BURR OAK REGIONAL WATER DISTRICT

ATHENS COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2021 and 2020

Charles E. Harris & Associates, Inc.
CPAs and Government Consultants

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Trustees
Burr Oak Regional Water District
23554 Jenkins Dam Road
Glouster, Ohio 45732

We have reviewed the *Independent Auditor's Report* of the Burr Oak Regional Water District, Athens County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2020 through December 31, 2021. 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 Burr Oak Regional Water District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

July 20, 2022

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BURR OAK REGIONAL WATER DISTRICT
ATHENS COUNTY

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INDEPENDENT AUDITOR'S REPORT

Burr Oak Regional Water District
Athens County
23554 Jenkins Dam Road
Glouster, Ohio 43732

To the Board of Trustees:

Report on the Financial Statements

Unmodified Opinion

We have audited the accompanying financial statements of the Burr Oak Regional Water District, Athens County, Ohio (the District), which comprise the statements of net position as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the years ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2021 and 2020, and the change in financial position and cash flows, thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include management's discussion and analysis, and schedules of net pension and other post-employment benefit assets/liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and do not 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 20, 2022

The following discussion provides a summary overview of the financial activities of the Burr Oak Regional Water District ("the District") for the years ended December 31, 2021 and 2020. The information should be read in conjunction with the basic financial statements included in this report.

FINANCIAL HIGHLIGHTS

- Assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$26,581,944 and \$25,548,674 as of December 31, 2021 and 2020, respectively.

- Net position increased by \$1,022,722 in 2021 and increased by \$1,912,813 in 2020.

- Operating revenues increased by \$307,789 (10.19%) and increased by \$308,179 (11.36%) and operating expenses decreased by \$449,375 (15.65%) and increased by \$367,399 (14.29%) in 2021 and 2020, respectively.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, the Statements of Cash Flows and the accompanying notes to the financial statements. These statements report information about the District and about its activities. The District is a single enterprise fund using proprietary fund accounting, which means these statements are presented in a manner similar to a private-sector business. The statements are presented using the economic resources measurement focus and the accrual basis of accounting.

The Statements of Net Position include all of the District's Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources. These statements provide information about the nature and amounts of investments in resources (assets) owned by the District, and obligations owed by the District (liabilities) on December 31. The District's net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources.

The Statements of Revenues, Expenses and Changes in Net Position provide information on the District's operations over the past two years and the success of recovering all its costs through user fees, charges, special assessments and other income. Revenues are reported when earned and expenses are reported when incurred.

The Statements of Cash Flows provide information about the District's cash receipts and cash disbursements. It summarizes the net changes in cash resulting from operating, investing, noncapital financing and capital financing activities.

The notes to the basic financial statements are an integral part of the basic financial statements and provide expanded explanation and detail regarding the information reported in the basic financial statements.

STATEMENTS OF NET POSITION

Table 1 summarizes the Statements of Net Position of the District. Capital assets are reported less accumulated depreciation. "Net Investment in Capital Assets," represents capital assets less outstanding debt that was used to acquire those assets.

(Table 1)
Net Position

	2021	2020	Difference	2019	Difference
Current and Other Assets	$ 15,768,171	$ 14,831,725	$ 936,446	$ 13,733,967	$ 1,097,758
Capital Assets, Net	19,370,122	20,122,447	(752,325)	18,364,536	1,757,911
Total Assets	35,138,293	34,954,172	184,121	32,098,503	2,855,669
Deferred Outflows of Resources	268,921	279,521	(10,600)	361,496	(81,975)
Long Term Liabilities	7,784,895	8,704,374	(919,479)	8,352,057	352,317
Current and Other Liabilities	575,301	762,802	(187,501)	458,816	303,986
Total Liabilities	8,360,196	9,467,176	(1,106,980)	8,810,873	656,303
Deferred Inflows of Resources	475,622	217,843	257,779	13,265	204,578
Net Position					
Net Investment in Capital Assets	11,967,349	12,266,527	(299,178)	11,151,991	1,114,536
Unrestricted	14,604,047	13,282,147	1,321,900	12,483,870	798,277
Total Net Position	**$ 26,571,396**	**$ 25,548,674**	**$ 1,022,722**	**$ 23,635,861**	**$ 1,912,813**

The net pension liability (NPL) is a significant liability reported by the District at December 31, 2021 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The District has another significant liability reported at December 31, 2021 reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and assets/liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB asset/liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OBEP liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB asset/liability to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

STATEMENTS OF NET POSITION (Continued)

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position. In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As noted earlier, the net position may serve as a useful indicator of financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $26,571,396 as of December 31, 2021, of which $11,956,801 is for net investment in capital assets. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $25,548,674 as of December 31, 2020, of which $12,266,527 is for net investment in capital assets.

The largest portion of the District's net position is reflected in its cash and certificates of deposit, and its capital assets, less accumulated depreciation and related debt outstanding. The District strives to keep adequate cash reserves on hand in order to maintain or expand its facilities to meet the needs of its customers and to comply with regulatory requirement.

STATEMENTS OF NET POSITION (Continued)

For the years ended December 31, 2021, and 2020, total assets of the District increased by $184,121 and $2,855,669, respectively, primarily due to an increase in cash and a decrease in capital assets, net. The increases in cash are primarily due to revenues exceeding expenses for both 2021 and 2020. The decrease in capital assets, net is primarily due to depreciation expense for 2021 which was partially asset by capital asset additions. The increase in capital assets, net is primarily due to the capital asset additions which were partially offset by depreciation expense for 2020. Deferred outflows of resources decreased due to changes in actuarial calculations which increased pensions deferred outflows, but decreased OPEB deferred outflows. Total liabilities as of December 31, 2021, decreased for the District by $1,106,980 and as of December 31, 2020, increased by $656,303. For 2021 the change was primarily due to decreases in OPEB liabilities due to actuarial calculations. For 2020 the change the change was primarily due to increases in OWDA and OPWC loans due to the merger with Bishopville Water District as well as increases in OPEB liabilities due to actuarial calculations. These increases were partially offset by decreases in net pension liabilities due to actuarial calculation and debt principal payments during the year.

STATEMENTS OF CHANGES IN NET POSITION

Table 2 below summarizes the changes in revenues and expenses and the resulting changes in net position.

(Table 2)
Changes in Net Position

	2021	2020	Difference	2019	Difference
Operating Revenues	$ 3,328,776	$ 3,020,987	$ 307,789	$ 2,712,808	$ 308,179
Operating Expenses (Excluding Depreciation)	1,487,220	2,004,536	(517,316)	1,713,360	291,176
Depreciation	1,002,067	934,126	67,941	857,903	76,223
Total Operating Expenses	2,489,287	2,938,662	(449,375)	2,571,263	367,399
Operating Income	839,489	82,325	757,164	141,545	(59,220)
Non-Operating Revenues	206,724	269,144	(62,420)	249,558	19,586
Non-Operating Expenses	(23,491)	(17,331)	(6,160)	(32,947)	15,616
Changes in Net Position Prior to Special Item	1,022,722	334,138	688,584	358,156	(24,018)
Special Item-Gain on Merger	-	1,578,675	(1,578,675)	-	1,578,675
Changes in Net Position	1,022,722	1,912,813	(890,091)	358,156	1,554,657
Net Position at Beginning of Year	25,548,674	23,635,861	1,912,813	23,277,705 *	358,156
Net Position at End of Year	**$ 26,571,396**	**$ 25,548,674**	**$ 1,022,722**	**$ 23,635,861**	**$ 1,912,813**

Operating revenues consist of user charges for water consumption. Operating expenses reflect the cost of providing these services. For the years ended December 31, 2021, and 2020:

- Operating revenue increased $307,789 (10.19%) and increased $308,179 (11.36%) in 2021 and 2020, respectively. The increases in 2021 were primarily due to increases in water sales for the District as a whole with the 2020 merger of Bishopville Water District also being a factor in the increases.

- Operating expenses decreased by $459,923 (15.65%) in 2021 primarily due to decreases in personnel expenses, which were partially offset by an increase in depreciation expense. The decreases in personnel expenses are primarily due to decreased OPEB expenses due to actuarial calculations. Depreciation expenses increased due to additional District assets put into service in 2021.

- Operating expenses increased by $367,399 (14.29%) in 2020 primarily due to increases in personnel expenses, increases in maintenance and operations expenses and increases in depreciation expense. The increases in personnel expenses are primarily due to increased OPEB expenses due to actuarial calculations as well as increases in compensation which were partially offset by decreases in pension expenses due to actuarial calculations. Maintenance and operations expenses increased primarily due to increased maintenance and repair expenses for equipment and other areas which was partially due to the merger of Bishopville Water District with the District as well as ongoing maintenance and repair. Depreciation expenses increased due to additional capital assets put into service which was partially due to the merger of Bishopville Water District as well as additional District assets put into service.

CAPITAL ASSETS

The District had $45,159,803 invested in capital assets (before depreciation) at the end of 2021. This amount increased from 2020 by $249,742 (0.56%) for construction in progress, a land purchase, and several other items. The District had $19,370,122 invested in net capital assets (after depreciation) at the end of 2021. This amount is a decrease of $752,325 (3.74%) from the previous year and is primarily due to depreciation expense which was partially offset by the additions.

The District had $44,910,061 invested in capital assets (before depreciation) at the end of 2020. This amount increased from 2019 by $2,675,410 (6.33%) due to the merger with Bishopville Water District which added a substantial amount of capital assets, the purchase of transportation equipment and several other items. The District had $20,122,447 invested in net capital assets (after depreciation) at the end of 2020. This amount is a increase of $1,757,911 (9.57%) from the previous year and is primarily due to the additions which was partially offset by depreciation expense.

(Table 3)
Capital Assets at December 31

	2021	2020	2019
Land	$ 312,466	$ 300,689	$ 260,900
Construction in Progress	100,043	14,652	14,153
Land Improvements	40,520	40,520	27,920
Water Systems	11,356,363	11,241,567	11,232,746
Buildings	10,352,938	10,339,994	10,331,764
Groundwater Plant	12,843,169	12,843,169	12,841,047
Wellfield	2,159,939	2,159,939	2,151,636
Perry County Expansion	2,487,696	2,487,696	2,484,295
Crooksville Line Expansion	1,560,815	1,560,815	1,560,815
Bishopville Merger	2,477,578	2,477,578	0
Transportation Equipment	609,940	609,940	504,427
SCADA System	195,669	195,669	179,405
Machinery, Equipment, and Tools	616,789	609,829	617,539
Furniture and Fixtures	45,878	28,004	28,004
Totals Before Accumulated Depreciation	45,159,803	44,910,061	42,234,651
Accumulated Depreciation	(25,789,681)	(24,787,614)	(23,870,115)
Net Capital Assets	**$19,370,122**	**$20,122,447**	**$18,364,536**

Additional information regarding capital assets can be found in Note 6 to the basic financial statements.

DEBT

The District finances its construction primarily through the issuance of Ohio Water Development Authority (OWDA) loans and Ohio Public Works Commission (OPWC) loans. At December 31, 2021, the District had total debt outstanding of $7,392,225 compared to $7,855,920 at December 31, 2020 and $7,212,545 at December 31, 2019. This represents a decrease of $463,695 and an increase of $643,375 in 2021 and 2020, respectively. Additional information regarding debt can be found in Note 7 to the basic financial statements.

(Table 4)
Outstanding Debt, at December 31

	2021	2020	2019
OWDA Loans	$ 6,882,686	$ 7,291,040	$ 6,805,751
OPWC Loan	509,539	564,880	406,794
Total Long Term Debt	7,392,225	7,855,920	7,212,545
Less			
Current Maturities	445,594	599,968	358,088
Net Long Term Debt	$ 6,946,631	$ 7,255,952	$ 6,854,457

CASH

Cash and cash equivalents on December 31, 2021 were $15,420,159 and on December 31, 2020 were $14,493,691.

