



**SWANCREEK WATER DISTRICT
FULTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022-2021

**SWANCREEK WATER DISTRICT
FULTON COUNTY
DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

Swanecreek Water District
Fulton County
5565 County Road D
Delta, Ohio 43515-9619

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Swanecreek Water District, Fulton County, Ohio (the District), which comprises the cash balances, receipts and disbursements as of and 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 as of and 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 1 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.

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 December 18, 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

December 18, 2023

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**SWANCREEK WATER DISTRICT
FULTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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Operating Cash Receipts	
Charges for Services	<u>\$422,736</u>
Operating Cash Disbursements	
Personal Services	47,701
Fringe Benefits	9,760
Contractual Services	256,034
Supplies and Materials	<u>21,094</u>
<i>Total Operating Cash Disbursements</i>	<u>334,589</u>
<i>Operating Income</i>	<u>88,147</u>
Non-Operating Receipts (Disbursements)	
Special Assessments	200,474
Earning on Investments	13,104
Capital Outlay	(1,691)
Principal Retirement	(81,155)
Interest and Other Fiscal Charges	<u>(13,901)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>116,831</u>
<i>Income Before Transfers</i>	<u>204,978</u>
Transfers In	15,648
Transfers Out	<u>(15,648)</u>
<i>Net Change in Fund Cash Balances</i>	204,978
Fund Cash Balances, January 1	<u>1,058,889</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,263,867</u></u>

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

**Swanecreek Water District
Fulton County**

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges for Swanecreek Water District, Fulton County, Ohio (the District) as a body corporate and politic. The District is directed by a five member Board of Trustees. The Board members are appointed by Swanecreek Township Trustees; the only subdivision covered by the District. The District provides water services to residents of the District.

Public Entity Risk Pool

The District participates a in public entity risk pool. Note 5 to the financial statements provide additional information for this entity.

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

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) for all proprietary funds.

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 at the object level of control, and appropriations may not exceed estimated resources. The District must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

**Swanecreek Water District
Fulton County**

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

The District’s 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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$1,560,969	\$651,962	(\$909,007)

2022 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$547,468	\$446,984	\$100,484

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	\$601,834
STAR Ohio	662,033
Total deposits and investments	\$1,263,867

**Swanecreek Water District
Fulton County**

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

The District does not have a separate payroll clearing account. The expenditures included in accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the District is holding \$1,650 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the District.

Investments

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

Note 5 – Risk Management

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

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

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated, and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members’ Equity	\$ 3,530,940

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

**Swanecreek Water District
Fulton 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.

Social Security

Other District employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 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 Phase II Water main Project - Loan 3310	\$50,393	4.00%
OWDA Phase V Water Main Project - Loan 3342	129,440	4.00%
OWDA Road 2 Water Main Project - Loan 3961	1,461,446	1.00%
OWDA Lee High Water Main Project - Loan 5950	86,499	1.00%
Road 3/NEFC Water Main Project (Fulton Co)	139,615	0.00%
OWDA Road 3 & EF Water Main Project - Loan 7986	390,087	1.01%
Total	<u>\$2,257,480</u>	

The Ohio Water Development Authority (OWDA) loans were used to finance construction of waterlines, water mains and water system expansion. The OWDA approved up to \$4,109,833 in loans to the District for these projects. The loans began in 2000, 2003, 2011 and 2018 and will mature in 2027, 2036, 2043 and 2049, respectively. The District will repay the loans in semi-annual installments over the next 5 to 26 years. These loans are collateralized by the water utility revenue. The District has agreed to set utility rates sufficient to cover OWDA debt service requirements. The loan with Fulton County is for the District's repayment for Soil Water Conservation District portion of the water project. The interest free loan was originally approved for \$220,440 for 30 years.

