

***TWIN CITY WATER AND SEWER DISTRICT  
TUSCARAWAS COUNTY, OHIO***

**REGULAR AUDIT**

**For the Years Ended December 31, 2023 and 2022**







65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

Board of Trustees  
Twin City Water and Sewer District  
308 Grant St.  
Dennison, OH 44621

We have reviewed the *Independent Auditor's Report* of the Twin City Water and Sewer District, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2022 through December 31, 2023. 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 Twin City Water and Sewer District is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

November 05, 2024

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**TWIN CITY WATER AND SEWER DISTRICT  
TUSCARAWAS COUNTY**

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**INDEPENDENT AUDITOR'S REPORT**

Twin City Water and Sewer District  
Tuscarawas County  
308 Grant Street  
Dennison, Ohio 44621

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 Twin City Water and Sewer District, Tuscarawas County, Ohio (the District), which comprise the cash balances, receipts and disbursements for the proprietary fund type as of and for the years ended December 31, 2023 and 2022, 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 proprietary fund type as of and for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, or the changes in financial position or 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.

***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

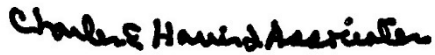
- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 September 30, 2024, 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.



***Charles E. Harris & Associates, Inc.***

September 30, 2024

**TWIN CITY WATER AND SEWER DISTRICT**  
*Tuscarawas County*  
*Statement of Receipts, Disbursements*  
*And Changes in Fund Balances (Regulatory Cash Basis)*  
*For the Year Ended December 31, 2023*

<b>Operating Cash Receipts</b>	
Charges for Services	\$ 3,981,124
Guaranteed Deposits	6,900
	3,988,024
<i>Total Operating Cash Receipts</i>	
<b>Operating Cash Disbursements</b>	
Personal Services	1,043,858
Benefits	565,701
Berm Repairs	37,068
Utilities	334,456
Repairs and Maintenance	313,715
Supplies and Materials	314,369
Capital Outlay	330,213
Purchased Services	113,480
Guaranteed Deposits	6,685
	3,059,545
<i>Total Operating Cash Disbursements</i>	
<i>Operating Income/(Loss)</i>	
	928,479
<b>Non-Operating Cash Receipts</b>	
Intergovernmental Revenues	23,008
Interest	181,231
Other Non-Operating Revenues	318,830
	523,069
<i>Total Non-Operating Cash Receipts</i>	
<b>Non-Operating Cash Disbursements</b>	
Debt Service	755,316
Other Non-Operating Cash Disbursements	157,080
	912,396
<i>Total Non-Operating Cash Disbursements</i>	
<i>Net Receipts Over/(Under) Disbursements</i>	
	539,152
Cash Balances, January 1	5,294,453
<i>Cash Balances, December 31</i>	\$ 5,833,605

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

# TWIN CITY WATER AND SEWER DISTRICT

*Tuscarawas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2023*

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## **Note 1 – Reporting Entity**

Description of the Entity:

The Twin City Water & Sewer District (the District), Tuscarawas 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. The District is directed by an appointed five-member Board of Trustees. Two Board members each are appointed by the City of Uhrichsville and the Village of Dennison. The remaining Board member is appointed at-large by the Board of Trustees. There are 5 Board of Trustees members. Subdivisions within the District are the Village of Dennison, City of Uhrichsville, a portion of Mill Township and a portion of Union Township. The District provides water and sewer services to residents of the District.

### ***Public Entity Risk Pools***

The District participates in the Public Entities Pool of Ohio, a public entity risk pool. Note 5 to the financial statements provide additional information for this entity. This organization is a Public Entity Risk Pool that provides property and casualty coverage for its members and assumes the risk of loss up to the limits of the District's policy.

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 District recognized 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 117.37 and Ohio Administrative Code Section 117-2-03 (C) permit.

### ***Budgetary Process***

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

**TWIN CITY WATER AND SEWER DISTRICT**

*Tuscarawas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2023*

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**Note 2 – Summary of Significant Accounting Policies – (continued)**

***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. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). 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 individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2023 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 investment in STAR Ohio (the State Treasurer's investment pool) 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.

***SBITAs***

The District has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems and various other software. Subscription disbursements are recognized when they are paid.