CONTACT INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Wendy Aichele, accountant of the Burr Oak Regional Water District, 23554 Jenkins Dam Road, Glouster, Ohio 45732. The e-mail address is wendyborwd@gmail.com

Burr Oak Regional Water District
Athens County, Ohio
Statements of Net Position
As of December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 15,420,159	$ 14,493,691
Accounts receivable, net of allowance for doubtful accounts	266,430	294,312
Prepaid Items	12,724	43,722
Total current assets	15,699,313	14,831,725
CAPITAL ASSETS		
Non-Depreciable Capital Assets	412,509	315,341
Depreciable Capital Assets, net of Depreciation	18,957,613	19,807,106
Total Capital Assets	19,370,122	20,122,447
OTHER ASSETS		
Net OPEB Asset	68,858	-
TOTAL ASSETS	35,138,293	34,954,172
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	184,441	175,385
OPEB	84,480	104,136
Total Deferred Outflows of Resources	268,921	279,521
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 35,407,214	$ 35,233,693
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 55,065	$ 81,892
Payroll related liabilities	-	15,998
Accrued wages	21,142	24,144
Current portion, compensated absences	53,500	40,800
Current portion, OWDA Loans	408,356	562,730
Current portion, OPWC Loans	37,238	37,238
Total current liabilities	575,301	762,802
LONG-TERM LIABILITIES		
Compensated absences	213,191	268,487
Net pension liabilities	614,525	714,727
Net OPEB Liability	-	465,208
OWDA loans	6,474,330	6,728,310
OPWC loans	482,849	527,642
Net Long-Term Liabilities	7,784,895	8,704,374
TOTAL LIABILITIES	8,360,196	9,467,176
DEFERRED INFLOWS OF RESOURCES		
Pensions	265,231	151,608
OPEB	210,391	66,235
Total Deferred Inflows of Resources	475,622	217,843
NET POSITION		
Net Investment in Capital Assets	11,956,801	12,266,527
Unrestricted	14,614,595	13,282,147
Total Net Position	26,571,396	25,548,674
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 35,407,214	$ 35,233,693

See accompanying notes to the basic financial statements.

Burr Oak Regional Water District
Athens County, Ohio
Statements of Revenues, Expenses and Changes in Net Position
As of December 31, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Water sales	$ 3,268,704	$ 2,967,321
Tap, application, and reconnect fees	31,288	3,030
Late penalty charges	7,307	3,313
Miscellaneous revenues	21,477	47,323
Total Operating Revenues	3,328,776	3,020,987
OPERATING EXPENSES		
Personnel expenses	639,164	1,123,988
Utilities and telecommunications expense	262,279	271,061
Maintenance and operations	554,808	539,130
Office expenses and operation	11,607	7,869
Professional fees	19,362	62,488
Depreciation	1,002,067	934,126
Total Operating Expenses	2,489,287	2,938,662
OPERATING INCOME	839,489	82,325
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	206,724	260,644
Interest expense	(23,491)	(17,331)
Gain (loss) on disposal of capital assets	-	8,500
Total Nonoperating Revenues (Expenses)	183,233	251,813
Change in Net Position Before Special Item	1,022,722	334,138
Special Item - Gain on Merger of Another District	-	1,578,675
Change in Net Position	1,022,722	1,912,813
NET POSITION - Beginning of Year	25,548,674	23,635,861
NET POSITION - End of Year	$ 26,571,396	$ 25,548,674

See accompanying notes to the basic financial statements.

Burr Oak Regional Water District
Athens County, Ohio
Statements of Cash Flows
As of December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATIONS		
Cash received from customers	$ 3,356,658	$ 2,939,592
Cash payments to suppliers for goods and services	(874,883)	(858,780)
Cash payments to employees for services	(1,035,651)	(846,678)
Net Cash Provided By Operations	1,446,124	1,234,134
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	206,724	260,644
Net Cash Provided By Investing Activities	206,724	260,644
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(249,742)	(335,741)
Non-capitalized costs associated with Merger	-	(30,976)
Cash received from Merger	-	119,585
Proceeds from disposal of capital assets	-	8,500
Principal payments on OWDA loans	(408,354)	(185,935)
Principal payments on OPWC loan	(44,793)	(36,920)
Interest paid on OWDA and OPWC loans	(23,491)	(17,331)
Net Cash Used In Capital and Related Financing Activities	(726,380)	(478,818)
INCREASE IN CASH AND CASH EQUIVALENTS	926,468	1,015,960
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	14,493,691	13,477,731
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 15,420,159	$ 14,493,691
CASH FLOWS FROM OPERATIONS		
Operating Income	$ 839,489	$ 82,325
Adjustments to reconcile operating income to cash flows from operating activities:		
Depreciation	1,002,067	934,126
Pension/OPEB Expense Adjustments Not Affecting Cash	(365,889)	152,871
(Increase) decrease in:		
Accounts receivable	27,882	(81,395)
Prepaid items	30,998	(403)
Increase (decrease) in:		
Accounts payable	(26,827)	22,171
Compensated absenses payable	(42,596)	118,104
Accrued payroll and benefits	(19,000)	6,335
Net Cash Provided by Operating Activities	$ 1,446,124	$ 1,234,134
Non-cash transactions:		
Acquisition of OWDA loans from Merger	-	671,224
Acquisition of OPWC loan from Merger	-	195,006
Capital assets acquired from Merger	-	(2,356,296)

See accompanying notes to the basic financial statements.

NOTE 1 – NATURE OF ORGANIZATION

The Burr Oak Regional Water District, Athens County (the District), is a regional water district organized under the provision of the Ohio Rev. Code Chapter 6119 by the Common Pleas Court of Athens County on September 27, 1999, after the Ohio Department of Natural Resources no longer wanted to operate the Burr Oak Water System. The State of Ohio formally transferred ownership, as well as all assets, of the Burr Oak Water System on October 21, 2000. The District operates under the direction of an eight-member Board of Trustees, from Athens, Hocking, Perry and Morgan Counties. The administrative staff consists of a District Manager and an Administrative Assistant, who are responsible for the fiscal control of the resources of the District. The District was established to provide an adequate and uncontaminated water supply for the consumption of the District's users. The District took over the Bishopville Water District during 2021. The District now sells water to seventeen satellite water systems, consisting of nine area villages, four water districts, three private associations, and the Ohio Department of Natural Resources Division of Parks and Recreation. The District also has approximately eight hundred private tap customers.

The District's management believes the financial statements included in this report represent all activities over which the District has the ability to exercise direct operating control. The District has no component units.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements conform to accounting principles generally accepted in the United States of America for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. A summary of the significant accounting policies consistently applied in preparation of the accompanying financial statements follows:

1. **Basis of Presentation - Fund Accounting**
   The accounts of the District are organized on the basis of funds, to report on its financial position and the results of its operations, each of which is considered a separate accounting entity. The District has created a single type of fund and a single fund within that fund type. The fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows/outflows of resources, net position, revenues, and expenses. This fund accounts for the governmental resources allocated to it for the purpose of carrying on specific activities in accordance with laws, regulations or other restrictions. The fund type, which the District uses, is described below:

   Proprietary Fund Type - This fund type accounts for operations that are organized to be self-supporting through user charges. The fund included in this category used by the District is the Enterprise Fund.

   Enterprise Fund - This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. **Basis of Accounting and Measurement Focus**
   Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accounting policies of the District conform to accounting policies generally accepted in the United States of America.

   For financial statement presentation purposes, the District utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned. Expenses are recognized under the accrual basis of accounting when the liability is incurred.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. **Budgetary Process**
The Ohio Revised Code requires that each fund be budgeted annually. The District has adopted a budget for the years ended December 31, 2021 and 2020, and has adopted and passed annual appropriations resolutions.

Appropriations – For fiscal years ended December 31, 2021 and 2020, budgetary expenditures may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. Appropriation authority includes current year appropriations plus encumbrances carried over from prior year (if any). The Board 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.

Encumbrances – The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

4. **Cash and Investments**
For purposes of the statement of cash flows, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

5. **Accounts Receivable**
Customer accounts receivables are stated at face value, less an allowance for doubtful accounts. The allowance for doubtful accounts is established through a provision for doubtful accounts charged as a reduction in revenue. Doubtful accounts are charged against the allowance when management believes the collectability of the account is unlikely.

6. **Capital Assets**
Capital assets acquired or constructed for the general use of the District in providing services are recorded at cost. Construction costs of the water system are capitalized on construction projects until they are substantially completed. Interest incurred on debt as a result of obtaining capital assets is not capitalized. Donated assets are recorded at their estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Depreciation of capital assets of the District is calculated utilizing the straight line method. All assets reported in the financial statements are at cost less accumulated depreciation. The estimated useful lives by major capital asset class are as follows:

Asset Class	Number of Years
Buildings and Water Systems	40-50
Furniture and Fixtures	10
Office Equipment	5
Laboratory Equipment	10
Machinery & Equipment	6-10
Park System, Tanks and Booster Stations	20
Tools and Equipment	10
Transportation Equipment	5
Land Improvements	10

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

7. **Capital Contributions**
Capital contributions are recorded by the District for receipts of capital grants or contributions from developers and customers. No capital contributions have been recognized in 2021 and 2020.

8. **Compensated Absences**
District employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement Sick leave is payable when used, or upon death or retirement. Vacation hours are accrued at different rates depending on the number of years of service of the respective employee. The annual vacation accruals range from 80 hours to 200 hours per year. The total maximum amount of vacation hours that an employee can accumulate ranges from 240 hours to 600 hours which is determined by his/her years of service. As for sick leave, this is accrued at a rate of 3.1 hours per pay with a maximum accrual amount of 1,040 hours. Accrued sick leave is paid out at 50% of the employee's regular rate of pay. Any employee discharged for cause receives none of their accumulated sick leave.

9. **Prepaid Expenses**
Prepaid expenses are those payments made to venders for services that will benefit periods beyond the balance sheet date. These items are reported using the consumption method. A current asset is recorded at the time of payment, and an expense is recorded at the time the services are consumed.

10. **Net Position**
Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The District had no restrictions on net position as of December 31, 2021 and 2020.

11. **Estimates**
The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

12. **Operating Revenues and Expenses**
Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are water sales, tap, application, and reconnection fees, late penalty charges and miscellaneous revenues for water services provided. Operating expenses are necessary costs incurred to provide the goods and/or services that are the primary activities of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

13. **Accrued Liabilities and Long-Term Obligations**
All payables, accrued liabilities, and long-term obligations are reported in the financial statements when the liability is incurred.

14. **Special Item**
The District had the Bishopville Water District merge into the District during 2020 and the resultant gain from the acquisition of cash, capital assets, other assets, debt and other liabilities was recognized as a special item in the accompanying financial statements for fiscal year 2020.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

15. **Deferred Outflows and Deferred Inflows of Resources**
Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The District recorded a deferred outflow of resources for pension and other postemployment benefits. The deferred outflows of resources related to the pension and other postemployment benefits are explained in Note 8 and Note 9. The District reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the District this was for pensions and postemployment benefits. (See Note 8 and Note 9).

16. **Pensions and Other Postemployment Benefits (OPEB)**
For purposes of measuring the net pension liability/net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

NOTE 3 – CASH AND INVESTMENTS - LEGAL REQUIREMENTS FOR DEPOSITS

Active deposits are public deposits necessary to meet current demands. Such monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts. Interim monies can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations, bonds and other obligations of political subdivisions of the State of Ohio;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

NOTE 3 – CASH AND INVESTMENTS - LEGAL REQUIREMENTS FOR DEPOSITS – Continued

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only though eligible institutions;

7. The State Treasurer's investment pool (STAROhio);

8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer, or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits – Custodial credit risk is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2021 and 2020, respectively, $0 of the District's bank balances of $13,910,634 and $13,552,214 were exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation(FDIC).

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or participation in 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments – The District had no investments as of December 31, 2021 and 2020.

NOTE 4 - COMPENSATED ABSENCES

The District uses the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability as employees receive 50% of their accrued sick leave upon termination or retirement. The vacation, personal and sick leave accruals as of December 31, 2021 and 2020 were $268,691 and $309,287, respectively.

NOTE 5 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. 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. Settled claims have not exceeded any aforementioned commercial coverage in any of the past three years. The District has not had any significant reduction in insurance coverage from the prior year.

The District pays the State Workers' Compensation System a premium based on a rate of approximately $.78 per every $100 of salaries. The rate is calculated based on accident history and administrative costs. The District also provides health-care insurance coverage for its full-time employees and the full-time employees pay a share of the cost for this insurance.

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NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2021 was as follows:

	Ending Balance 12/31/20	Additions	Deletions	Ending Balance 12/31/21
Capital Assets, Not Being Depreciated				
Land	$ 300,689	$ 11,777	$ -	$ 312,466
Construction in Progress	14,652	85,391	-	100,043
Total Capital Assets, Not Being Depreciated	315,341	97,168	-	412,509
Capital Assets Being Depreciated				
Land Improvements	40,520	-	-	40,520
Water Systems	11,241,567	114,796	-	11,356,363
Buildings	10,339,994	12,944	-	10,352,938
Groundwater Plant	12,843,169	-	-	12,843,169
Wellfield	2,159,939	-	-	2,159,939
Perry County Expansion	2,487,696	-	-	2,487,696
Crooksville Line Expansion	1,560,815	-	-	1,560,815
Bishopville Merger Capital Assets	2,477,578	-	-	2,477,578
Transportation Equipment	609,940	-	-	609,940
SCADA System	195,669	-	-	195,669
Machinery, Equipment, & Tools	609,829	6,960	-	616,789
Furniture & Fixtures	28,004	17,874	-	45,878
Total Capital Assets, Being Depreciated	44,594,720	152,574	-	44,747,294
Less Accumulated Depreciation:				
Land Improvements	(19,635)	(4,052)	-	(23,687)
Water Systems	(8,362,935)	(258,406)	-	(8,621,341)
Buildings	(10,135,959)	(13,334)	-	(10,149,293)
Groundwater Plant	(3,122,706)	(321,132)	-	(3,443,838)
Wellfield	(464,357)	(61,615)	-	(525,972)
Perry County Expansion	(1,127,954)	(92,294)	-	(1,220,248)
Crooksville Line Expansion	(540,706)	(56,492)	-	(597,198)
Bishopville Merger Capital Assets	(59,157)	(118,313)		(177,470)
Transportation Equipment	(326,489)	(55,527)	-	(382,016)
SCADA System	(45,326)	(6,316)	-	(51,642)
Machinery, Equipment, & Tools	(558,980)	(8,171)	-	(567,151)
Furniture & Fixtures	(23,410)	(6,415)	-	(29,825)
Total Accumulated Depreciation	(24,787,614)	(1,002,067)	-	(25,789,681)
Total Capital Assets Being Depreciated, Net	19,807,106	(849,493)	-	18,957,613
Total Capital Assets, Net	$ 20,122,447	$ (752,325)	$ -	$ 19,370,122

NOTE 6 – CAPITAL ASSETS – Continued

Capital assets activity for the year ended December 31, 2020 was as follows:

	Ending Balance 12/31/19	Additions	Deletions	Ending Balance 12/31/20
Capital Assets, Not Being Depreciated				
Land	$ 260,900	$ 39,789	$ -	$ 300,689
Construction in Progress	14,153	499	-	14,652
Total Capital Assets, Not Being Depreciated	275,053	40,288	-	315,341
Capital Assets Being Depreciated				
Land Improvements	27,920	12,600	-	40,520
Water Systems	11,232,746	8,821	-	11,241,567
Buildings	10,331,764	8,230	-	10,339,994
Groundwater Plant	12,841,047	2,122	-	12,843,169
Wellfield	2,151,636	8,303	-	2,159,939
Perry County Expansion	2,484,295	3,401	-	2,487,696
Crooksville Line Expansion	1,560,815	-	-	1,560,815
Bishopville Merger Capital Assets		2,477,578		2,477,578
Transportation Equipment	504,427	105,513	-	609,940
SCADA System	179,405	16,264	-	195,669
Machinery, Equipment, & Tools	617,539	8,917	(16,627)	609,829
Furniture & Fixtures	28,004	-	-	28,004
Total Capital Assets, Being Depreciated	41,959,598	2,651,749	(16,627)	44,594,720
Less Accumulated Depreciation:				
Land Improvements	(15,583)	(4,052)	-	(19,635)
Water Systems	(8,116,008)	(246,927)	-	(8,362,935)
Buildings	(10,123,920)	(12,039)	-	(10,135,959)
Groundwater Plant	(2,801,574)	(321,132)	-	(3,122,706)
Wellfield	(402,742)	(61,615)	-	(464,357)
Perry County Expansion	(1,035,660)	(92,294)	-	(1,127,954)
Crooksville Line Expansion	(484,214)	(56,492)	-	(540,706)
Bishopville Merger Capital Assets		(59,157)	-	(59,157)
Transportation Equipment	(265,091)	(61,398)	-	(326,489)
SCADA System	(39,010)	(6,316)	-	(45,326)
Machinery, Equipment, & Tools	(565,742)	(9,865)	16,627	(558,980)
Furniture & Fixtures	(20,571)	(2,839)	-	(23,410)
Total Accumulated Depreciation	(23,870,115)	(934,126)	16,627	(24,787,614)
Total Capital Assets Being Depreciated, Net	18,089,483	1,717,623	-	19,807,106
Total Capital Assets, Net	$ 18,364,536	$ 1,757,911	$ -	$ 20,122,447

NOTE 7 – CURRENT AND LONG-TERM OBLIGATIONS

Long-term obligations and the related transactions for the years ended December 31, 2021 and 2020 are summarized below:

	Balance 12/31/20	Additions	Reductions	Balance 12/31/21	Due Within One Year
Direct Obligations:					
OWDA 4776 - Paid to Perry County	$ 666,223	$ -	$ 32,955	$ 633,268	$ 32,956
OWDA 4915	161,936	-	8,753	153,183	8,753
OWDA 5266	4,460,358	-	212,398	4,247,960	212,398
OWDA 5054 - Paid to Village of Crooksvill	450,144	-	20,439	429,705	20,439
OWDA 5069 - Paid to Village of Crooksvill	98,950	-	4,948	94,002	4,948
OWDA 5871	782,205	-	61,138	721,067	61,138
OWDA 4371	655,146	-	67,135	588,011	67,136
OWDA 6238	16,078	-	588	15,490	588
OPWC CR22N	388,303	-	18,491	369,812	18,491
OPWC CR19S	69,217	-	2,611	66,606	2,611
OPWC CR25G	107,360	-	23,688	83,672	16,136
Net Pension Liabilities	714,727	-	100,202	614,525	-
Net OPEB Liabilities (1)	465,208	-	465,208	-	-
Compensated Absences	309,287	-	42,596	266,691	53,500
Total	$ 9,345,142	$ -	$ 1,061,150	$ 8,283,992	$ 499,094

	Balance 12/31/2019	Additions	Reductions	Balance 12/31/2020	Due Within One Year
Direct Obligations:					
OWDA 4776 - Paid to Perry County	$ 698,851	$ -	$ 32,628	$ 666,223	$ 32,956
OWDA 4915	166,312	-	4,376	161,936	13,130
OWDA 5266	4,566,557	-	106,199	4,460,358	318,597
OWDA 5054 - Paid to Village of Crooksvill	460,287	-	10,143	450,144	30,735
OWDA 5069 - Paid to Village of Crooksvill	101,424	-	2,474	98,950	7,422
OWDA 5871	812,320	-	30,115	782,205	92,166
OWDA 4371	-	655,146	-	655,146	67,136
OWDA 6238	-	16,078	-	16,078	588
OPWC CR22N	406,794	-	18,491	388,303	18,491
OPWC CR19S	-	71,828	2,611	69,217	2,611
OPWC CR25G	-	123,178	15,818	107,360	16,136
Net Pension Liabilities	910,102	-	195,375	714,727	-
Net OPEB Liabilities	403,515	61,693	-	465,208	-
Compensated Absences	191,183	157,529	39,425	309,287	40,800
Total	$ 8,717,345	$ 1,085,452	$ 457,655	$ 9,345,142	$ 640,768

(1) The District had a net OPEB asset as of December 31, 2021 in the amount of $68,858, so no liability is reported.

The District has certain direct borrowings with the Ohio Public Works Commission (OPWC). In the event of a default, (1) OPWC may apply late fees of 8 percent per year, (2) loans more than sixty days late will be turned over to the Attorney General's office for collection and, (3) as provided by law, OPWC may require that the outstanding amounts shall, at OPWC's option, become immediately due and payable.

NOTE 7 – CURRENT AND LONG-TERM OBLIGATIONS – Continued

In 2007, the District entered into an agreement with Perry County to repay an OWDA Loan 4776 for the Perry County Line Extension. The loan matures July 1, 2039 and has a one percent interest rate.

In 2008, the District received an OWDA Loan 4915 for the Tank #4 Waterline Replacement. The loan matures January 1, 2039 and has a zero percent interest rate.

In 2009, the District received an OWDA Loan 5266 for the Wellfield Project. The loan matures July 1, 2041 and has a zero percent interest rate.

In 2009, the District entered into an agreement with the Village of Crooksville to pay an OWDA Loan 5054 for the Crooksville Line Expansion. The loan matures July 1, 2040 and has a one percent interest rate.

In 2009, the District entered into an agreement with the Village of Crooksville to repay an OWDA Loan 5069 for the Crooksville Line Expansion. The loan matures July 1, 2040 and has a zero percent interest rate.

In 2011, the District received an OWDA Loan 5871 for the East Water Line and Tank Project. The loan matures January 1, 2032 and has a two percent interest rate.

In 2020, the District assumed OWDA Loan 4371 from Bishopville Water District for a new tank and waterline extension. The loan matures July 1, 2029 and has a two percent interest rate.

In 2020, the District assumed OWDA Loan 6238 from Bishopville Water District for a waterline replacement on State Route 78. The loan matures July 1, 2042 and has a two percent interest rate.

In 2012, the District received an OPWC Loan CR22N for the replacement of Tank #2. The loan matures January 1, 2042 and has a zero percent interest rate.

In 2020, the District assumed OPWC Loan CR19S from Bishopville Water District for a water tank replacement. The loan matures in January 2048 and has a zero percent interest rate.

In 2020, the District assumed OPWC Loan CR25G from Bishopville Water District for a waterline extension. The loan matures in January 2028 and has a two percent interest rate.

Future principal and interest payments on all OWDA loans are as follows:

Year Ending	OWDA Loans		
December 30,	Principal	Interest	Total
2022	$ 408,356	$ 41,609	$ 449,965
2023	411,480	36,229	447,709
2024	414,661	33,045	447,706
2025	417,904	29,804	447,708
2026	421,205	26,501	447,706
2027-2031	1,856,596	66,575	1,923,171
2032-2036	1,637,159	37,673	1,674,832
2037-2041	1,310,814	6,201	1,317,015
2042-2043	4,511	339	4,850
Total	$ 6,882,686	$ 277,976	$ 7,160,662

NOTE 7 – CURRENT AND LONG-TERM OBLIGATIONS – Continued

In connection with the OWDA loans, the District has pledged future customer revenues of the Water Fund, net of specified operating expenses, to repay these loans. The loans are payable, through final maturities, from net revenues applicable to the Water Funds. Total principal and interest remaining to be paid on the bonds is $7,569,017. The net revenue available for these bonds was $1,016,451 and principal and interest paid was $203,266. The coverage ratio for these loans was 5.00 for the year ended December 31, 2021.

