bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

JEFFERSON WATER AND SEWER DISTRICT
FRANKLIN COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

Board of Trustees
Jefferson Water and Sewer District
6455 Taylor Road
Blacklick, Ohio 43004

We have reviewed the *Independent Auditor's Report* of the Jefferson Water and Sewer District, Franklin County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2021 through December 31, 2022. 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 Jefferson Water and Sewer District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

August 02, 2023

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Franklin County
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INDEPENDENT AUDITOR'S REPORT

Jefferson Water and Sewer District
Franklin County
6455 Taylor Road
Blacklick, Ohio 43004

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Jefferson Water and Sewer District, Franklin County, Ohio (District), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Jefferson Water and Sewer District, Franklin County, Ohio as of December 31, 2022 and 2021, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note K to 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.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 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.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio

June 27, 2023

This discussion and analysis, along with the accompanying financial reports, of Jefferson Water and Sewer District (the District) is designed to provide our customers, creditors and other interested parties with a general overview of the District and its financial activities.

FINANCIAL HIGHLIGHTS

The total assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources on December 31, 2022 and 2021 by $33,045,904 and $25,392,259 respectively. The District's net position increased by $7,653,645 (30.1%) in 2022 and by $1,848,304 (8.0%) in 2021.

The District's operating revenues increased by $947,230 (11.4%) in 2022 and decreased by $564,410 (6.3%) in 2021. Operating expenses (excluding depreciation expense) decreased by $632,550 (11.7%) in 2022 and decreased by $327,430 (5.70%) in 2021. Depreciation expense increased by $166,358 (13.7%) in 2022 and increased $41,758 (3.6%) in 2021.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The District is a single enterprise fund using proprietary fund accounting, similar to accounting used by private sector businesses. The basic financial statements are presented using the accrual basis of accounting.

The **Statements of Net Position** include all of the District's assets, liabilities and deferred inflows/outflows of resources. These statements provide information about the nature and amounts of investments in resources (assets) owned by the District, and obligations owed by the District (liabilities) on 2022. The District's net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources.

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

The **Statements of Cash Flows** provide information about the District's cash receipts and cash disbursements. They summarize the net changes in cash resulting from operating, investing and financing activities.

STATEMENTS OF NET POSITION

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

Table 1

	2022	2021	Change	2020	Change
Current and Other Assets	$ 12,587,487	$ 10,967,414	$ 1,620,073	$ 11,308,031	$ (340,617)
Capital Assets, Net	35,523,007	30,678,447	4,844,560	30,066,200	612,247
Total Assets	48,110,494	41,645,861	6,464,633	41,374,231	271,630
Deferred Outflows of Resources					
Pension	241,670	219,992	21,678	275,050	(55,058)
OPEB	16,335	107,038	(90,703)	162,000	(54,962)
Total Deferred Outflows of Resources	258,005	327,030	(69,025)	437,050	(110,020)
Long Term Liabilities	9,767,807	9,283,464	484,343	10,522,836	(1,239,372)
Current and Other Liabilities	4,672,263	6,551,665	(1,879,402)	7,384,486	(832,821)
Total Liabilities	14,440,070	15,835,129	(1,395,059)	17,907,322	(2,072,193)
Deferred Inflows of Resources					
Pension	690,006	415,739	274,267	250,683	165,056
OPEB	192,519	329,764	(137,245)	109,321	220,443
Total Deferred Inflows of Resources	882,525	745,503	137,022	360,004	385,499
Net Position					
Net Investment in Capital Assets	25,499,467	21,702,345	3,797,122	20,534,246	1,168,099
Unrestricted	7,546,437	3,689,914	3,856,523	3,009,709	680,205
Total Net Position	$ 33,045,904	$ 25,392,259	$ 7,653,645	$ 23,543,955	$ 1,848,304

The net pension liability (NPL) is a significant liability reported by the District at December 31, 2022 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The postemployment benefits (OPEB) liability (asset) is a liability (asset) reported by the District at December 31, 2022 and is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

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

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

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

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

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

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

The District's net position increased by $7,653,645 (30.1%) in 2022 and increased $1,848,304 (8.0%) in 2021.

The District's assets increased by $6,464,633 in 2022. The increase is primarily a result of an increase in cash, accounts receivable, and capital assets which was partially offset by decreases in notes receivable. The increase in capital assets is primarily a result of completed construction and capital contributions. The decrease in notes receivables is due to receiving TIF amounts. Liabilities decreased $1,395,059 in 2022. This decrease is primarily due to a decrease in accounts payable and unearned revenue, which was partially offset by an increase long term debt.