**Swanecreek Water District
Fulton County**

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

Amortization

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

Year Ending December 31:	OWDA Loan 3310	OWDA Loan 3342	OWDA Loan 3961	OWDA Loan 5950	Fulton Co. Rd 3/NEFC	OWDA Loan 7986
2023	\$10,781	\$27,692	\$115,997	\$4,677	\$7,348	\$16,815
2024	10,996	28,244	115,997	4,677	7,348	16,815
2025	11,225	28,832	115,997	4,677	7,348	16,815
2026	11,468	29,458	115,997	4,677	7,348	16,815
2027	11,728	30,125	115,997	4,677	7,348	16,815
2028-2032			579,984	23,386	36,741	84,075
2033-2037			405,989	23,386	36,741	84,075
2038-2042				23,386	29,393	84,075
2043-2047				2,339		84,075
2048-2049						25,222
Total	<u>\$56,198</u>	<u>\$144,349</u>	<u>\$1,565,957</u>	<u>\$95,884</u>	<u>\$139,615</u>	<u>\$445,595</u>

Note 9 – Transfers

The District transferred monies \$7,648 from the Water Operating Fund to the Road 2 Construction Loan Fund and \$8,000 from Preliminary Projects Fund to Road 3 and EF West Construction Loan Fund to pay debt service requirements.

Note 10 – Subsequent Events

On December 16, 2022, the Board of Trustees entered into an agreement with the Ohio Department of Development for financial assistance for the cost of implementing County Road E Waterline Connection. Assistance will be received through the Water and Wastewater Infrastructure Program in the amount of \$1,000,000 from the Coronavirus State and Local Fiscal Recovery Funds program.

**SWANCREEK WATER DISTRICT
FULTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Operating Cash Receipts	
Charges for Services	<u>\$370,270</u>
Operating Cash Disbursements	
Personal Services	65,349
Fringe Benefits	12,005
Contractual Services	227,606
Supplies and Materials	19,257
Other	<u>24,290</u>
<i>Total Operating Cash Disbursements</i>	<u>348,507</u>
<i>Operating Income</i>	<u>21,763</u>
Non-Operating Receipts (Disbursements)	
Special Assessments	207,895
Earning on Investments	730
Capital Outlay	(15,917)
Principal Retirement	(152,698)
Interest and Other Fiscal Charges	<u>(29,546)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>10,464</u>
<i>Income before Transfers</i>	<u>32,227</u>
Transfers In	15,823
Transfers Out	<u>(15,823)</u>
<i>Net Change in Fund Cash Balances</i>	32,227
Fund Cash Balances, January 1	<u>1,026,662</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,058,889</u></u>

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

**Swan creek Water District
Fulton County**

**Notes to the Financial Statements
For the Year Ended December 31, 2021**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges for Swan creek Water District, Fulton County, Ohio, (the District) as a body corporate and politic. The District is directed by a five member Board of Trustees. The Board members are appointed by Swan creek Township Trustees; the only subdivision covered by the District. The District provides water services to residents of the District.

Public Entity Risk Pool

The District participates in a public entity risk pool. Note 5 to the financial statements provide additional information for this entity.

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

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) for all proprietary funds.

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 at the fund object level of control, and appropriations may not exceed estimated resources. The District must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

**Swanecreek Water District
Fulton County**

**Notes to the Financial Statements
For the Year Ended December 31, 2021**

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

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

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

The District’s 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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$617,130	\$594,718	\$22,412

2021 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$592,816	\$562,491	\$30,325

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:

**Swanecreek Water District
Fulton County**

**Notes to the Financial Statements
For the Year Ended December 31, 2021**

	<u>2021</u>
Demand deposits	\$159,897
STAR Ohio	898,992
Total deposits and investments	<u><u>\$1,058,889</u></u>

The District does not a separate payroll clearing account. The expenditures included in accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the District is holding \$1,561 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation;