Future principal payments on the OPWC loan is as follows:

Year Ending	OPWC Loan		
December 30,	Principal	Interest	Total
2022	$ 37,563	$ 1,813	$ 39,376
2023	37,894	1,482	39,376
2024	38,231	1,145	39,376
2025	38,576	800	39,376
2026	38,927	90	39,017
2027-2031	111,050	90	111,140
2032-2036	105,508	-	105,508
2037-2041	77,772	-	77,772
2042-2046	22,691		22,691
2047	11,875	-	11,875
Total	$ 520,087	$ 5,420	$ 525,507

NOTE 8 – DEFINED BENEFIT RETIREMENT PLAN

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability/Asset

Pensions and OPEB are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability and the net OPEB liability/asset represent the District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State

NOTE 8– DEFINED BENEFIT PENSION PLAN - Continued

legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability/asset would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a net pension/OPEB asset or long-term net pension/OPEB liability/asset on the accrual basis in the accompanying financial statements. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included as an intergovernmental payable on the accrual basis of accounting.

The remainder of this note includes the pension disclosures. See Note 9 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. District to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting https://www.opers.org/investmenst/cafr.shtml, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to 01/01/13 or eligible to retire ten years after 01/01/13	**Group C** Members not in other Groups and members hired on or after 01/01/13
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

NOTE 8– DEFINED BENEFIT PENSION PLAN - Continued

Plan Description – Ohio Public Employees Retirement System (OPERS) - Continued

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2020, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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NOTE 8 – DEFINED BENEFIT PENSION PLAN - Continued

Plan Description – Ohio Public Employees Retirement System (OPERS) - Continued

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Local
2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2021 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

The District's contractually required contribution to OPERS was $97,126 for fiscal year 2021 and $82,140 for 2020 respectively, of which the entire amount was paid during 2021.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability reported as of December 31, 2021 was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	2021 PERS	2020 PERS
Proportionate Share of the Net Pension Liability - Current Year	0.004150%	0.003616%
Proportionate Share of the Net Pension Liability - Prior Year	0.003616%	0.003323%
Change in Proportionate Share	0.000534%	0.000293%
Proportion of the Net Pension Liability	$614,525	$714,727
Pension Expense (Gain)	$101,491	$161,015

NOTE 8 – DEFINED BENEFIT PENSION PLAN - Continued

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued

At December 31, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	**2021**	**2020**
Differences between projected and actual economic experience	$ -	$ -
Changes in assumptions	-	38,175
Changes in proportion	87,315	55,070
District contributions subsequent to the measurement date	97,126	82,140
Total	$ 184,441	$ 175,385
Deferred Inflows of Resources		
Differences between projected and actual economic experience	$ (25,706)	$ (9,036)
Differences between projected and actual investment earnings	(239,525)	(142,572)
Total	$ (265,231)	$ (151,608)

$97,126 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2022	($38,557)
2023	(9,055)
2024	(97,638)
2025	(32,666)
Total	($177,916)

NOTE 8 – DEFINED BENEFIT PENSION PLAN -Continued

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below for the OPERS Traditional Plan.

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation at 3.25
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020, then 2.15 percent simple to .5 percent simple through 2021, then 2.15 percent simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the

NOTE 8 – DEFINED BENEFIT PENSION PLAN -Continued

Actuarial Assumptions – OPERS - Continued

same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent for 2020.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other investments	9.00	4.75
Total	100.00 %	5.43 %

Discount Rate The discount rate used to measure the total pension liability was 7.2% for the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the District proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

NOTE 8 – DEFINED BENEFIT PENSION PLAN -Continued

Actuarial Assumptions – OPERS - Continued

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	$1,172,209	$614,525	$150,811

Changes between Measurement Date and Report Date During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

NOTE 9 – DEFINED BENEFIT OPEB PLAN

See Note 8 for a description of the net OPEB liability (asset).

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The heath care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

NOTE 9 - DEFINED BENEFIT OPEB PLAN – Continued

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care 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 2021. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2021 is 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was $0 for 2021.

NOTE 9 - DEFINED BENEFIT OPEB PLAN - Continued

Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability(Asset)

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. for the defined benefit health care plans. In accordance with GASB Statement No. 75 (GASB 75), Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Member-Directed Plan health care is a defined benefit health care plan, although the pension plan is defined contribution. Interest of 4% is credited to member accounts as long as the Health Care portfolio earns a positive return. The District's proportion of the net OPEB liability was based on the District's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	2021 OPERS	2020 OPERS
Proportionate Share of the Net OPEB Liability (Asset)- Current Year	0.003865%	0.003368%
Proportionate Share of the Net OPEB Liability (Asset) - Prior Year	0.003368%	0.003095%
Change in Proportionate Share	0.000497%	0.000273%
Proportion of the Net OPEB(Asset) Liability	($68,858)	$465,208
OPEB Expense (Gain)	($370,254)	$73,996

At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources	2021 OPERS	2020 OPERS
Differences between expected and actual economic experience	$ -	$ 12
Changes of assumptions	33,851	73,638
Differences between projected and actual investment earnings	-	-
Change in proportions	50,629	30,486
Total	$ 84,480	$ 104,136
Deferred Inflows of Resources	**OPERS**	**OPERS**
Differences between expected and actual economic experience	$ 62,145	$ 42,546
Differences between projected and actual investment earnings	36,675	23,689
Changes of assumptions	111,571	-
Total	$ 210,391	$ 66,235

There were no deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date since none were made subsequent to the measurement date.

NOTE 9 - DEFINED BENEFIT OPEB PLAN - Continued

Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset) - Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December:	OPERS
2021	$(57,812)
2022	(47,839)
2023	(15,937)
2024	(4,321)
2025	(2)
	$(125,911)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	2020
Wage Inflation	3.25 percent
Projected Salary Increases,	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior measurement date	3.16 percen
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.00 percent
Prior measurement date	2.75 percen
Health Care Cost Trend Rate:	
Current measurement date	8.5 percent, initial

NOTE 9 - DEFINED BENEFIT OPEB PLAN - Continued

Actuarial Assumptions – OPERS - Continued

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	100.00 %	4.43 %

NOTE 9 - DEFINED BENEFIT OPEB PLAN – Continued

Actuarial Assumptions – OPERS - Continued

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent (Fidelity Index's "20-Year Municipal GO AA Index") for the year ended December 31, 2020. This single discount rate was based on an expected rate of return on the health care investment portfolio of 3.16 percent and a municipal bond rate of 2.75 percent for the year ended December 31, 2019. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates
The following table presents the District's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 3.16 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net OPEB liability (asset)	($17,122)	($68,858)	($111,389)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

NOTE 9 - DEFINED BENEFIT OPEB PLAN – Continued

Actuarial Assumptions – OPERS - Continued

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability (asset)	($70,536)	($68,858)	($66,980)

NOTE 10– COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

REQUIRED SUPPLEMENTARY INFORMATION

Burr Oak Regional Water District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Eight Years (1)

	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability	0.004150%	0.003616%	0.003323%	0.003018%	0.003001%	0.003064%	0.003057%	0.003057%
District's proportionate share of the net pension liability	$ 614,525	$ 714,727	$ 910,102	$ 473,466	$ 681,476	$ 530,723	$ 368,708	$ 360,380
District's covered-employee payroll	$ 586,714	$ 511,757	$ 445,471	$ 411,808	$ 389,475	$ 388,992	$ 376,117	$ 374,692
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	104.74%	139.66%	204.30%	114.97%	174.97%	136.44%	98.03%	96.18%
Plan fiduciary net position as a percentage of the total pension liability	86.88%	82.17%	74.70%	84.66%	77.25%	81.10%	86.45%	86.36%

(1) Information prior to 2013 is not available.
Amounts presented as of the District's measurement
date which is the prior fiscal year.
See accompanying notes to the required supplementary information.

Burr Oak Regional Water District

Required Supplementary Information

Schedule of the District's Pension Contributions

Ohio Public Employees Retirement System

Last Ten Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 97,126	$ 82,140	$ 71,646	$ 62,366	$ 53,535	$ 46,737	$ 46,679	$ 45,134	$ 48,710	$ 37,621
Contributions in relation to the contractually required contribution	(97,126)	(82,140)	(71,646)	(62,366)	(53,535)	(46,737)	(46,679)	(45,134)	(48,710)	(37,621)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 693,757	$ 586,714	$ 511,757	$ 445,471	$ 411,808	$ 389,475	$ 388,992	$ 367,117	$ 374,692	$ 376,210
Contributions as a percentage of covered employee payroll	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.29%	13.00%	10.00%

See accompanying notes to the required supplementary information.

Burr Oak Regional Water District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability (Asset)
Ohio Public Employees Retirement System
Last Five Years (1)

	2020	2019	2018	2017	2016
District's proportion of the net OPEB liability (asset)	0.00386500%	0.00336800%	0.00309500%	0.00283000%	0.00282000%
District's proportionate share of the net OPEB liability (asset)	$ (68,858)	$ 465,208	$ 403,515	$ 307,317	$ 284,830
District's covered-employee payroll	$ 586,714	$ 511,757	$ 445,471	$ 411,808	$ 389,475
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-11.74%	90.90%	90.58%	74.63%	73.13%
Plan fiduciary net position as a percentage of the total OPEB liability	115.57%	47.80%	46.33%	54.14%	54.05%

(1) Information prior to 2016 is not available.
Amounts presented as of the District's measurement
date which is the prior fiscal year.
See accompanying notes to the required supplementary information.

Burr Oak Regional Water District
Required Supplementary Information
Schedule of the District's OPEB Contributions
Ohio Public Employees Retirement System
Last Six Years (1)

	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ -	$ -	$ -	$ -	$ 4,116	$ 7,792
Contributions in relation to the contractually required contribution	-	-	-	-	(4,116)	(7,792)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District covered-employee payroll	$ 693,757	$ 586,714	$ 511,757	$ 447,471	$ 411,808	$ 389,475
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%

(1) Information prior to 2015 is not available.
See accompanying notes to the required supplementary information.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms:

There were no changes in benefit terms for 2015 through 2017.

For 2018, COLAs provided up to December 31, 2018 will be based upon a simple, 3 percent COLA. COLAs provided after December 31, 2018 continue to be simple, but will be based upon the annual percentage change in the Consumer Price Index (CPI), and not greater than 3 percent.

There were no significant changes in benefit terms for 2019 or 2020.

For 2021, in October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to .5 percent simple through 2021 then 2.15 percent simple.

Changes in assumptions:

There were no significant changes in assumptions for 2015 through 2018.

For 2018, the employer contribution rate allocated to pensions increased from 13.00 percent to 14.00 percent.

For 2019, the investment rate of return decreased from 7.5 percent to 7.2 percent.

There were no significant changes in assumptions for 2020 or 2021.

Net OPEB Liability

Changes in benefit terms:

There were no significant changes in benefit terms for 2018-2021.

Changes in assumptions

Changes in assumptions for 2018 were as follows:

- The single discount rate decreased from 4.23 percent to 3.85 percent.
- The employer contribution rate allocated to health care decreased from 1.00 percent to 0.00 percent.