Unrestricted net position increased by $3,856,523 (104.5%) in 2022. Unrestricted assets may be used without constraints established by bond covenants or other legal requirements. Net investment in capital assets increased by $3,797,122 from 2021 to 2022 primarily due to additions of capital assets and payments on debt balances which were only partially offset by depreciation expense and additions of debt.

The District's assets increased by $271,630 in 2021. The increase is primarily a result of an increase in accounts receivable and capital assets which was partially offset by decreases in cash and cash equivalents and investments. The increase in capital assets is primarily a result of completed construction. The decrease in investments is due to investments maturing and proceeds being transferred to cash and cash equivalents. Liabilities decreased $2,072,193 in 2021. This increase is primarily due to a decrease in accounts payable, contracts payable unearned revenue, long term debt, net pension liabilities, and net OPEB liabilities which was partially offset by an increase in accrued wages and benefits and withholding payroll expenses and customer deposits-payable.

Unrestricted net position increased by $680,205 (22.6%) in 2021. Unrestricted assets may be used without constraints established by bond covenants or other legal requirements. Net investment in capital assets increased by $1,168,099 from 2020 to 2021 primarily due to additions of capital assets and payments on debt balances which were only partially offset by depreciation expense.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Table 2 below summarizes the changes in Revenues, Expenses and Net Position.

Table 2

	2022	2021	Change	2020	Change
Operating Revenues	$9,279,722	$8,332,492	$947,230	$8,896,902	($564,410)
Total Operating Revenues	9,279,722	8,332,492	947,230	8,896,902	(564,410)
Non-Operating Revenues	204,555	132,484	72,071	253,838	(121,354)
Total Revenues	9,484,277	8,464,976	1,019,301	9,150,740	(685,764)
Operating Expenses					
(Excluding Depreciation)	4,794,514	5,427,064	(632,550)	5,754,494	(327,430)
Depreciation Expense	1,379,440	1,213,082	166,358	1,171,324	41,758
Total Operating Expenses	6,173,954	6,640,146	(466,192)	6,925,818	(285,672)
Non-Operating Expenses	669,870	444,887	224,983	2,214,874	(1,769,987)
Total Expenses	6,843,824	7,085,033	(241,209)	9,140,692	(2,055,659)
Capital Contributions	5,013,192	468,361	4,544,831	2,137,803	(1,669,442)
Changes in Net Position	7,653,645	1,848,304	5,805,341	2,147,851	(299,547)
Net Position at Beginning of Year	25,392,259	23,543,955	1,848,304	21,396,104	2,147,851
Net Position at End of Year	$33,045,904	$25,392,259	$7,653,645	$23,543,955	$1,848,304

Operating revenues increased by $947,230 from 2021 to 2022 which is primarily due to an increase in tap fees and charges for services.

Operating expenses decreased by $466,192 from 2021 to 2022 primarily due to a decrease in plant operations and General and Administrative expenses which were partially offset by an increase in payroll expenses.

Operating revenues decreased by $564,410 from 2020 to 2021 which is primarily due to a decrease in tap fees which was partially offset by an increase in charges for services.

Operating expenses decreased by $285,672 from 2020 to 2021 primarily due to a decrease in payroll expenses which was partially offset by an increase in plant operations.

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CAPITAL ASSETS

The District had $54,842,588 and $48,020,538 invested in depreciable capital assets (before depreciation) at the end of 2022 and 2021, respectively. This amount is an increase of $6,822,050 (14%) from 2021 to 2022 and an increase of $1,292,443 (2.8%) from 2020 to 2021. The increase in 2022 is primarily the result of the completion of construction projects and Donated Assets. The increase in 2021 is primarily the result of the completion of construction projects which was partially offset by the disposal of certain capital assets. Additional information regarding capital assets can be found in Note D to the Basic Financial Statements.

Table 3

	2022	2021	Change	2020	Change
Non-depreciable Capital Assets					
Land and land easements	$ 777,732	$ 777,732	$ -	$ 777,732	$ -
Construction in progress	413,116	1,011,166	(598,050)	478,280	532,886
Total Non-depreciable Capital Assets	1,190,848	1,788,898	(598,050)	1,256,012	532,886
Depreciable Capital Assets					
Buildings and improvements	5,437,887	5,433,142	4,745	5,431,801	1,341
Completed construction	24,165,068	22,752,188	1,412,880	22,240,527	511,661
Furniture and general equipment	4,399,708	4,073,341	326,367	3,807,926	265,415
Vehicles and accessories	416,876	352,010	64,866	306,345	45,665
Donated assets	20,423,049	15,409,857	5,013,192	14,941,496	468,361
Totals Before Accumulated Depreciation	54,842,588	48,020,538	6,822,050	46,728,095	1,292,443
Accumulated Depreciation	(20,510,429)	(19,130,989)	(1,379,440)	(17,917,907)	(1,213,082)
Net Depreciable Capital Assets	34,332,159	28,889,549	5,442,610	28,810,188	79,361
Total Capital Assets	$ 35,523,007	$ 30,678,447	$ 4,844,560	$ 30,066,200	$ 612,247

DEBT

The District issues long term debt to finance much of its construction. With the exception of the Rural Development bonds, the Ohio Water Development Authority (OWDA) loans were used to finance most general improvement projects.

Table 4

	2022	2021	Change	2020	Change
Ohio Water Development Authority (OWDA)	$ 8,613,340	$ 5,090,443	$ 3,522,897	$ 5,356,562	$ (266,119)
Rural Development	1,410,200	3,880,600	(2,470,400)	3,965,400	(84,800)
Total Long Term Debt	10,023,540	8,971,043	1,052,497	9,321,962	(350,919)
Less: Current Maturities	800,813	650,828	149,985	748,758	(97,930)
Net Total Long Term Debt	$ 9,222,727	$ 8,320,215	$ 902,512	$ 8,573,204	$ (252,989)

The District's debt is paid from operating revenues generated by the District. For additional information regarding debt, please see note E to the basic financial statements.

CASH

Cash and cash equivalents were $5,160,817 on December 31, 2022 and $3,646,798 on December 31, 2021.

CONTACT INFORMATION

Questions regarding this report and requests for additional information should be forwarded to Mark Williams, Jefferson Water and Sewer District, 6455 Taylor Rd., Blacklick, Ohio 43004 or (614) 864-0740.

Jefferson Water and Sewer District
Statements of Net Position
As of December 31, 2022 and 2021

	2022	2021
CURRENT ASSETS:		
Cash and cash equivalents	$ 4,856,123	$ 3,192,937
Investments	3,271,085	3,004,270
Accounts receivable	589,675	477,096
Inventory	74,668	93,144
Prepaid expense	41,628	56,533
Total Current Assets	8,833,179	6,823,980
RESTRICTED ASSETS:		
Restricted cash and cash equivalents	304,694	453,861
Water assessments receivable	3,384	5,298
Sewer assessments receivable	-	26
Total Restricted Assets	308,078	459,185
CAPITAL ASSETS:		
Capital assets, not being depreciated	1,190,848	1,788,898
Capital assets, net of accumulated depreciation	34,332,159	28,889,549
Total Capital Assets	35,523,007	30,678,447
OTHER ASSETS:		
Notes receivable less current portion	3,263,594	3,576,321
Net OPEB Asset	182,636	107,928
Total Assets	48,110,494	41,645,861
DEFERRED OUTFLOWS OF RESOURCES:		
Pensions	241,670	219,992
OPEB	16,335	107,038
Total Deferred Outflows of Resources	258,005	327,030
Total Assets and Deferred Outflows of Resources	$ 48,368,499	$ 41,972,891
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 448,743	$ 1,051,322
Accrued wages and benefits and withholding payroll expenses	168,661	222,420
Current portion of long term debt	800,813	650,828
Retainage payable	-	5,059
Accrued interest payable	167,779	179,545
Customer deposits- payable	215,663	190,879
Unearned revenue	2,870,604	4,251,612
Total Current Liabilities	4,672,263	6,551,665
LONG TERM LIABILITIES:		
Long term debt less current portion	9,222,727	8,320,215
Net Pension Liabilities	545,080	963,249
Total Long Term Liabilities	9,767,807	9,283,464
Total Liabilities	14,440,070	15,835,129
DEFERRED INFLOWS OF RESOURCES:		
Pensions	690,006	415,739
OPEB	192,519	329,764
Total Deferred Inflows of Resources	882,525	745,503
NET POSITION:		
Net Investment in capital assets	25,499,467	21,702,345
Unrestricted	7,546,437	3,689,914
Total Net Position	33,045,904	25,392,259
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 48,368,499	$ 41,972,891

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

Jefferson Water and Sewer District

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended December 31, 2022 and 2021

	2022	2021
OPERATING REVENUES:		
Charges for services	$ 6,221,160	$ 5,805,917
Tap fees	2,995,617	2,468,311
Miscellaneous income	62,945	58,264
Total Operating Revenues	9,279,722	8,332,492
OPERATING EXPENSES:		
Plant operations	3,416,492	4,159,848
Salaries and payroll related expenses	1,022,811	791,091
General and administration expenses	355,211	476,125
Depreciation	1,379,440	1,213,082
Total Operating Expenses	6,173,954	6,640,146
Operating Income	3,105,768	1,692,346
NON-OPERATING INCOME AND (EXPENSES):		
Interest income	85,101	61,683
Intergovernmental	87,795	41,617
Other Miscellaneous	31,659	29,184
Gain (Loss) on Investments	(316,717)	(75,468)
Interest expense	(353,153)	(369,419)
Total Nonoperating Income (Expenses)	(465,315)	(312,403)
Increase In Net Position before Capital Contributions	2,640,453	1,379,943
Capital Contributions - Developers	5,013,192	468,361
Increase In Net Position	7,653,645	1,848,304
Net Position, Beginning of Year	25,392,259	23,543,955
Net Position, End of Year	$ 33,045,904	$ 25,392,259

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

Jefferson Water and Sewer District
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 8,035,917	$ 8,053,682
Cash received from other operating income	62,945	58,264
Cash payments to suppliers for goods and services	(4,340,901)	(5,222,024)
Cash payments for employee services and benefits	(1,363,400)	(1,321,110)
Net Cash Provided by Operating Activities	2,394,561	1,568,812
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Other miscellaneous income	31,659	29,184
Customer Deposits	24,784	50,956
Net Cash Provided by/(Used for) Non-Capital Financing Activities	56,443	80,140
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Construction of water and sewer projects and other capital acquistions	(1,162,570)	(1,561,901)
Proceeds from construction loans	4,080,813	411,530
Principal payments on construction loans	(3,028,316)	(762,448)
Interest payments on construction loans	(330,421)	(344,965)
Special assessment collections - principal	1,940	12,157
Special assessment collections - interest	-	951
Net Cash Used for Capital and Related Financing Activities	(438,554)	(2,244,676)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	(583,532)	68,221
Interest received on bank accounts	85,101	60,731
Net Cash Provided by (Used for) Investing Activities	(498,431)	128,952
Net Increase (Decrease) In Cash and Cash Equivalents	1,514,019	(466,772)
Cash and Cash Equivalents, Beginning of the Year	3,646,798	4,113,570
Cash and Cash Equivalents, End of the Year	$ 5,160,817	$ 3,646,798
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	$ 3,105,768	$ 1,692,346
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	1,379,440	1,213,082
CHANGES IN NET ASSETS AND LIABILITIES:		
(Increase) decrease in accounts receivable	(112,579)	(94,723)
Decrease in prepaid expense	14,905	(17,290)
(Increase) decrease in inventory	18,476	(62,060)
(Increase) in notes receivable	312,727	-
(Increase) in OPEB Asset	(74,708)	(107,928)
(Increase) decrease in deferred outflows of resources - pensions	(21,678)	55,058
(Increase) in deferred outflows of resources - OPEB	90,703	54,962
Increase in accounts payable (operating)	(602,579)	(506,701)
Increase (decrease) in accrued wages and benefits and withholding payroll taxes	(53,759)	68,773
Increase in unearned revenue	(1,381,008)	(125,823)
Increase (decrease) in net pension liability	(418,169)	(218,541)
Increase (decrease) in OPEB liability	-	(767,842)
Increase (decrease) in deferred inflows of resources - pensions	274,267	165,056
Increase (decrease) in deferred inflows of resources - OPEB	(137,245)	220,443
Total Adjustments	(711,207)	(123,534)
Net Cash Provided by Operating Activities	$ 2,394,561	$ 1,568,812
NONCASH TRANSACTIONS		
Donated developer lines and pump station	$ 5,066,489	$ 468,361
Intergovernmental revenue - interest subsidy	$ 34,498	$ 41,617
Interest expense - interest subsidy	$ (34,498)	$ (41,617)

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

NOTE A – NATURE OF ORGANIZATION

Jefferson Water and Sewer District (the "District") was created by the Court of Common Pleas of Franklin County to provide water and sewer services to the residents of Jefferson Township in accordance with the provisions of section 6119.et.seq. of the Ohio Revised Code. The District is managed by a Board comprised of five appointed trustees.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity:

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations and water and sewer related activities of the District.

In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* (an amendment of GASB Statement No. 14), the accompanying financial statements include only the accounts and transactions of the District. Under the criteria specified in these GASB Statements, the District has no component units nor is it considered a component unit of the State of Ohio. The District is considered, however, a political subdivision of the State of Ohio. These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The District is not financially accountable for any other organizations. This is evidenced by the fact that the District is a legally and fiscally separate and distinct organization. The District is solely responsible for its finances. The District is empowered to issue debt payables solely from District revenues.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. Based upon the application of these criteria, the District has no component units.

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

1. **Basis of Presentation – Fund Accounting**

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

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. **Measurement Focus and Basis of Accounting**
The District's operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, all liabilities, and all deferred inflows/outflows of resources associated with operations are included on the statements of net position. The operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The accounting records are maintained on the accrual basis of accounting for financial reporting purposes.

3. **Budgetary Process**
The Ohio Revised Code requires that each fund be budgeted annually. The District has adopted a budget for the years ended December 31, 2022 and 2021, and passed annual appropriations and resolutions.

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

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

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

4. **Revenue Recognition**
Revenues for the service fees are recorded in the period the service is provided. Revenue for tap fees from developers is recorded when construction of the main water and sewer lines to a development is complete and the District and the developer have satisfied the terms of the tap agreement. The principal portion of tap fee revenues from customer five-year notes receivable is recognized in the year the note is executed; interest from the notes receivable is recognized in the year earned. All other revenue is recognized when earned.

5. **Accounts Receivable**
Accounts receivable are shown at their net realizable value. The direct write-off method is used to record bad debts. Uncollectible accounts receivable are charged to operations during the period in which they are determined to be uncollectible. The results of using the direct write-off method closely approximate the reserve method of accounting for receivables. Bad debts are only recorded after all efforts for collection are exhausted, including certifying delinquent accounts to the county auditor, which are attached to real estate tax billings.

6. **Prepaid Expenses**
Payments made to vendors for services that will benefit periods beyond year-end are recorded as prepaid expenses using the consumption method. An asset for prepaid amounts is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

7. **Capital Assets**
Capital assets are stated at cost (except as noted in the next paragraph with respect to donated developer lines) and are depreciated over the estimated useful lives of the assets from 5 years to 50 years depending upon the type of asset. Buildings have an estimated useful life of 30-50 years. Water and sewer lines and related infrastructure have an estimated useful life of 25-50 years. Furniture and general equipment have an estimated useful life of 5-15 years. Vehicles and accessories have an estimated useful life of 5-7 years. The District capitalizes assets that have a value or cost in excess of $1,000 at the date of acquisition and an expected useful life of one or more years.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated developer lines are stated at acquisition value based on developer documentation, and are depreciated over 50 years, which represents the estimated useful lives of the assets. Depreciation is computed using the straight-line method for financial reporting purposes. Repairs and maintenance costs are charged to operations when incurred. Improvements and additions are capitalized.

8. **Cash and Cash Equivalents**
For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments with a maturity of three months or less at the time they are purchased by the District are considered to be pooled cash and investments and are reported as "cash and cash equivalents" in the accompanying financial statements.

9. **Interest Expense**
Interest expense for the years ended December 31, 2022 and 2021 represents the interest portion of construction loan payments to the Ohio Water Development Authority and Rural Development in the amount of $353,153 and $369,419.

10. **Estimates**
The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

11. **Board Designated Cash Fund**
The Board of Trustees allocates $1,500 each year, via resolution, for expenditures to be designated by the Trustees. This procedure is in accordance with the Ohio Revised Code. Board discretionary expenditures for the years ended December 31, 2022 and 2021 were $0 and $145, respectively.

12. **Vacation, Sick Leave and Other Compensated Absences**
The District's employees are entitled to certain compensated absences based on their length of employment. Accrued employee benefits include cumulative vested vacation, sick leave, and compensatory hours multiplied by current hourly rates.

13. **Operating Revenues and Expenses**
Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are service revenues and late charges for water and sewer services provided. Operating expenses are necessary costs incurred to provide the goods and/or services that are the primary activity of the fund. Revenues and expenses not meeting these definitions are identified as non-operating.

14. **Net Position**
Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisition, construction or improvements of those assets. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. **Inventory of Materials and Supplies**
Inventories of materials and supplies are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

16. **Restricted Assets**
Restricted assets should be reported when restrictions on asset use change the nature or normal understanding of the availability of the asset. Restricted assets represent certain resources segregated from other resources of the District to comply with various covenants established by bond financing agreements. These assets are generally held in separate accounts of the District or by a trustee. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts, and establish annual amounts to be accumulated for specific purposes. For the District these amounts consisted of special assessments which are recognized as a receivable; however, they are not recognized as revenue since these properties are in an agricultural deferred status and the revenue cannot be collected until the properties are converted to a non-agricultural use.

17. **Planning Costs – Proposed Projects**
The planning costs for proposed projects are comprised of engineering, legal and administrative planning costs which are not allocated to specific projects currently in construction. If the proposed project begins construction, the respective planning costs will be included in capital assets and depreciated. If the proposed project does not enter construction, respective planning costs will be deemed impaired assets and written-off.

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

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

NOTE C – RECEIVABLES

Accounts receivable are presented at their net realizable value of $589,675 and $477,096 as of December 31, 2022 and 2021.

Assessment receivables represent the principal portion of assessments for water and sewer line construction costs to local service users. These amounts will generally be paid over the life of the related debt (see Note E) including an interest rate of 6.16% and are reported as restricted assets.

NOTE D – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2022 was as follows:

	Ending Balance at 12/31/2021	Additions	Deletions	Ending Balance at 12/31/2022
Capital Assets, Not Being Depreciated				
Land and Land Easements	$ 777,732	$ -	$ -	$ 777,732
Construction in Progress	1,011,166	1,148,084	(1,746,134)	413,116
Total Capital Assets, Not Being Depreciated	1,788,898	1,148,084	(1,746,134)	1,190,848
Capital Assets, Being Depreciated				
Buildings and Improvements	5,433,142	4,745	-	5,437,887
Water and Sewer Lines and Related Infrastucture	22,752,188	1,412,880	-	24,165,068
Vehicles and Accessories	352,010	64,866	-	416,876
Furniture and General Equipment	4,073,341	326,367	-	4,399,708
Donated Water and Sewer Lines	15,409,857	5,013,192	-	20,423,049
Total Capital Assets, Being Depreciated	48,020,538	6,822,050	-	54,842,588
Less Accumulated Depreciation:				
Buildings and Improvements	(2,749,993)	(114,153)	-	(2,864,146)
Water and Sewer Lines and Related Infrastucture	(9,453,033)	(545,515)	-	(9,998,548)
Vehicles and Accessories	(262,843)	(36,479)	-	(299,322)
Furniture and General Equipment	(2,509,597)	(284,621)	-	(2,794,218)
Donated Water and Sewer Lines	(4,155,523)	(398,672)	-	(4,554,195)
Total Accumulated Depreciation	(19,130,989)	(1,379,440)	-	(20,510,429)
Total Capital Assets Being Depreciated, Net	28,889,549	5,442,610	-	34,332,159
Total Capital Assets	$ 30,678,447	$ 6,590,694	$ (1,746,134)	$ 35,523,007

NOTE D – CAPITAL ASSETS (Continued)

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

	Ending Balance at 12/31/2020	Additions	Deletions	Ending Balance at 12/31/2021
Capital Assets , Not Being Depreciated				
Land and Land Easements	$ 777,732	$ -	$ -	$ 777,732
Construction in Progress	478,280	1,427,856	(894,970)	1,011,166
Total Capital Assets, Not Being Depreciated	1,256,012	1,427,856	(894,970)	1,788,898
Capital Assets, Being Depreciated				
Buildings and Improvements	5,431,801	1,341	-	5,433,142
Water and Sewer Lines and Related Infrastucture	22,240,527	511,661	-	22,752,188
Vehicles and Accessories	306,345	45,665	-	352,010
Furniture and General Equipment	3,807,926	265,415	-	4,073,341
Donated Water and Sewer Lines	14,941,496	468,361	-	15,409,857
Total Capital Assets, Being Depreciated	46,728,095	1,292,443	-	48,020,538
Less Accumulated Depreciation:				
Buildings and Improvements	(2,636,102)	(113,891)	-	(2,749,993)
Water and Sewer Lines and Related Infrastucture	(8,928,052)	(524,981)	-	(9,453,033)
Vehicles and Accessories	(235,963)	(26,880)	-	(262,843)
Furniture and General Equipment	(2,262,898)	(246,699)	-	(2,509,597)
Donated Water and Sewer Lines	(3,854,892)	(300,631)	-	(4,155,523)
Total Accumulated Depreciation	(17,917,907)	(1,213,082)	-	(19,130,989)
Total Capital Assets Being Depreciated, Net	28,810,188	79,361	-	28,889,549
Total Capital Assets	$ 30,066,200	$ 1,507,217	$ (894,970)	$ 30,678,447

NOTE E – LONG-TERM DEBT

Loans payable related to construction of the District's infrastructure consist of the following loans payable to the Ohio Water Development Authority for December 31, 2022 and 2021:

OWDA Loans Payable:	2022	2021
6.51% due in semi-annual payments of $9,856, including interest through January 2022	-	18,512
6.18% due in semi-annual payments of $2,367, including interest through July 2022	-	4,457
5.88% due in semi-annual payments of $9,785, including interest through January 2023	9,241	27,211
5.66% due in semi-annual payments of $16,119, including interest through January 2025	73,043	99,641
5.56% due in semi-annual payments of $22,440, including interest through January 2025	103,417	140,974
5.77% due in semi-annual payments of $9,067, including interest through January 2025	41,661	56,736
5.85% due in semi-annual payments of $7,797, including interest through January 2021	-	-
6.72% due in semi-annual payments of $25,478, including interest through January 2021	-	-
6.41% due in semi-annual payments of $4,667, including interest through January 2027	35,997	42,700
6.39% due in semi-annual payments of $12,930, including interest through January 2027	99,768	118,358
6.39% due in semi-annual payments of $3,383, including interest through July 2027	28,574	33,287
6.39% due in semi-annual payments of $12,877, including interest through January 2027	99,357	117,870
6.03% due in semi-annual payments of $64,884, including interest through January 2027	504,842	599,850
6.03% due in semi-annual payments of $15,454, including interest through January 2027	120,243	142,872
6.03% due in semi-annual payments of $10,084, including interest through January 2027	78,462	93,228
6.03% due in semi-annual payments of $17,014, including interest through January 2027	132,378	157,291
5.15% due in semi-annual payments of $3,230, including interest through July 2028	32,981	37,564
4.40% due in semi-annual payments of $56,999, including interest through July 2028	595,449	680,433
4.66% due in semi-annual payments of $32,573, including interest through July 2029	385,325	430,914

