The mortgage revenue bond covenant requires the District to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2020, is \$121,679.49.

During 2015, the District obtained a loan (Loan #6958) from the Ohio Water Development Authority for Wastewater System Improvements. The loan is still open and amortization schedule is not available.

Syracuse Racine Regional Sewer District
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt – (Continued)

Amortization

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

Year Ending December 31:	USDA - Series A	USDA Series B
2020	\$19,312	\$100,903
2021	19,289	101,026
2022	19,361	29,880
2023	19,330	29,833
2024	19,330	29,833
2025-2029	96,650	149,165
2030-2034	96,650	149,165
2035-2039	96,650	149,165
2040-2044	96,650	149,165
2045-2049	96,650	149,165
2050-2051	38,660	59,666
TOTAL	\$618,532	\$1,096,966

Note 10 – Construction and Contractual Commitments

The District is, and has been in an agreement/contract with Triad Engineering, Inc, since 2015 for the second phase of a rehab project. It is currently still in the design phase.

Note 11- COVID 19

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

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

Syracuse Racine Regional Sewer District
Meigs County
P.O. box 201
Racine, Ohio 45771

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 disbursement for the proprietary fund type, as of and for the years ended December 31, 2020 and 2019, and related notes of the Syracuse Racine Regional Sewer District, Meigs County, (the District) and have issued our report thereon dated March 25, 2021, 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 continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

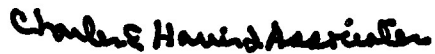
Compliance and Other Matters

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 financial statements. 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*.

However, we noted certain other matters not requiring inclusion in this report that we reported to management in a separate letter dated March 25, 2021.

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.



Charles E. Harris and Associates, Inc.
March 25, 2021

OHIO AUDITOR OF STATE KEITH FABER



SYRACUSE-RACINE REGIONAL SEWER DISTRICT

MEIGS 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 6/3/2021

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Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov