



OHIO AUDITOR OF STATE
KEITH FABER



**PLEASANT VALLEY REGIONAL SEWER DISTRICT
ROSS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) Enterprise Funds For the Year Ended December 31, 2022.....	5
Notes to the Financial Statements For the Year Ended December 31, 2022.....	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) Enterprise Funds For the Year Ended December 31, 2021.....	13
Notes to the Financial Statements For the Year Ended December 31, 2021.....	15
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	21
Summary Schedule of Prior Audit Findings	23

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Pleasant Valley Regional Sewer District, Ross County, Ohio (the District), which comprises the cash balances, receipts, and disbursements for the enterprise fund type for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the enterprise fund type for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of December 31, 2022 and 2021, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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 opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 9 of the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our 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 the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible 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 the financial audit standards in the Comptroller General of the United States' *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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2023, 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 control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
November 8, 2023

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Pleasant Valley Regional Sewer District
Ross County
Combined Statement of Receipts, Disbursements
And Changes in Fund Balances (Regulatory Cash Basis) - Enterprise Funds
For the Year Ended December 31, 2022

	General Fund
Operating Cash Receipts	
Charges for Services	\$1,002,440
Other Operating Receipts	1,412
	<u>1,003,852</u>
<i>Total Operating Cash Receipts</i>	<u>1,003,852</u>
Operating Cash Disbursements	
Purchased Services	314,276
Personal Services	419,319
Materials and Supplies	49,980
Other	27,383
	<u>810,958</u>
<i>Total Operating Cash Disbursements</i>	<u>810,958</u>
<i>Operating Income/(Loss)</i>	<u>192,894</u>
Non-Operating Cash Receipts	
Intergovernmental	40,317
Interest	7,956
	<u>48,273</u>
<i>Total Non-Operating Cash Receipts</i>	<u>48,273</u>
Non-Operating Cash Disbursements	
Purchased Services	49,570
Capital Outlay	563
Principal Payments	95,342
Interest and Fiscal Charges	57,398
	<u>202,873</u>
<i>Total Non-Operating Cash Disbursements</i>	<u>202,873</u>
<i>Net Receipts Over/(Under) Disbursements</i>	<u>38,294</u>
Cash Balances, January 1	<u>1,636,159</u>
<i>Cash Balances, December 31</i>	<u><u>\$1,674,453</u></u>

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Pleasant Valley Regional Sewer District

Ross County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 1 - Reporting Entity

The Pleasant Valley Regional Sewer District (the District), Ross County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Each political subdivision within the District appoints one member to the Board of Trustees to direct the District. There are five Board of Trustee members. Subdivisions within the District are Twin, Union and Scioto Townships, Ross County Commissioners and Ross County Water Company. The District provides sewer services to residents of the District.

The District's management believes these financial statements present all activities for which the District is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board of Trustees recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts).

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made.

A summary of 2022 budgetary activity appears in Note 3.

Pleasant Valley Regional Sewer District

Ross County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Deposits and Investments

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Accumulated Leave

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

Leases

The District is the lessee in a lease (as defined by GASB 87) related to Sanitary Sewer Lines under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$1,160,765	\$1,052,125	\$108,640
\$1,160,765	\$1,052,125	\$108,640

2022 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$1,401,032	\$1,013,831	\$387,201
\$1,401,032	\$1,013,831	\$387,201

Pleasant Valley Regional Sewer District

Ross County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 4 - Deposits and Investments

The District maintains a deposits and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2022
Demand deposits	\$ 1,205,842
Total deposits	<u>1,205,842</u>
STAR Ohio	<u>468,611</u>
Total investments	<u>468,611</u>
Total deposits and investments	<u>\$ 1,674,453</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation. The District's deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Note 5 - Risk Management

Workers' Compensation

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

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Note 6-Defined Benefit Pension Plans

Ohio Public Employees Retirement System

District employees belong to the Ohio Public Employees Retirement System (OPERS). District Board of Trustees do not contribute to OPERS. OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

Pleasant Valley Regional Sewer District

Ross County

Notes to the Financial Statements

For the Year Ended December 31, 2022

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2022.