NOTE E – LONG-TERM DEBT (Continued)

OWDA Loans Payable:	2022	2021
3.77% due in semi-annual payments of $27,569, Including interest through July 2021	-	-
2.01% due in semi-annual payments to be determined, through January 2033	500,441	542,848
2.70% due in semi-annual payments to be determined, through January 2033	1,279,818	1,334,167
1.57% due in semi-annual payments to be determined, through January 2032	491,179	405,175
1.50% due in semi-annual payments to be determined, through January 2032	519,961	2,184
1.79% due in semi-annual payments to be determined, through January 2027	930,021	4,171
3.31% due in semi-annual payments to be determined, through January 2042	2,551,180	-
Total	8,613,340	5,090,443
Less current maturities	(766,513)	(562,228)
Noncurrent OWDA loans payable	$7,846,827	$4,528,215

	Balance 12/31/2021	Additions	Reductions	Balance 12/31/2022	Amount Due Within One Year
O.W.D.A.	$ 5,090,443	$ 4,080,813	$ 557,916	$ 8,613,340	$ 766,513
Rural Development	3,880,600	-	2,470,400	1,410,200	34,300
Net Pension Liabilities	963,249	-	418,169	545,080	-
Net OPEB Liabilities*	-	-	-	-	-
	$ 9,934,292	$ 4,080,813	$ 3,446,485	$ 10,568,620	$ 800,813

	Balance 12/31/2020	Additions	Reductions	Balance 12/31/2021	Amount Due Within One Year
O.W.D.A.	$ 5,356,562	$ 411,529	$ 677,648	$ 5,090,443	$ 562,228
Rural Development	3,965,400	-	84,800	3,880,600	88,600
Net Pension Liabilities	1,181,790	-	218,541	963,249	-
Net OPEB Liabilities	767,842	-	767,842	-	-
	$ 11,271,594	$ 411,529	$ 1,748,831	$ 9,934,292	$ 650,828

* At December 31, 2022 there was a Net OPEB Asset of $182,636

On February 18, 2016, the District was notified by the Ohio Water Development Authority (OWDA) that they have implemented an interest rate buy-down program to assist communities and local governments with outstanding OWDA loans. Any District OWDA loans with interest rates exceeding 4.00% will see a reduction of the interest ratio to 4.00%. The buy-down was credited to District payments starting with the July 1, 2016 due date and resulted in an interest subsidy in 2022 which was treated as both a non-operating revenue (Intergovernmental Revenue) and a non-operating expense (Interest Expense) in the accompanying financial statements. The District will receive an estimated $69,691 of additional interest subsidies through 2029 in the following amounts annually:

NOTE E – LONG-TERM DEBT (Continued)

Interest Subsidy	
2023	27,253
2024	20,243
2025	13,072
2026	6,789
2027	1,584
2028	645
2029	105
Total	$69,691

Maturities of the District's debt for the years subsequent to December 31, 2022 are as follows:

	OWDA Loans			Rural Development Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2023	$766,513	$269,134	$1,035,647	$34,300	$61,696	$95,996
2024	798,112	243,497	1,041,609	35,900	60,196	96,096
2025	784,864	193,920	978,784	37,500	58,625	96,125
2026	769,754	161,404	931,158	39,100	56,984	96,084
2027	664,125	119,122	783,247	40,800	55,274	96,074
2028-2032	2,152,094	413,487	2,565,581	232,400	247,984	480,384
2033-2037	923,329	194,384	1,117,713	287,900	192,495	480,395
2038-2042	743,408	62,863	806,271	356,600	123,769	480,369
2043-2047	-	-	-	345,700	38,414	384,114
Total	$7,602,199	$1,657,811	$9,260,010	$1,410,200	$895,437	$2,305,637

	Total		
	Principal	Interest	Total
2023	$800,813	$330,830	$1,131,643
2024	834,012	303,693	1,137,705
2025	822,364	252,545	1,074,909
2026	808,854	218,388	1,027,242
2027	704,925	174,396	879,321
2028-2032	2,384,494	661,471	3,045,965
2033-2037	1,211,229	386,879	1,598,108
2038-2042	1,100,008	186,632	1,286,640
2043-2047	345,700	38,414	384,114
Total	$9,012,399	$2,553,248	$11,565,647

The District has a 2.70 % Ohio Water Development Authority loan with an outstanding principal balance of $1,334,167 which is not included in the above amortization schedule because the loan has not been finalized.