**TWIN CITY WATER AND SEWER DISTRICT**

*Tuscarawas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2023*

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**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts		
Budgeted		
Receipts	Actual Receipts	Variance
\$ 4,038,154	\$ 4,511,093	\$ 472,939

2023 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation	Budgetary	
Authority	Disbursements	Variance
\$ 5,221,860	\$ 3,971,941	\$ 1,249,919

**Note 4 – Deposits and Investments**

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

	2023
Demand Deposits	\$ 2,194,155
STAR Ohio	2,840,965
Cash With Fiscal Agent	798,485
Total cash and investments	<u>\$ 5,833,605</u>

***Deposits***

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

***Investments***

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

**TWIN CITY WATER AND SEWER DISTRICT**

*Tuscarawas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2023*

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**Note 4 – Deposits and Investments (continued)**

***Cash with Fiscal Agent***

At year end, the District had \$798,485 cash held by the fiscal agent, which cannot be identified as an investment or deposit. The funds are in an account under the name of Twin City Water and Sewer District, but administrated by Medical Benefits Administrators, Inc. (See Note 5 for additional information on this company).

**Note 5 – Risk Management**

**Risk Pool Membership**

The District is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the District’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2023</u>
Cash and investments	\$ 43,996,442
Actuarial liabilities	\$ 19,743,401

***Self Insurance***

The District is also self-insured for employee health insurance. The District pays a premium, determined annually, by Medical Benefits Administrators, Inc., its third party self-insurance administrator. The Self Insurance Fund pays covered claims to service providers, and any remaining funds are held in a Money Market Account by Medical Benefits Administrators, Inc., as a reserve to be used for future claims.

**TWIN CITY WATER AND SEWER DISTRICT**

*Tuscarawas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2023*

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**Note 6 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

District employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare 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, 2023.

**Note 7 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

**TWIN CITY WATER AND SEWER DISTRICT**

*Tuscarawas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2023*

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**Note 8 – Debt**

Debt outstanding at December 31, 2023, was as follows:

<u>OWDA Loans</u>	<u>Principal</u>	<u>Interest Rate</u>
9514 WW Reservoir	\$ 233,140	0.55%
9515 WWTP Upgrade	1,894,435	1.59%
9516 Sewer 88	104,043	0.64%
9517 Sewer 88	180,339	0.64%
9518 Midvale Barnhill	101,318	0.79%
9519 Midvale Barnhill	22,275	0.79%
<b>Total</b>	<u>2,535,550</u>	
 <u>Ohio Environmental Protection Agency Loans</u>		
CS392655-02	290,137	1.00%
CS391442-004	70,944	1.00%
FS391442-008	2,827,981	0.00%
CS391442-010	1,120,693	1.00%
FS391442-012	668,243	1.57%
<b>Total</b>	<u>4,977,999</u>	
 <u>Ohio Public Works Commission</u>		
Loan CN319	158,586	0.00%
<b>Total</b>	<u>158,586</u>	
<b>Grand Total</b>	<b>\$ 7,672,134</b>	

Debt relating to the Ohio Water Development Authority (OWDA) loans, Ohio Environmental Protection Agency loans and Ohio Public Works Commission (OPWC) loans were incurred for utility construction projects. Property owned by the District and revenue earned by the District has been pledged to repay these debts.

Of the Ohio Water Development (OWDA) loans, the Midvale Sewer Improvement Project Loan Nos. 9518 and 9519, are being reimbursed to the District by Tuscarawas County, as set forth in an agreement with the County.

The District was approved for a \$1,529,660 loan from the Ohio Environmental Protection Agency to reline the trunk sewer in 2006.

The District also received \$338,411 loan (#CS391442-004) from the Ohio Environmental Protection Agency for a rotary fan sludge press project in 2010.



# TWIN CITY WATER AND SEWER DISTRICT

*Tuscarawas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2023*

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## **Note 8 – Debt (continued)**

The District was approved for a \$4,244,156 loan (#FS391442-008) from the Ohio Environmental Protection Agency to construct a new well water treatment plant in 2012. The loan is to be repaid over 30 years at 0% interest, using water service charges.

The District was awarded a loan (#CN319) in 2012 in the amount of \$299,000 from the Ohio Public Works Commission for the installation of an ultraviolet disinfection system. Revenue earned by the District has been pledged to repay this debt over 20 years, at 0% interest.

In 2013, the District was approved for a loan (#CS391442-010) in the amount of \$1,867,874 from the Ohio Environmental Protection Agency to replace equipment of the 6<sup>th</sup> Street lift station to prevent sewage overflows during wet-weather events. The loan is to be repaid over 20 years, at an interest rate of 1%, using wastewater service charges. At December 31, 2017, the project is complete. An estimated amortization schedule has been prepared for this loan.