For 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.85 percent to 3.96 percent.
- The investment rate of return decreased from 6.5 percent to 6 percent.
- The municipal bond rate increased from 3.31 percent to 3.71 percent.
- The initial health care cost trend rate increased from 7.5 percent to 10 percent.

For 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate decreased from 3.96 percent to 3.16 percent.
- The municipal bond rate decreased from 3.71 percent to 2.75 percent.

***Net OPEB Liability* (Continued)**

Changes in assumptions (Continued)

For 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.16 percent to 6.00 percent.
- The municipal bond rate decreased from 2.75 percent to 2.00 percent.
- The initial health care cost trend rate decreased from 10.50 percent to 8.50 percent.

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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_

Burr Oak Regional Water District
Athens County
23554 Jenkins Dam Road
Glouster, Ohio 43732

To the Board of Trustees:

We have audited 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, the financial statements of the Burr Oak Regional Water District, Athens County, (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 20, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of reasonably assuring 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we dot express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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 & Associates, Inc.
June 20, 2022

BURR OAK REGIONAL WATER DISTRICT

ATHENS COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2020 and 2019

Charles E. Harris
& Associates, Inc.
CPAs and Government Consultants

BURR OAK REGIONAL WATER DISTRICT
ATHENS COUNTY

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INDEPENDENT AUDITOR'S REPORT

Burr Oak Regional Water District
Athens County
23554 Jenkins Dam Road
Glouster, Ohio 43732

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Burr Oak Regional Water District, Athens County, Ohio (the District), which comprise the statements of net position as of December 31, 2020 and 2019, and the related statements of activities and cash flows for the years ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United State of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Burr Oak Regional Water District, Athens County, Ohio, as of December 31, 2020 and 2019, and the changes in its financial position and its cash flows, thereof for the year ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2022, 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.
June 20, 2022

The following discussion provides a summary overview of the financial activities of the Burr Oak Regional Water District ("the District") for the years ended December 31, 2020 and 2019. The information should be read in conjunction with the basic financial statements included in this report.

FINANCIAL HIGHLIGHTS

- Assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $25,548,674 and $23,635,861 as of December 31, 2020 and 2019, respectively.
- Net position increased by $1,912,813 in 2020 and increased by $358,156 in 2019.
- Operating revenues increased by $308,179 (11.36%) and decreased by $84,223 (3.01%) and operating expenses increased by $367.399 (14.29%) and increased by $154,178 (6.38%) in 2020 and 2019, respectively.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, the Statements of Cash Flows and the accompanying notes to the financial statements. These statements report information about the District and about its activities. The District is a single enterprise fund using proprietary fund accounting, which means these statements are presented in a manner similar to a private-sector business. The statements are presented using the economic resources measurement focus and the accrual basis of accounting.

The Statements of Net Position include all of the District's Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources. These statements provide information about the nature and amounts of investments in resources (assets) owned by the District, and obligations owed by the District (liabilities) on December 31. The District's net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources.

The Statements of Revenues, Expenses and Changes in Net Position provide information on the District's operations over the past two years and the success of recovering all its costs through user fees, charges, special assessments and other income. Revenues are reported when earned and expenses are reported when incurred.

The Statements of Cash Flows provide information about the District's cash receipts and cash disbursements. It summarizes the net changes in cash resulting from operating, investing, noncapital financing and capital financing activities.

The notes to the basic financial statements are an integral part of the basic financial statements and provide expanded explanation and detail regarding the information reported in the basic financial statements.

STATEMENTS OF NET POSITION

Table 1 summarizes the Statements of Net Position of the District. Capital assets are reported less accumulated depreciation. "Net Investment in Capital Assets," represents capital assets less outstanding debt that was used to acquire those assets.

(Table 1)
Net Position

	2020	2019	Difference	2018	Difference
Current and Other Assets	$ 14,831,725	$ 13,733,967	$ 1,097,758	$ 13,094,076	$ 639,891
Capital Assets, Net	20,122,447	18,364,536	1,757,911	18,803,816	(439,280)
Total Assets	34,954,172	32,098,503	2,855,669	31,897,892	200,611
Deferred Outflows of Resources	279,521	361,496	(81,975)	144,551	216,945
Long Term Liabilities	8,745,174	8,352,057	393,117	8,143,849	208,208
Current and Other Liabilities	722,002	458,816	263,186	484,233	(25,417)
Total Liabilities	9,467,176	8,810,873	656,303	8,628,082	182,791
Deferred Inflows of Resources	217,843	13,265	204,578	136,656	(123,391)
Net Position					
Net Investment in Capital Assets	12,266,527	11,151,991	1,114,536	11,203,873	(51,882)
Unrestricted	13,282,147	12,483,870	798,277	12,073,832	410,038
Total Net Position	**$ 25,548,674**	**$ 23,635,861**	**$ 1,912,813**	**$ 23,277,705**	**$ 358,156**

The net pension liability (NPL) is a significant liability reported by the District at December 31, 2020 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The District has another significant liability reported at December 31, 2020 reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OBEP liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

STATEMENTS OF NET POSITION (Continued)

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position. In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As noted earlier, the net position may serve as a useful indicator of financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $25,548,674 as of December 31, 2020, of which $12,266,527 is for net investment in capital assets; compared to an excess of $23,635,861 as of December 31, 2019.

The largest portion of the District's net position is reflected in its cash and certificates of deposit, and its capital assets, less accumulated depreciation and related debt outstanding. The District strives to keep adequate cash reserves on hand in order to maintain or expand its facilities to meet the needs of its customers and to comply with regulatory requirement.

For the years ended December 31, 2020 and 2019, total assets of the District increased by $2,855,669 and $200,611, respectively, primarily due to an increase in cash and an increase in capital assets, net. The increases in cash are primarily due to revenues exceeding expenses for both 2020 and 2019. The increase in capital assets, net is primarily due to the addition of capital assets from the merger with Bishopville Water District as well as other capital asset additions which were partially offset by depreciation expense. The decrease in capital assets, net is primarily due to depreciation expense for 2019. Deferred outflows of resources decreased due to changes in actuarial calculations which decreased pensions deferred outflows, but increased OPEB deferred outflows. Total liabilities as of December 31, 2020 increased for the District by $656,303 and as of December 31, 2019 increased by $182,791. For 2020 the change was primarily due to increases in OWDA and OPWC loans due to the merger with Bishopville Water District as well as increases in OPEB liabilities due to actuarial calculations. These increases were partially offset by decreases in net pension liabilities due to actuarial calculation and debt principal payments during the year. For 2019 the change was primarily due to a reduction of debt.

STATEMENTS OF CHANGES IN NET POSITION

Table 2 below summarizes the changes in revenues and expenses and the resulting changes in net position.

(Table 2)
Changes in Net Position

	2020	2019	Difference	2018	Difference
Operating Revenues	$ 3,020,987	$ 2,712,808	$ 308,179	$ 2,797,031	$ (84,223)
Operating Expenses (Excluding Depreciation)	2,004,536	1,713,360	291,176	1,574,023	139,337
Depreciation	934,126	857,903	76,223	843,062	14,841
Total Operating Expenses	2,938,662	2,571,263	367,399	2,417,085	154,178
Operating Income	82,325	141,545	(59,220)	379,946	(238,401)
Non-Operating Revenues	269,144	249,558	19,586	183,491	66,067
Non-Operating Expenses	(17,331)	(32,947)	15,616	(30,812)	(2,135)
Changes in Net Position Prior to Special Item	334,138	358,156	(24,018)	532,625	(174,469)
Special Item-Gain on Merger	1,578,675	-	1,578,675	-	-
Changes in Net Position	1,912,813	358,156	1,554,657	532,625	(174,469)
Net Position at Beginning of Year	23,635,861	23,277,705	358,156	22,745,080 *	532,625
Net Position at End of Year	**$ 25,548,674**	**$ 23,635,861**	**$ 1,912,813**	**$ 23,277,705**	**$ 358,156**

Operating revenues consist of user charges for water consumption. Operating expenses reflect the cost of providing these services. For the years ended December 31, 2020 and 2019:

- Operating revenue increased $308,179 (11.36%) and decreased $84,223 (3.01%) in 2020 and 2019, respectively. The increases in 2020 were partially due to the merger of Bishopville Water District as well as increases in water sales for the District as a whole.

- Operating expenses increased by $367,399 (14.29%) in 2020 primarily due to increases in personnel expenses, increases in maintenance and operations expenses and increases in depreciation expense. The increases in personnel expenses are primarily due to increased OPEB expenses due to actuarial calculations as well as increases in compensation which were partially offset by decreases in pension expenses due to actuarial calculations. Maintenance and operations expenses increased primarily due to increased maintenance and repair expenses for equipment and other areas which was partially due to the merger of Bishopville Water District with the District as well as ongoing maintenance and repair. Depreciation expenses increased due to additional capital assets put into service which was partially due to the merger of Bishopville Water District as well as additional District assets put into service.

- Operating expenses increased by $154,178 (6.38%) in 2019 primarily due to increases in personnel expenses which were partially offset by decreases in maintenance and operations expenses. The increases in personnel expenses are primarily due to increased pension and OPEB expenses due to actuarial calculations as well as some increases in compensation.

CAPITAL ASSETS

The District had $44,910,061 invested in capital assets (before depreciation) at the end of 2020. This amount increased from 2019 by $2,675,410 (6.33%) due to the merger with Bishopville Water District which added a substantial amount of capital assets, the purchase of transportation equipment and several other items. The District had $20,122,447 invested in net capital assets (after depreciation) at the end of 2020. This amount is an increase of $1,757,111 (9.57%) from the previous year and is primarily due to the additions which was partially offset by depreciation expense.

The District had $42,234,651 invested in capital assets (before depreciation) at the end of 2019. This amount increased from 2018 by $404,608 (0.97%) due to the addition of Wellfield number 6, the purchase of transportation equipment and several other items. The District had $18,364,536 invested in net capital assets (after depreciation) at the end of 2019. This amount is a decrease of $439,280 (2.34%) from the previous year and is primarily due to depreciation expense which was partially offset by the additions.

(Table 3)
Capital Assets at December 31

	2020	2019	2018
Land	$ 300,689	$ 260,900	$ 260,900
Construction in Progress	14,652	14,153	90,241
Land Improvements	40,520	27,920	27,920
Water Systems	11,241,567	11,232,746	11,222,353
Buildings	10,339,994	10,331,764	10,304,068
Groundwater Plant	12,843,169	12,841,047	12,841,047
Wellfield	2,159,939	2,151,636	1,750,757
Perry County Expansion	2,487,696	2,484,295	2,484,295
Crooksville Line Expansion	1,560,815	1,560,815	1,560,815
Bishopville Merger	2,477,578	0	0
Transportation Equipment	609,940	504,427	458,693
SCADA System	195,669	179,405	179,405
Machinery, Equipment, and Tools	609,829	617,539	624,544
Furniture and Fixtures	28,004	28,004	25,005
Totals Before Accumulated Depreciation	44,910,061	42,234,651	41,830,043
Accumulated Depreciation	(24,787,614)	(23,870,115)	(23,026,227)
Net Capital Assets	**$ 20,122,447**	**$ 18,364,536**	**$ 18,803,816**

Additional information regarding capital assets can be found in Note 6 to the basic financial statements.

DEBT

The District finances its construction primarily through the issuance of Ohio Water Development Authority (OWDA) loans and Ohio Public Works Commission (OPWC) loans. At December 31, 2020, the District had total debt outstanding of $7,855,920 compared to $7,212,545 at December 31, 2019 and $7,568,913 at December 31, 2018. This represents an increase of $643,375 and a decrease of $356,368 in 2020 and 2019, respectively, from the increased debt from the merger with Bishopville Water District for 2020 and the repayment of the outstanding debt for 2019. Additional information regarding debt can be found in Note 7 to the basic financial statements.