Note 7 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued 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.

Note 8 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan #5122	\$ 161,331	4.00%
Ross Co. Commissioners Capital Lease	51,600	5.15%
USDA Loan #92-03	1,263,900	3.13%
OWDA Loan #8682	379,159	1.78%
Total	<u>\$ 1,855,990</u>	

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

The Ohio Public Works Commission (OPWC) loan proceeds of \$500,000 received in 2001 were used for the expansion of the sewer plant. The loan is being repaid in semi-annual installments over 20 years with the last payment paid in July 2022. As of December 31, 2022 this loan has been paid in full.

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

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

Pleasant Valley Regional Sewer District

Ross County

Notes to the Financial Statements

For the Year Ended December 31, 2022

In October 2019, the District entered into a loan agreement with Ohio Water Development Authority (OWDA) loan #8682 for the amount of \$424,350 to be used for the upgrades to the Sunrush Pump Station. The Certificate of Substantial Completion was signed in July 2020. The loan is being repaid in semi-annual installments over 20 years with the last payment due in July 2040.

The mortgage revenue bond covenant requires the District to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2022, is \$63,064.

Amortization

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

Year Ending December 31:	Ross County Commissioner's		
	OWDA	Capital Lease	USDA
2023	\$ 38,394	\$ 27,481	\$ 61,897
2024	38,404	27,481	62,103
2025	38,415	0	61,872
2026	38,426	0	61,928
2027	38,437	0	61,959
2028-2032	192,375	0	309,874
2033-2037	192,743	0	309,706
2038-2042	89,874	0	309,678
2043-2047	0	0	309,762
2048-2052	0	0	309,613
2053-2055	0	0	185,838
Total	<u>\$ 667,068</u>	<u>\$ 54,962</u>	<u>\$ 2,044,230</u>

Debt principal outstanding at December 31, 2022, was \$1,855,990.

Note 9 - 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. 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.

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Pleasant Valley Regional Sewer District
Ross County
Combined Statement of Receipts, Disbursements
And Changes in Fund Balances (Regulatory Cash Basis) - Enterprise Funds
For the Year Ended December 31, 2021

	General Fund
Operating Cash Receipts	
Charges for Services	\$1,184,711
Other Operating Receipts	4,751
	<u>1,189,462</u>
Operating Cash Disbursements	
Purchased Services	280,976
Personal Services	381,113
Materials and Supplies	48,310
Other	27,142
	<u>737,541</u>
<i>Total Operating Cash Disbursements</i>	<u>737,541</u>
<i>Operating Income/(Loss)</i>	<u>451,921</u>
Non-Operating Cash Receipts	
Intergovernmental	38,275
Interest	438
	<u>38,713</u>
<i>Total Non-Operating Cash Receipts</i>	<u>38,713</u>
Non-Operating Cash Disbursements	
Purchased Services	26,563
Capital Outlay	36,760
Principal Payments	180,370
Interest and Fiscal Charges	61,141
	<u>304,834</u>
<i>Total Non-Operating Cash Disbursements</i>	<u>304,834</u>
<i>Net Receipts Over/(Under) Disbursements</i>	<u>185,800</u>
Cash Balances, January 1	<u>1,450,359</u>
<i>Cash Balances, December 31</i>	<u><u>\$1,636,159</u></u>

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Pleasant Valley Regional Sewer District
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 - Reporting Entity

The Pleasant Valley Regional Sewer District (the District), Ross County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Each political subdivision within the District appoints one member to the Board of Trustees to direct the District. There are five Board of Trustees members. Subdivisions within the District are Twin, Union and Scioto Townships, Ross County Commissioners and Ross County Water Company. The District provides sewer services to residents of the District.

The District's management believes these financial statements present all activities for which the District is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board of Trustees recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts).

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made.

A summary of 2021 budgetary activity appears in Note 3.