In 2015, the District was approved for a loan, (#FS391442-012) in the amount of \$1,237,430 from the Ohio Environmental Protection Agency for the installation of a transmission main line between the new well water treatment plant and storage tank. The loan is to be repaid over 30 years, at an interest rate of 1.57%, using water service charges. As of December 31, 2017, the project is complete.

On November 19, 2021, the District refinanced through OWDA Loan #9514 and paid off USDA FmHA Loan #91-10 in the amount of \$464,071 at an interest rate of 0.550% for a term of 3 years.

On November 19, 2021, the District refinanced through OWDA Loan #9515 and paid off USDA Sewer System Revenue Bonds Loan #92-16 in the amount of \$2,025,535 at an interest rate of 1.590% for a term of 19.5 years.

On November 19, 2021, the District refinanced through OWDA Loan #9516 and paid off USDA FmHA Loan #92-05 in the amount of \$142,272 at an interest rate of 0.640% for a term of 5.5 years.

On November 19, 2021, the District refinanced through OWDA Loan #9517 and paid off USDA FmHA Loan #92-03 in the amount of \$246,603 at an interest rate of 0.640% for a term of 5.5 years.

On November 19, 2021, the District refinanced through OWDA Loan #9518 and paid off USDA FmHA Loan #92-07 in the amount of \$128,078 at an interest rate of 0.790% for a term of 7 years.

On November 19, 2021, the District refinanced through OWDA Loan #9519 and paid off USDA FmHA Loan #92-08 in the amount of \$28,159 at an interest rate of 0.790% for a term of 7 years.

**TWIN CITY WATER AND SEWER DISTRICT**

*Tuscarawas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2023*

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**Note 8 – Debt (continued)**

***Amortization***

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

	<u>OWDA</u>	<u>Ohio EPA</u>	<u>OPWC</u>
2024	\$ 372,853	\$ 375,255	\$ 14,417
2025	294,711	375,255	14,417
2026	216,570	375,255	14,417
2027	216,570	332,974	14,417
2028	144,447	290,693	14,417
2029-2033	706,183	1,421,905	72,084
2034-2038	607,198	1,038,948	14,417
2039-2044	364,319	883,839	-
2045-2049	-	53,053	-
Total	<u>\$ 2,922,850</u>	<u>\$ 5,147,177</u>	<u>\$ 158,586</u>

**Note 9 – Contingent Liabilities**

Amounts grantor agencies pay to the District are subject to audit and adjustment by the Grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**TWIN CITY WATER AND SEWER DISTRICT**  
*Tuscarawas County*  
*Statement of Receipts, Disbursements*  
*And Changes in Fund Balances (Regulatory Cash Basis)*  
*For the Year Ended December 31, 2022*

<b>Operating Cash Receipts</b>	
Charges for Services	\$ 3,683,207
Guaranteed Deposits	8,056
	3,691,263
<i>Total Operating Cash Receipts</i>	
 <b>Operating Cash Disbursements</b>	
Personal Services	1,024,462
Benefits	572,652
Berm Repairs	32,053
Utilities	355,471
Repairs and Maintenance	292,555
Supplies and Materials	296,524
Capital Outlay	513,881
Purchased Services	141,403
Guaranteed Deposits	7,157
	3,236,158
<i>Total Operating Cash Disbursements</i>	
 <i>Operating Income/(Loss)</i>	
	455,105
 <b>Non-Operating Cash Receipts</b>	
Intergovernmental Revenues	23,008
Interest	54,299
Other Non-Operating Revenues	260,922
	338,229
<i>Total Non-Operating Cash Receipts</i>	
 <b>Non-Operating Cash Disbursements</b>	
Debt Service	652,499
Other Non-Operating Cash Disbursements	143,259
	795,758
<i>Total Non-Operating Cash Disbursements</i>	
 <i>Net Receipts Over/(Under) Disbursements</i>	
	(2,424)
 Cash Balances, January 1	
	5,296,877
 Cash Balances, December 31	
	\$ 5,294,453

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

# TWIN CITY WATER AND SEWER DISTRICT

*Tuscarawas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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## **Note 1 – Reporting Entity**

Description of the Entity:

The Twin City Water & Sewer District (the District), Tuscarawas 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. The District is directed by an appointed five-member Board of Trustees. Two Board members each are appointed by the City of Uhrichsville and the Village of Dennison. The remaining Board member is appointed at-large by the Board of Trustees. There are 5 Board of Trustees members. Subdivisions within the District are the Village of Dennison, City of Uhrichsville, a portion of Mill Township and a portion of Union Township. The District provides water and sewer services to residents of the District.