(Table 4)
Outstanding Debt, at December 31

	2020	2019	2018
OWDA Loans	$ 7,291,040	$ 6,805,751	$ 7,143,628
OPWC Loan	564,880	406,794	425,285
Total Long Term Debt	7,855,920	7,212,545	7,568,913
Less			
Current Maturities	599,968	358,088	356,369
Net Long Term Debt	$ 7,255,952	$ 6,854,457	$ 7,212,544

CASH

Cash and cash equivalents on December 31, 2020 were $14,493,691 and on December 31, 2019 were $13,477,731.

CONTACT INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Wendy Aichele, accountant of the Burr Oak Regional Water District, 23554 Jenkins Dam Road, Glouster, Ohio 45732. The e-mail address is wendyborwd@gmail.com

Burr Oak Regional Water District
Athens County, Ohio
Statements of Net Position
As of December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 14,493,691	$ 13,477,731
Accounts receivable, net of allowance for doubtful accounts	294,312	212,917
Prepaid items	43,722	43,319
Total current assets	14,831,725	13,733,967
CAPITAL ASSETS		
Non-Depreciable Capital Assets	315,341	275,052
Depreciable Capital Assets, net of Depreciation	19,807,106	18,089,484
Total Capital Assets	20,122,447	18,364,536
TOTAL ASSETS	34,954,172	32,098,503
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	175,385	310,197
OPEB	104,136	51,299
Total Deferred Outflows of Resources	279,521	361,496
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 35,233,693	$ 32,459,999
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 81,892	$ 59,721
Payroll related liabilities	15,998	19,184
Accrued wages	24,144	14,623
Current portion, compensated absences	-	7,200
Current portion, OWDA Loans	562,730	339,597
Current portion, OPWC Loans	37,238	18,491
Total current liabilities	722,002	458,816
LONG-TERM LIABILITIES		
Compensated absences	309,287	183,983
Net pension liabilities	714,727	910,102
Net OPEB liabilities	465,208	403,515
OWDA loans	6,728,310	6,466,154
OPWC loans	527,642	388,303
Net Long-Term Liabilities	8,745,174	8,352,057
TOTAL LIABILITIES	9,467,176	8,810,873
DEFERRED INFLOWS OF RESOURCES		
Pensions	151,608	12,170
OPEB	66,235	1,095
Total Deferred Inflows of Resources	217,843	13,265
NET POSITION		
Net Investment in Capital Assets	12,266,527	11,151,991
Unrestricted	13,282,147	12,483,870
Total Net Position	25,548,674	23,635,861
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 35,233,693	$ 32,459,999

See accompanying notes to the basic financial statements.

Burr Oak Regional Water District
Athens County, Ohio
Statements of Revenues, Expenses and Changes in Net Position
As of December 31, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Water sales	$ 2,967,321	$ 2,693,545
Tap, application, and reconnect fees	3,030	3,630
Late penalty charges	3,313	3,261
Miscellaneous revenues	47,323	12,372
Total Operating Revenues	3,020,987	2,712,808
OPERATING EXPENSES		
Personnel expenses	1,123,988	946,454
Utilities and telecommunications expense	271,061	273,791
Maintenance and operations	539,130	448,453
Office expenses and operation	7,869	8,166
Professional fees	62,488	36,496
Depreciation	934,126	857,903
Total Operating Expenses	2,938,662	2,571,263
OPERATING INCOME	82,325	141,545
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	260,644	249,558
Interest expense	(17,331)	(29,125)
Gain (loss) on disposal of capital assets	8,500	(3,822)
Total Nonoperating Revenues (Expenses)	251,813	216,611
Change in Net Position Before Special Item	334,138	358,156
Special Item - Gain on Merger of Another District	1,578,675	-
Change in Net Position	1,912,813	358,156
NET POSITION - Beginning of Year	23,635,861	23,277,705
NET POSITION - End of Year	$ 25,548,674	$ 23,635,861

See accompanying notes to the basic financial statements.

Burr Oak Regional Water District
Athens County, Ohio
Statements of Cash Flows
As of December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATIONS		
Cash received from customers	$ 2,939,592	$ 2,734,445
Cash payments to suppliers for goods and services	(858,780)	(790,758)
Cash payments to employees for services	(846,678)	(725,742)
Net Cash Provided By Operations	1,234,134	1,217,945
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	260,644	249,558
Net Cash Provided By Investing Activities	260,644	249,558
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(335,741)	(453,475)
Non-capitalized costs associated with Merger	(30,976)	-
Cash received from Merger	119,585	-
Proceeds from disposal of capital assets	8,500	-
Principal payments on OWDA loans	(185,935)	(337,877)
Principal payments on OPWC loan	(36,920)	(18,491)
Interest paid on OWDA and OPWC loans	(17,331)	(29,125)
Net Cash Used In Capital and Related Financing Activities	(478,818)	(838,968)
INCREASE IN CASH AND CASH EQUIVALENTS	1,015,960	628,535
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13,477,731	12,849,196
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 14,493,691	$ 13,477,731
CASH FLOWS FROM OPERATIONS		
Operating Income	$ 82,325	$ 141,545
Adjustments to reconcile operating income to cash flows from operating activities:		
Depreciation	934,126	857,903
Pension/OPEB Expense Adjustments Not Affecting Cash	152,871	192,498
(Increase) decrease in:		
Accounts receivable	(81,395)	21,637
Prepaid items	(403)	(32,993)
Increase (decrease) in:		
Accounts payable	22,171	9,141
Compensated absenses payable	118,104	5,661
Accrued payroll and benefits	6,335	22,553
Net Cash Provided by Operating Activities	$ 1,234,134	$ 1,217,945
Non-cash transactions:		
Acquisition of OWDA loans from Merger	671,224	-
Acquisition of OPWC loan from Merger	195,006	-
Capital assets acquired from Merger	(2,356,296)	-

See accompanying notes to the basic financial statements.

NOTE 1 – NATURE OF ORGANIZATION

The Burr Oak Regional Water District, Athens County (the District), is a regional water district organized under the provision of the Ohio Rev. Code Chapter 6119 by the Common Pleas Court of Athens County on September 27, 1999, after the Ohio Department of Natural Resources no longer wanted to operate the Burr Oak Water System. The State of Ohio formally transferred ownership, as well as all assets, of the Burr Oak Water System on October 21, 2000. The District operates under the direction of an eight-member Board of Trustees, from Athens, Hocking, Perry and Morgan Counties. The administrative staff consists of a District Manager and an Administrative Assistant, who are responsible for the fiscal control of the resources of the District. The District was established to provide an adequate and uncontaminated water supply for the consumption of the District's users. The District took over the Bishopville Water District during 2020. The District now sells water to seventeen satellite water systems, consisting of nine area villages, four water districts, three private associations, and the Ohio Department of Natural Resources Division of Parks and Recreation. The District also has approximately eight hundred private tap customers.

The District's management believes the financial statements included in this report represent all activities over which the District has the ability to exercise direct operating control. The District has no component units.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements conform to accounting principles generally accepted in the United States of America for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. A summary of the significant accounting policies consistently applied in preparation of the accompanying financial statements follows:

1. **Basis of Presentation - Fund Accounting**
   The accounts of the District are organized on the basis of funds, to report on its financial position and the results of its operations, each of which is considered a separate accounting entity. The District has created a single type of fund and a single fund within that fund type. The fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows/outflows of resources, net position, revenues, and expenses. This fund accounts for the governmental resources allocated to it for the purpose of carrying on specific activities in accordance with laws, regulations or other restrictions. The fund type, which the District uses, is described below:

   Proprietary Fund Type - This fund type accounts for operations that are organized to be self-supporting through user charges. The fund included in this category used by the District is the Enterprise Fund.

   Enterprise Fund - This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. **Basis of Accounting and Measurement Focus**
   Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accounting policies of the District conform to accounting policies generally accepted in the United States of America.

   For financial statement presentation purposes, the District utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned. Expenses are recognized under the accrual basis of accounting when the liability is incurred.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. **Budgetary Process**
The Ohio Revised Code requires that each fund be budgeted annually. The District has adopted a budget for the years ended December 31, 2020 and 2019, and has adopted and passed annual appropriations resolutions.

Appropriations – For fiscal years ended December 31, 2020 and 2019, budgetary expenditures may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. Appropriation authority includes current year appropriations plus encumbrances carried over from prior year (if any). The Board 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.

Encumbrances – The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

4. **Cash and Investments**
For purposes of the statement of cash flows, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

5. **Accounts Receivable**
Customer accounts receivables are stated at face value, less an allowance for doubtful accounts. The allowance for doubtful accounts is established through a provision for doubtful accounts charged as a reduction in revenue. Doubtful accounts are charged against the allowance when management believes the collectability of the account is unlikely.

6. **Capital Assets**
Capital assets acquired or constructed for the general use of the District in providing services are recorded at cost. Construction costs of the water system are capitalized on construction projects until they are substantially completed. Interest incurred on debt as a result of obtaining capital assets is not capitalized. Donated assets are recorded at their estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Depreciation of capital assets of the District is calculated utilizing the straight line method. All assets reported in the financial statements are at cost less accumulated depreciation. The estimated useful lives by major capital asset class are as follows:

Asset Class	Number of Years
Buildings and Water Systems	40-50
Furniture and Fixtures	10
Office Equipment	5
Laboratory Equipment	10
Machinery & Equipment	6-10
Park System, Tanks and Booster Stations	20
Tools and Equipment	10
Transportation Equipment	5
Land Improvements	10

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

7. **Capital Contributions**
Capital contributions are recorded by the District for receipts of capital grants or contributions from developers and customers. No capital contributions have been recognized in 2020 and 2019.

8. **Compensated Absences**
District employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement Sick leave is payable when used, or upon death or retirement. Vacation hours are accrued at different rates depending on the number of years of service of the respective employee. The annual vacation accruals range from 80 hours to 200 hours per year. The total maximum amount of vacation hours that an employee can accumulate ranges from 240 hours to 600 hours which is determined by his/her years of service. As for sick leave, this is accrued at a rate of 3.1 hours per pay with a maximum accrual amount of 1,040 hours. Accrued sick leave is paid out at 50% of the employee's regular rate of pay. Any employee discharged for cause receives none of their accumulated sick leave.

9. **Prepaid Expenses**
Prepaid expenses are those payments made to venders for services that will benefit periods beyond the balance sheet date. These items are reported using the consumption method. A current asset is recorded at the time of payment, and an expense is recorded at the time the services are consumed.

10. **Net Position**
Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The District had no restrictions on net position as of December 31, 2020 and 2019.

11. **Estimates**
The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

12. **Operating Revenues and Expenses**
Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are water sales, tap, application, and reconnection fees, late penalty charges and miscellaneous revenues for water services provided. Operating expenses are necessary costs incurred to provide the goods and/or services that are the primary activities of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

13. **Accrued Liabilities and Long-Term Obligations**
All payables, accrued liabilities, and long-term obligations are reported in the financial statements when the liability is incurred.

14. **Special Item**
The District had the Bishopville Water District merge into the District during 2020 and the resultant gain from the acquisition of cash, capital assets, other assets, debt and other liabilities was recognized as a special item in the accompanying financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

15. **Deferred Outflows and Deferred Inflows of Resources**
Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The District recorded a deferred outflow of resources for pension and other postemployment benefits. The deferred outflows of resources related to the pension and other postemployment benefits are explained in Note 8 and Note 9. The District reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the District this was for pensions and postemployment benefits. (See Note 8 and Note 9).