Investments

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

Note 5 – Risk Management

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

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

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	\$ 6,740,056

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

**Swanecreek Water District
Fulton County**

**Notes to the Financial Statements
For the Year Ended December 31, 2021**

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Social Security

Other District employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants’ gross salaries. The District has paid all contributions required through December 31, 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 Phase II Water main Project - Loan 3310	\$54,615	4.00%
OWDA Phase V Water Main Project - Loan 3342	140,284	4.00%
OWDA Road 2 Water Main Project - Loan 3961	1,511,885	1.00%
OWDA Lee High Water Main Project - Loan 5950	88,396	1.00%
Road 3/NEFC Water Main Project (Fulton Co)	146,963	0.00%
OWDA Road 3 & EF Water Main Project - Loan 7986	396,492	1.01%
Total	<u>\$2,338,635</u>	

The Ohio Water Development Authority (OWDA) loans were used to finance construction of waterlines, water mains and water system expansion. The OWDA approved up to \$4,109,833 in loans to the District for these projects. The loans began in 2000, 2003, 2011 and 2018 and will mature in 2027, 2036, 2043 and 2049, respectively. The District will repay the loans in semi-annual installments over the next 6 to 27 years. These loans are collateralized by the water utility revenue. The District has agreed to set utility rates sufficient to cover OWDA debt service requirements. The loan with Fulton County is for the District’s repayment for Soil Water Conservation District portion of the water project. The interest free loan was originally approved for \$220,440 for 30 years.

**Swanecreek Water District
Fulton County**

**Notes to the Financial Statements
For the Year Ended December 31, 2021**

Amortization

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

Year Ending December 31:	OWDA Loan 3310	OWDA Loan 3342	OWDA Loan 3961	OWDA Loan 5950	Fulton Co. Rd 3/NEFC	OWDA Loan 7986
2022	\$5,314	\$13,649	\$57,998	\$2,339	\$7,348	\$8,407
2023	10,781	27,692	115,997	4,677	7,348	16,815
2024	10,996	28,244	115,997	4,677	7,348	16,815
2025	11,225	28,832	115,997	4,677	7,348	16,815
2026	11,468	29,458	115,997	4,677	7,348	16,815
2027-2031	11,728	30,125	579,984	23,386	36,741	84,075
2032-2036			521,986	23,386	36,741	84,075
2037-2041				23,386	36,741	84,075
2042-2046				7,016		84,075
2047-2049						42,037
Total	<u>\$61,512</u>	<u>\$157,999</u>	<u>\$1,623,955</u>	<u>\$98,222</u>	<u>\$146,963</u>	<u>\$454,002</u>

Note 9 – Transfers

The District transferred monies \$7,823 from the Water Operating Fund to the Road 2 Construction Loan Fund and \$8,000 from Preliminary Projects Fund to Road 3 and EF West Construction Loan Fund to pay debt service requirements

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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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

Swanecreek Water District
Fulton County
5565 County Road D
Delta, Ohio 43515-9619

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 as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements of the Swanecreek Water District, Fulton County, Ohio, (the District) and have issued our report thereon dated December 18, 2023, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

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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

December 18, 2023

**SWANCREEK WATER DISTRICT
FULTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-001

Material Weakness – Budgetary Amounts Not Recorded In Accounting System

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Trustees to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the District and the appropriation ledger provides the process by which the District controls spending, it is therefore necessary the amounts appropriated by the Trustees are precisely stated and accurately posted to the appropriation ledger.

During 2022, the Capital Improvement Fund had approved appropriations in the amount of \$31,858, while the posted amount was \$133,200, a variance of \$101,342.

The District did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Trustees were not properly posted to the accounting system.

Failure to accurately post the appropriations to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over expenditures, the District should post to the ledgers, on a timely basis, appropriations approved by the Trustees. The District should then monitor budget versus actual reports to help ensure appropriations have been properly posted to the ledgers.

Officials' Response:

We did not receive a response from Officials to this finding.

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OHIO AUDITOR OF STATE KEITH FABER



SWANCREEK WATER DISTRICT

FULTON 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 1/2/2024

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