### ***Public Entity Risk Pools***

The District participates in the Public Entities Pool of Ohio, a public entity risk pool. Note 5 to the financial statements provide additional information for this entity. This organization is a Public Entity Risk Pool that provides property and casualty coverage for its members and assumes the risk of loss up to the limits of the District's policy.

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 District recognized 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 117.37 and Ohio Administrative Code Section 117-2-03 (C) permit.

### ***Budgetary Process***

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

**TWIN CITY WATER AND SEWER DISTRICT**

*Tuscarawas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***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. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). 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 Township 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 investment in STAR Ohio (the State Treasurer's investment pool) 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.

**TWIN CITY WATER AND SEWER DISTRICT**

*Tuscarawas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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**Note 3 – Budgetary Activity**

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

2022 Budgeted vs. Actual Receipts		
Budgeted		
Receipts	Actual Receipts	Variance
\$ 3,620,458	\$ 4,029,442	\$ 408,984

2022 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation	Budgetary	
Authority	Disbursements	Variance
\$ 4,918,807	\$ 4,031,916	\$ 886,891

**Note 4 – Deposits and Investments**

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

	2022
Demand Deposits	\$ 1,872,192
STAR Ohio	2,696,574
Cash With Fiscal Agent	725,687
Total cash and investments	<u>\$ 5,294,453</u>

***Deposits***

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

***Investments***

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

**TWIN CITY WATER AND SEWER DISTRICT**

*Tuscarawas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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**Note 4 – Deposits and Investments (continued)**

***Cash with Fiscal Agent***

At year end, the District had \$725,687 cash held by the fiscal agent, which cannot be identified as an investment or deposit. The funds are in an account under the name of Twin City Water and Sewer District, but administrated by Medical Benefits Administrators, Inc. (See Note 5 for additional information on the third party administrator).

**Note 5 – Risk Management**

**Risk Pool Membership**

The District is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the District’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$ 42,310,794
Actuarial liabilities	\$ 15,724,479

***Self Insurance***

The District is also self-insured for employee health insurance. The District pays a premium, determined annually, by Medical Benefits Administrators, Inc., its third party self-insurance administrator. The Self Insurance Fund pays covered claims to service providers, and any remaining funds are held in a Money Market Account by Medical Benefits Administrators, Inc., as a reserve to be used for future claims.

**TWIN CITY WATER AND SEWER DISTRICT**

*Tuscarawas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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**Note 6 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

District employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare 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, 2022.

**Note 7 – Postemployment Benefits**

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



**TWIN CITY WATER AND SEWER DISTRICT**

*Tuscarawas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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**Note 8 – Debt**

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

<u>OWDA Loans</u>	<u>Principal</u>	<u>Interest Rate</u>
9514 WW Reservoir	\$ 387,504	0.55%
9515 WWTP Upgrade	1,984,676	1.59%
9516 Sewer 88	129,640	0.64%
9517 Sewer 88	224,708	0.64%
9518 Midvale Barnhill	119,272	0.79%
9519 Midvale Barnhill	26,223	0.79%
<b>Total</b>	<u>2,872,022</u>	
 <b><u>Ohio Environmental Protection Agency Loans</u></b>		
CS392655-02	371,190	1.00%
CS391442-004	80,681	1.00%
FS391442-008	2,969,380	0.00%
CS391442-010	1,212,205	1.00%
FS391442-012	692,831	1.57%
<b>Total</b>	<u>5,326,286</u>	
 <b><u>Ohio Public Works Commission</u></b>		
Loan CN319	165,794	0.00%
<b>Total</b>	<u>165,794</u>	
<b>Grand Total</b>	<b>\$ 8,364,102</b>	

Debt relating to the Ohio Water Development Authority (OWDA) loans, Ohio Environmental Protection Agency loans and Ohio Public Works Commission (OPWC) loans were incurred for utility construction projects. Property owned by the District and revenue earned by the District has been pledged to repay these debts.

Of the Ohio Water Development (OWDA) loans, the Midvale Sewer Improvement Project Loan Nos. 9518 and 9519, are being reimbursed to the District by Tuscarawas County, as set forth in an agreement with the County.