16. **Pensions and Other Postemployment Benefits (OPEB)**
For purposes of measuring the net pension liability/net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

NOTE 3 – CASH AND INVESTMENTS - LEGAL REQUIREMENTS FOR DEPOSITS

Active deposits are public deposits necessary to meet current demands. Such monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts. Interim monies can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations, bonds and other obligations of political subdivisions of the State of Ohio;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

NOTE 3 – CASH AND INVESTMENTS - LEGAL REQUIREMENTS FOR DEPOSITS – Continued

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only though eligible institutions;

7. The State Treasurer's investment pool (STAROhio);

8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer, or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits – Custodial credit risk is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2020 and 2019, respectively, $0 of the District's bank balances of $13,910,634 and $13,552,214 were exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation(FDIC).

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
participation in 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments – The District had no investments as of December 31, 2020 and 2019.

NOTE 4 - COMPENSATED ABSENCES

The District uses the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability as employees receive 50% of their accrued sick leave upon termination or retirement. The vacation, personal and sick leave accruals as of December 31, 2020 and 2019 were $309,287 and $191,183, respectively.

NOTE 5 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. 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. Settled claims have not exceeded any aforementioned commercial coverage in any of the past three years. The District has not had any significant reduction in insurance coverage from the prior year.

The District pays the State Workers' Compensation System a premium based on a rate of approximately $.78 per every $100 of salaries. The rate is calculated based on accident history and administrative costs. The District also provides health-care insurance coverage for its full-time employees and the full-time employees pay a share of the cost for this insurance.

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NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2020 was as follows:

	Ending Balance 12/31/19	Additions	Deletions	Ending Balance 12/31/20
Capital Assets, Not Being Depreciated				
Land	$ 260,900	$ 39,789	$ -	$ 300,689
Construction in Progress	14,153	499	-	14,652
Total Capital Assets, Not Being Depreciated	275,053	40,288	-	315,341
Capital Assets Being Depreciated				
Land Improvements	27,920	12,600	-	40,520
Water Systems	11,232,746	8,821	-	11,241,567
Buildings	10,331,764	8,230	-	10,339,994
Groundwater Plant	12,841,047	2,122	-	12,843,169
Wellfield	2,151,636	8,303	-	2,159,939
Perry County Expansion	2,484,295	3,401	-	2,487,696
Crooksville Line Expansion	1,560,815	-	-	1,560,815
Bishopville Merger Capital Assets	-	2,477,578	-	2,477,578
Transportation Equipment	504,427	105,513	-	609,940
SCADA System	179,405	16,264	-	195,669
Machinery, Equipment, & Tools	617,539	8,917	(16,627)	609,829
Furniture & Fixtures	28,004	-	-	28,004
Total Capital Assets, Being Depreciated	41,959,598	2,651,749	(16,627)	44,594,720
Less Accumulated Depreciation:				
Land Improvements	(15,583)	(4,052)	-	(19,635)
Water Systems	(8,116,008)	(246,927)	-	(8,362,935)
Buildings	(10,123,920)	(12,039)	-	(10,135,959)
Groundwater Plant	(2,801,574)	(321,132)	-	(3,122,706)
Wellfield	(402,742)	(61,615)	-	(464,357)
Perry County Expansion	(1,035,660)	(92,294)	-	(1,127,954)
Crooksville Line Expansion	(484,214)	(56,492)	-	(540,706)
Bishopville Merger Capital Assets	-	(59,157)		(59,157)
Transportation Equipment	(265,091)	(61,398)	-	(326,489)
SCADA System	(39,010)	(6,316)	-	(45,326)
Machinery, Equipment, & Tools	(565,742)	(9,865)	16,627	(558,980)
Furniture & Fixtures	(20,571)	(2,839)	-	(23,410)
Total Accumulated Depreciation	(23,870,115)	(934,126)	16,627	(24,787,614)
Total Capital Assets Being Depreciated, Net	18,089,483	1,717,623	-	19,807,106
Total Capital Assets, Net	$ 18,364,536	$ 1,757,911	$ -	$ 20,122,447

NOTE 6 – CAPITAL ASSETS – Continued

Capital assets activity for the year ended December 31, 2019 was as follows:

	Ending Balance 12/31/18	Additions	Deletions	Ending Balance 12/31/19
Capital Assets, Not Being Depreciated				
Land	$ 260,900	$ -	$ -	$ 260,900
Construction in Progress	90,241	306,757	(382,845)	14,153
Total Capital Assets, Not Being Depreciated	351,141	306,757	(382,845)	275,053
Capital Assets Being Depreciated				
Land Improvements	27,920	-	-	27,920
Water Systems	11,222,353	10,393	-	11,232,746
Buildings	10,304,068	30,696	(3,000)	10,331,764
Groundwater Plant	12,841,047	-	-	12,841,047
Wellfield	1,750,757	400,879	-	2,151,636
Perry County Expansion	2,484,295	-	-	2,484,295
Crooksville Line Expansion	1,560,815	-	-	1,560,815
Transportation Equipment	458,693	45,734	-	504,427
SCADA System	179,405	-	-	179,405
Machinery, Equipment, & Tools	624,544	7,144	(14,149)	617,539
Furniture & Fixtures	25,005	3,687	(688)	28,004
Total Capital Assets, Being Depreciated	41,478,902	498,533	(17,837)	41,959,598
Less Accumulated Depreciation:				
Land Improvements	(12,791)	(2,792)	-	(15,583)
Water Systems	(7,869,885)	(246,123)	-	(8,116,008)
Buildings	(10,114,440)	(12,108)	2,628	(10,123,920)
Groundwater Plant	(2,480,548)	(321,026)	-	(2,801,574)
Wellfield	(341,492)	(61,250)	-	(402,742)
Perry County Expansion	(943,593)	(92,067)	-	(1,035,660)
Crooksville Line Expansion	(427,721)	(56,493)	-	(484,214)
Transportation Equipment	(216,887)	(48,204)	-	(265,091)
SCADA System	(34,320)	(4,690)	-	(39,010)
Machinery, Equipment, & Tools	(566,130)	(10,311)	10,699	(565,742)
Furniture & Fixtures	(18,420)	(2,839)	688	(20,571)
Total Accumulated Depreciation	(23,026,227)	(857,903)	14,015	(23,870,115)
Total Capital Assets Being Depreciated, Net	18,452,675	(359,370)	(3,822)	18,089,483
Total Capital Assets, Net	$ 18,803,816	$ (52,613)	$ (386,667)	$ 18,364,536

NOTE 7 – CURRENT AND LONG-TERM OBLIGATIONS

Long-term obligations and the related transactions for the years ended December 31, 2020 and 2019 are summarized below:

	Balance 12/31/2019	Additions	Reductions	Balance 12/31/20	Due Within One Year
Direct Obligations:					
OWDA 4776 - Paid to Perry County	$ 698,851	$ -	$ 32,628	$ 666,223	$ 32,956
OWDA 4915	166,312	-	4,376	161,936	13,130
OWDA 5266	4,566,557	-	106,199	4,460,358	318,597
OWDA 5054 - Paid to Village of Crooksvill	460,287	-	10,143	450,144	30,735
OWDA 5069 - Paid to Village of Crooksvill	101,424	-	2,474	98,950	7,422
OWDA 5871	812,320	-	30,115	782,205	92,166
OWDA 4371	-	655,146	-	655,146	67,136
OWDA 6238	-	16,078	-	16,078	588
OPWC CR22N	406,794	-	18,491	388,303	18,491
OPWC CR19S	-	71,828	2,611	69,217	2,611
OPWC CR25G	-	123,178	15,818	107,360	16,136
Net Pension Liabilities	910,102	-	195,375	714,727	-
Net OPEB Liabilities	403,515	61,693	-	465,208	-
Compensated Absences	191,183	157,529	39,425	309,287	40,800
Total	$ 8,717,345	$ 1,085,452	$ 457,655	$ 9,345,142	$ 640,768

	Balance 12/31/2018	Additions	Reductions	Balance 12/31/2019	Due Within One Year
Direct Obligations:					
OWDA 4776 - Paid to Perry County	$ 731,155	$ -	$ 32,304	$ 698,851	$ 32,629
OWDA 4915	175,065	-	8,753	166,312	8,753
OWDA 5266	4,778,955	-	212,398	4,566,557	212,398
OWDA 5054 - Paid to Village of Crooksvill	480,422	-	20,135	460,287	20,337
OWDA 5069 - Paid to Village of Crooksvill	106,371	-	4,947	101,424	4,948
OWDA 5871	871,660	-	59,340	812,320	60,532
OPWC CR22N	425,285	-	18,491	406,794	18,491
Net Pension Liabilities	473,466	436,636	-	910,102	-
Net OPEB Liabilities	307,317	96,198	-	403,515	-
Compensated Absences	185,522	12,786	7,125	191,183	7,200
Total	$ 8,535,218	$ 545,620	$ 363,493	$ 8,717,345	$ 365,288

The District has certain direct borrowings with the Ohio Public Works Commission (OPWC). In the event of a default, (1) OPWC may apply late fees of 8 percent per year, (2) loans more than sixty days late will be turned over to the Attorney General's office for collection and, (3) as provided by law, OPWC may require that the outstanding amounts shall, at OPWC's option, become immediately due and payable.

In 2007, the District entered into an agreement with Perry County to repay an OWDA Loan 4776 for the Perry County Line Extension. The loan matures July 1, 2039 and has a one percent interest rate.

In 2008, the District received an OWDA Loan 4915 for the Tank #4 Waterline Replacement. The loan matures January 1, 2039 and has a zero percent interest rate.

NOTE 7 – CURRENT AND LONG-TERM OBLIGATIONS – Continued

In 2009, the District received an OWDA Loan 5266 for the Wellfield Project. The loan matures July 1, 2041 and has a zero percent interest rate.

In 2009, the District entered into an agreement with the Village of Crooksville to pay an OWDA Loan 5054 for the Crooksville Line Expansion. The loan matures July 1, 2040 and has a one percent interest rate.

In 2009, the District entered into an agreement with the Village of Crooksville to repay an OWDA Loan 5069 for the Crooksville Line Expansion. The loan matures July 1, 2040 and has a zero percent interest rate.

In 2011, the District received an OWDA Loan 5871 for the East Water Line and Tank Project. The loan matures January 1, 2032 and has a two percent interest rate.

In 2020, the District assumed OWDA Loan 4371 from Bishopville Water District for a new tank and waterline extension. The loan matures July 1, 2029 and has a two percent interest rate.

In 2020, the District assumed OWDA Loan 6238 from Bishopville Water District for a waterline replacement on State Route 78. The loan matures July 1, 2042 and has a two percent interest rate.

In 2012, the District received an OPWC Loan CR22N for the replacement of Tank #2. The loan matures January 1, 2042 and has a zero percent interest rate.

In 2020, the District assumed OPWC Loan CR19S from Bishopville Water District for a water tank replacement. The loan matures in January 2048 and has a zero percent interest rate.

In 2020, the District assumed OPWC Loan CR25G from Bishopville Water District for a waterline extension. The loan matures in January 2028 and has a two percent interest rate.

Future principal and interest payments on all OWDA loans are as follows:

Year Ending	OWDA Loans		
December 30,	Principal	Interest	Total
2021	$ 562,729	$ 48,820	$ 611,549
2022	412,206	35,605	447,811
2023	415,401	32,409	447,810
2024	418,659	29,155	447,814
2025	441,762	25,839	467,601
2026-2030	2,081,470	75,074	2,156,544
2031-2035	1,511,099	25,143	1,536,242
2036-2040	1,339,746	5,886	1,345,632
2041	107,968	45	108,013
Total	$ 7,291,040	$ 277,976	$ 7,569,016

In connection with the OWDA loans, the District has pledged future customer revenues of the Water Fund, net of specified operating expenses, to repay these loans. The loans are payable, through final maturities, from net revenues applicable to the Water Funds. Total principal and interest remaining to be paid on the bonds is $7,569,016. The net revenue available for these bonds was $1,016,451 and principal and interest paid was $203,266. The coverage ratio for these loans was 5.00 for the year ended December 31, 2020.