Pleasant Valley Regional Sewer District
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Deposits and Investments

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Accumulated Leave

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

Note 3 -Budgetary Activity

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$1,337,705	\$1,228,175	\$109,530
\$1,337,705	\$1,228,175	\$109,530

2021 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$1,301,505	\$1,042,375	\$259,130
\$1,301,505	\$1,042,375	\$259,130

Note 4 - Deposits and Investments

The District maintains a deposits and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

Pleasant Valley Regional Sewer District
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2021

	2021
Demand deposits	\$ 1,175,430
Total deposits	<u>1,175,430</u>
STAR Ohio	<u>460,729</u>
Total investments	460,729
Total deposits and investments	<u>\$ 1,636,159</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation. The District's deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution

Investments

The District had funds invested in STAR Ohio Plus until it terminated as of May 31, 2021 so the funds were then transferred to Star Ohio. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 - Risk Management

Workers' Compensation

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

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Note 6 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

District employees belong to the Ohio Public Employees Retirement System (OPERS). District Board of Trustees do not contribute to OPERS. OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2021.

Pleasant Valley Regional Sewer District
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 8 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan #5122	\$ 167,757	4.00%
OPWC Loan	25,000	0.00%
Ross Co. Commissioners Capital Lease	75,498	5.15%
USDA Loan #92-03	1,285,600	3.13%
OWDA Loan #8682	397,476	1.78%
Total	<u>\$ 1,951,331</u>	

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

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

The Ohio Public Works Commission (OPWC) loan proceeds of \$500,000 received in 2001 were used for the expansion of the sewer plant. The loan is being repaid in semi-annual installments over 20 years with the last payment due in July 2022. Due to the COVID-19 pandemic crisis, the 2020 loan payment were deferred until 2021.

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

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

Pleasant Valley Regional Sewer District

Ross County

Notes to the Financial Statements

For the Year Ended December 31, 2021

In October 2019, the District entered into a loan agreement with Ohio Water Development Authority (OWDA) loan #8682 for the amount of \$424,350 to be used for the upgrades to the Sunrush Pump Station. The Certificate of Substantial Completion was signed in July 2020. The loan is being repaid in semi-annual installments over 20 years with the last payment due in July 2040.

The mortgage revenue bond covenant requires the District to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2021, is \$63,062.

Amortization

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

Year Ending December 31:	OWDA	OPWC	Ross County Commissioner's Capital Lease	USDA
2022	\$ 38,384	\$ 25,000	\$ 27,481	\$ 61,875
2023	38,394	0	27,481	61,897
2024	38,404	0	27,136	62,103
2025	38,415	0	0	61,872
2026	38,426	0	0	61,928
2027-2031	192,307	0	0	309,807
2032-2036	192,664	0	0	309,817
2037-2041	128,456	0	0	309,719
2042-2046	0	0	0	309,656
2047-2051	0	0	0	309,703
2052-2055	0	0	0	247,729
Total	<u>\$ 705,450</u>	<u>\$ 25,000</u>	<u>\$ 82,098</u>	<u>\$ 2,106,106</u>

Debt principal outstanding at December 31, 2021, was \$1,951,331.

Note 9-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. 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. The District's investment portfolio fluctuates 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.

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OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Trustees:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for the enterprise fund as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Pleasant Valley Regional Sewer District, Ross County, (the District) and have issued our report thereon dated November 8, 2023, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

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 purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 do not 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.



Keith Faber
Auditor of State
Columbus, Ohio
November 8, 2023

Pleasant Valley 
 **Regional Sewer District**

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This institution is an equal opportunity provider and employer.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2022 and 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	ORC 5705.28(B)(2) – Operating Budget did not include all anticipated activity of the District.	Fully Corrected	
2020-002	ORC 5705.41(B) – Expenditures exceed Appropriations	Fully Corrected	
2020-003	Posting Issue – Errors identified in Financial Reporting	Partially Corrected	Reported as Management Letter Comment

OHIO AUDITOR OF STATE KEITH FABER



PLEASANT VALLEY REGIONAL SEWER DISTRICT

ROSS 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 11/28/2023

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

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