The District was approved for a \$1,529,660 loan from the Ohio Environmental Protection Agency to reline the trunk sewer in 2006.

The District also received \$338,411 loan (#CS391442-004) from the Ohio Environmental Protection Agency for a rotary fan sludge press project in 2010.

# TWIN CITY WATER AND SEWER DISTRICT

*Tuscarawas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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## **Note 8 – Debt (continued)**

The District was approved for a \$4,244,156 loan (#FS391442-008) from the Ohio Environmental Protection Agency to construct a new well water treatment plant in 2012. The loan is to be repaid over 30 years at 0% interest, using water service charges.

The District was awarded a loan (#CN319) in 2012 in the amount of \$299,000 from the Ohio Public Works Commission for the installation of an ultraviolet disinfection system. Revenue earned by the District has been pledged to repay this debt over 20 years, at 0% interest.

In 2013, the District was approved for a loan (#CS391442-010) in the amount of \$1,867,874 from the Ohio Environmental Protection Agency to replace equipment of the 6<sup>th</sup> Street lift station to prevent sewage overflows during wet-weather events. The loan is to be repaid over 20 years, at an interest rate of 1%, using wastewater service charges. At December 31, 2017, the project is complete. An estimated amortization schedule has been prepared for this loan.

In 2015, the District was approved for a loan, (#FS391442-012) in the amount of \$1,237,430 from the Ohio Environmental Protection Agency for the installation of a transmission main line between the new well water treatment plant and storage tank. The loan is to be repaid over 30 years, at an interest rate of 1.57%, using water service charges. As of December 31, 2017, the project is complete.

On November 19, 2021, the District refinanced through OWDA Loan #9514 and paid off USDA FmHA Loan #91-10 in the amount of \$464,071 at an interest rate of 0.550% for a term of 3 years.

On November 19, 2021, the District refinanced through OWDA Loan #9515 and paid off USDA Sewer System Revenue Bonds Loan #92-16 in the amount of \$2,025,535 at an interest rate of 1.590% for a term of 19.5 years.

On November 19, 2021, the District refinanced through OWDA Loan #9516 and paid off USDA FmHA Loan #92-05 in the amount of \$142,272 at an interest rate of 0.640% for a term of 5.5 years.

On November 19, 2021, the District refinanced through OWDA Loan #9517 and paid off USDA FmHA Loan #92-03 in the amount of \$246,603 at an interest rate of 0.640% for a term of 5.5 years.

On November 19, 2021, the District refinanced through OWDA Loan #9518 and paid off USDA FmHA Loan #92-07 in the amount of \$128,078 at an interest rate of 0.790% for a term of 7 years.

On November 19, 2021, the District refinanced through OWDA Loan #9519 and paid off USDA FmHA Loan #92-08 in the amount of \$28,159 at an interest rate of 0.790% for a term of 7 years.

**TWIN CITY WATER AND SEWER DISTRICT**

*Tuscarawas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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**Note 8 – Debt (continued)**

***Amortization***

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

	<u>OWDA</u>	<u>Ohio EPA</u>	<u>OPWC</u>
2023	\$ 372,853	\$ 376,060	\$ 14,417
2024	372,853	375,255	14,417
2025	294,711	375,255	14,417
2026	216,570	375,255	14,417
2027	216,570	332,974	14,417
2028-2032	641,709	1,432,424	72,084
2033-2037	607,198	1,142,353	21,625
2038-2043	485,758	883,839	-
2044-2048	-	88,422	-
Total	<u>\$ 3,208,222</u>	<u>\$ 5,381,837</u>	<u>\$ 165,794</u>

**Note 9 – Contingent Liabilities**

Amounts grantor agencies pay to the District are subject to audit and adjustment by the Grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 10 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. The District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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

Twin City Water and Sewer District  
Tuscarawas County  
308 Grant Street  
Dennison, Ohio 44621

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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for the proprietary fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Twin City Water and Sewer District, Tuscarawas County, (the District) and have issued our report thereon dated September 30, 2024, 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 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.

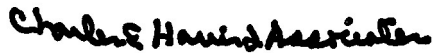
**Report on Compliance and Other Matters**

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 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*.

However, we noted certain other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated September 30, 2024.

**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.**  
September 30, 2024

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# OHIO AUDITOR OF STATE KEITH FABER



**TWIN CITY WATER AND SEWER DISTRICT**

**TUSCARAWAS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/19/2024**

65 East State 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](http://www.ohioauditor.gov)