NOTE 7 – CURRENT AND LONG-TERM OBLIGATIONS – Continued

Future principal payments on the OPWC loan is as follows:

Year Ending	OPWC Loan		
December 30,	Principal	Interest	Total
2021	$ 37,238	$ 2,137	$ 39,375
2022	37,563	1,813	39,376
2023	37,894	1,482	39,376
2024	38,231	1,145	39,376
2025	38,576	800	39,376
2026-2030	128,875	539	129,414
2031-2035	105,508	-	105,508
2036-2040	105,508	-	105,508
2041-2045	31,547	-	31,547
2046	3,940	-	3,940
Total	$ 564,880	$ 7,916	$572,796

NOTE 8 – DEFINED BENEFIT RETIREMENT PLAN

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability

Pensions and OPEB are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability and the net OPEB liability represent the District’s proportionate share of each pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan’s fiduciary net position. The net pension/OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees’ services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

NOTE 8– DEFINED BENEFIT PENSION PLAN - Continued

The proportionate share of each plan's unfunded benefits is presented as a net pension/OPEB asset or long-term net pension/OPEB liability on the accrual basis in the accompanying financial statements. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included as an intergovernmental payable on the accrual basis of accounting.

The remainder of this note includes the pension disclosures. See Note 9 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. District to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting https://www.opers.org/investmenst/cafr.shtml, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to 01/01/13 or eligible to retire ten years after 01/01/13	**Group C** Members not in other Groups and members hired on or after 01/01/13
State and Local	**State and Local**	**State and Local**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	**Formula:**	**Formula:**
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

NOTE 8– DEFINED BENEFIT PENSION PLAN - Continued

Plan Description – Ohio Public Employees Retirement System (OPERS) - Continued

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2020, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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NOTE 8 – DEFINED BENEFIT PENSION PLAN - Continued

Plan Description – Ohio Public Employees Retirement System (OPERS) - Continued

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Local
2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2020 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

The District's contractually required contribution to OPERS was $82,140 for fiscal year 2020 and $71,646 for 2019 respectively, of which the entire amount was paid during 2020.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability reported as of December 31, 2020 was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	2020 OPERS	**2019 OPERS**
Proportionate Share of the Net Pension Liability - Current Year	0.003616%	0.003323%
Proportionate Share of the Net Pension Liability - Prior Year	0.003323%	0.003018%
Change in Proportionate Share	0.000293%	0.000305%
Proportion of the Net Pension Liability	$714,727	$910,102
Pension Expense (Gain)	$161,015	$217,745

NOTE 8 – DEFINED BENEFIT PENSION PLAN - Continued

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued

At December 31, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	**2020**	**2019**
Differences between projected and actual economic experience	$ -	$ 42
Changes in assumptions	38,175	79,227
Differences between projected and actual investment earnings	-	123,526
Changes in proportion	55,070	35,756
District contributions subsequent to the measurement date	82,140	71,646
Total	$ 175,385	$ 310,197
Deferred Inflows of Resources		
Differences between projected and actual economic experience	$ (9,036)	$ (11,950)
Differences between projected and actual investment earnings	(142,572)	-
Changes in proportion	-	(220)
Total	$ (151,608)	$ (12,170)

$82,140 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS
2021	$24,603
2022	(32,259)
2023	5,905
2024	(56,612)
Total	($58,363)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

NOTE 8 – DEFINED BENEFIT PENSION PLAN -Continued

Actuarial Assumptions – OPERS - Continued

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below for the OPERS Traditional Plan.

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation at 3.25
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	1.4 percent, simple through 2020, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3 percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 the 2.15 percent simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent for 2019.

NOTE 8 – DEFINED BENEFIT PENSION PLAN -Continued

Actuarial Assumptions – OPERS - Continued

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other investments	13.00	4.98
Total	100.00 %	5.61 %

Discount Rate The discount rate used to measure the total pension liability was 7.2% for the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the District proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	$ 1,178,816	$ 714,727	$ 297,524

Subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2020 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

NOTE 9 – DEFINED BENEFIT OPEB PLAN

See Note 8 for a description of the net OPEB liability.

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS Comprehensive Annual Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care 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 2020. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2020 is 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.0 percent. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was $0 for 2020.

NOTE 9 - DEFINED BENEFIT OPEB PLAN – Continued

Net Other Post Employment Benefit (OPEB) Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. for the defined benefit health care plans. In accordance with GASB Statement No. 75 (GASB 75), Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Member-Directed Plan health care is a defined benefit health care plan, although the pension plan is defined contribution. Interest of 4% is credited to member accounts as long as the Health Care portfolio earns a positive return. The District’s proportion of the net OPEB liability was based on the District’s share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	2020 OPERS	2019 OPERS
Proportionate Share of the Net OPEB Liability - Current Year	0.003368%	0.003095%
Proportionate Share of the Net OPEB Liability - Prior Year	0.003095%	0.002830%
Change in Proportionate Share	0.000273%	0.000265%
Proportion of the Net OPEB Liability	$465,208	$403,515
OPEB Expense (Gain)	$73,996	$46,399

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources	**2020 OPERS**	**2019 OPERS**
Differences between expected and actual economic experience	$ 12	$ 137
Changes of assumptions	73,638	13,009
Differences between projected and actual investment earnings	-	18,498
Change in proportions	30,486	19,655
Total	$ 104,136	$ 51,299
Deferred Inflows of Resources	**OPERS**	**OPERS**
Differences between expected and actual economic experience	$ 42,546	$ (1,095)
Differences between projected and actual investment earnings	23,689	-
Total	$ 66,235	$ (1,095)

There were no deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date since none were made subsequent to the measurement date.

NOTE 9 - DEFINED BENEFIT OPEB PLAN - Continued

Net Other Post Employment Benefit (OPEB) Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability - Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December:	OPERS
2021	$33,701
2022	14,304
2023	19
2024	(10,123)
	$37,901

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.16 percent
Prior Measurement date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.75 percent
Prior Measurement date	3.71 percent
Health Care Cost Trend Rate:	
Current measurement date	10.0 percent, initial 3.50 percent, ultimate in 2030
Prior Measurement date	7.25 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

NOTE 9 - DEFINED BENEFIT OPEB PLAN - Continued

Actuarial Assumptions – OPERS - Continued

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.7 percent for 2019.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	100.00 %	4.55 %

NOTE 9 - DEFINED BENEFIT OPEB PLAN – Continued

Actuarial Assumptions – OPERS - Continued

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates
The following table presents the District's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
District's proportionate share of the net OPEB liability	$ 608,800	$ 465,208	$ 350,238

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 451,480	$ 465,208	$ 478,761

NOTE 9 - DEFINED BENEFIT OPEB PLAN – Continued

Changes since prior Measurement Date and to Report Date On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

NOTE 10– COVID-19

The United States and the 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 may impact subsequent periods of the District. The investment portfolio of the District's pension and OPEB plans will fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and recovery from emergency funding (if any), either federal or state, cannot be estimated.

REQUIRED SUPPLEMENTARY INFORMATION

Burr Oak Regional Water District

Required Supplementary Information

Schedule of the District's Proportionate Share of the Net Pension Liability

Ohio Public Employees Retirement System

Last Seven Years (1)

	2019	2018	2017	2016	2015	2014	2013
Total plan pension liability	$ 110,887,288,085	$ 108,264,577,647	$ 102,273,912,351	$ 99,817,932,954	$ 91,534,580,978	$ 89,017,348,266	$ 86,407,229,435
Plan net position	91,121,609,718	80,876,605,054	86,585,851,024	77,109,633,485	74,213,320,352	76,956,230,642	74,618,532,269
Net pension liability	$ 19,765,678,367	$ 27,387,972,593	$ 15,688,061,327	$ 22,708,299,469	$ 17,321,260,626	$ 12,061,117,624	$ 11,788,697,166
District's proportion of the net pension liability	0.003616%	0.003323%	0.003018%	0.003001%	0.003064%	0.003057%	0.003057%
District's proportionate share of the net pension liability	$ 714,727	$ 910,102	$ 473,466	$ 681,476	$ 530,723	$ 368,708	$ 360,380
District's covered-employee payroll	$ 511,757	$ 445,471	$ 411,808	$ 389,475	$ 388,992	$ 376,117	$ 374,692
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	139.66%	204.30%	114.97%	174.97%	136.44%	98.03%	96.18%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	74.70%	84.66%	77.25%	81.10%	86.50%	86.40%

(1) Information prior to 2013 is not available.
Amounts presented as of the District's measurement date which is the prior fiscal year.
See accompanying notes to the required supplementary information.

Burr Oak Regional Water District
Required Supplementary Information
Schedule of the District's Pension Contributions
Ohio Public Employees Retirement System
Last Ten Years (1)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 82,140	$ 71,646	$ 62,366	$ 53,535	$ 46,737	$ 46,679	$ 45,134	$ 48,710	$ 37,621	$ 32,430
Contributions in relation to the contractually required contribution	(82,140)	(71,646)	(62,366)	(53,535)	(46,737)	(46,679)	(45,134)	(48,710)	(37,621)	(32,430)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 586,714	$ 511,757	$ 445,471	$ 411,808	$ 389,475	$ 388,992	$ 367,117	$ 374,692	$ 376,210	$ 324,300
Contributions as a percentage of covered employee payroll	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.29%	13.00%	10.00%	10.00%

See accompanying notes to the required supplementary information.

Burr Oak Regional Water District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System
Last Four Years (1)

	2019	2018	2017	2016
Total plan OPEB liability	$ 26,459,655,619	$ 24,290,625,123	$ 23,678,097,060	$ 21,980,827,536
Plan net position	12,647,057,751	11,252,985,702	12,818,833,665	11,880,487,863
Net OPEB liability	13,812,597,868	13,037,639,421	10,859,263,395	10,100,339,673
District's proportion of the net OPEB liability	0.00336800%	0.00309500%	0.00283000%	0.00282000%
District's proportionate share of the net OPEB liability	$ 465,208	$ 403,515	$ 307,317	$ 284,830
District's covered-employee payroll	$ 511,757	$ 445,471	$ 411,808	$ 389,475
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	90.90%	90.58%	74.63%	73.13%
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	46.33%	54.14%	54.05%

(1) Information prior to 2016 is not available.
Amounts presented as of the District's measurement

See accompanying notes to the required supplementary information.

Burr Oak Regional Water District
Required Supplementary Information
Schedule of the District's OPEB Contributions
Ohio Public Employees Retirement System
Last Five Years (1)

	2020	2019	2018	2017	2016
Contractually required contribution	$ -	$ -	$ -	$ 4,116	$ 7,792
Contributions in relation to the contractually required contribution	-	-	-	(4,116)	(7,792)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District covered-employee payroll	$ 586,714	$ 511,757	$ 447,471	$ 411,808	$ 389,475
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	1.00%	2.00%

(1) Information prior to 2015 is not available.

See accompanying notes to the required supplementary information.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. There were no changes in assumptions for 2020.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2017-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10..%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.

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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*

Burr Oak Regional Water District
Athens County
23554 Jenkins Dam Road
Glouster, Ohio 43732

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 Burr Oak Regional Water District, Athens County, (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements and have issued our report thereon dated June 20, 2022, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will 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) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Charles E Harris Associates

Charles E. Harris & Associates, Inc.
June 20, 2022

OHIO AUDITOR OF STATE
KEITH FABER

BURR OAK REGIONAL WATER DISTRICT

ATHENS 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 8/2/2022

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