During 2021, the District received 1.57 %, 1.50%, and 1.79% Ohio Water Development Authority loans with outstanding principal balances of $405,175, $2,184, and $4,171 which are not included in the above amortization schedule because the loans have not been finalized.

NOTE E – LONG-TERM DEBT (Continued)

During 2006, the District issued $4,840,000 in Rural Development Water Resource Revenue Bonds to retire an Ohio Water Development Authority loan. The terms of the bonds are an interest rate of 4.375% with a maturity date of 2046.

In connection with the mortgage revenue bonds and Ohio Water Development Authority loans, the District has pledged future customer revenues, net of specified operating expenses, to repay this debt. Pledged revenues of a given year may also include specified portions of cash balances carried over from the prior year. The bonds and loans are payable, through their final maturities, solely from net revenues applicable to its fund. The combined principal and interest remaining to be paid on the bonds as of December 31, 2022 and 2021 are $2,305,637 and $6,458,666. The combined principal and interest remaining to be paid on the loans as of December 31, 2022 and 2021 are $10,271,151 and $5,680,232 respectively. The coverage ratios at December 31, 2022 and 2021 were 1.34 and 2.66, respectively.

NOTE F – CAPITAL CONTRIBUTIONS

Donated Developer Lines and Other Capital Contributions

Contributions of resources from a developer for construction are also shown on the face of the financial statements as capital contributions – developers. The District had capital contributions of $5,013,192 for 2022 and $468,361 for 2021.

NOTE G – DEFINED BENEFIT RETIREMENT PLAN

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

NOTE G – DEFINED BENEFIT RETIREMENT PLAN (Continued)

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

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

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

Group A Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the COLA is based on the average percentage increase in the Consumer

NOTE G – DEFINED BENEFIT RETIREMENT PLAN (Continued)

Price Index, capped at 3 percent.

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

Effective January 1, 2022, the Combined Plan was consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option is no longer be available for member selection.

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

	Local
2022 and 2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2022 and 2021 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

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

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

The District's contractually required contribution to OPERS was $121,335 for fiscal year 2022 and $127,292 for 2021 respectively. Of this amount $19,480 and $35,304 were reported as a payroll related liability for 2022 and 2021 respectively.

NOTE G – DEFINED BENEFIT RETIREMENT PLAN (Continued)

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

The net pension liability reported as of December 31, 2022 and December 31, 2021 were measured as of December 31, 2021 and December 31, 2020, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	2022 OPERS	2021 OPERS
Proportion of the Net Pension Liability/Asset - Prior Year	0.0065050%	0.0059790%
Proportion of the Net Pension Liability/Asset - Current Year	0.0062650%	0.0065050%
Change in Proportionate Share	-0.0002400%	0.0005260%
Proportionate Share of the Net Pension Liability	$ 545,080	$ 963,249
Pension Expense	$ (44,245)	$ 128,865

At December 31, 2022 and 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022 OPERS	2021 OPERS
Deferred Outflows of Resources:		
Differences between expected and actual economic experience	$ 27,787	$ -
Differences between projected and actual investment earnings	-	-
Changes of assumptions	68,162	-
Changes in proportion	24,386	92,700
Contributions subsequent to the measurement date	121,335	127,292
Total	$ 241,670	$ 219,992

	OPERS	OPERS
Deferred Inflows of Resources:		
Differences between expected and actual economic experience	$ 11,955	$ 40,293
Differences between projected and actual investment earnings	648,353	375,446
Changes of assumptions	-	-
Changes in proportion	29,698	-
Total	$ 690,006	$ 415,739

NOTE G – DEFINED BENEFIT RETIREMENT PLAN (Continued)

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

$121,335 and $127,292 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement dates as of December 31, 2022 and 2021 respectively, will be recognized as a reduction of the net pension liability in the years ending December 31, 2023 and 2022, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending December 31:	OPERS
2023	$ (82,546)
2024	(231,533)
2025	(152,454)
2026	(103,138)
	$ (569,671)

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021 and 2020, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2% down to 6.9%, for the defined benefit investments.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2021 and 2020, are presented below for the OPERS Traditional Plan.

	2021	2020
Experience Study	5-year period ended December 31, 2020	5-year period ended December 31, 2015
Wage Inflation	2.75 percent	3.25 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2022, then 2.05 percent, simple	.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	6.9 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

NOTE G – DEFINED BENEFIT RETIREMENT PLAN (Continued)

Actuarial Assumptions – OPERS – Continued

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The allocation of investment assets with the defined benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021 and 2020, these best estimates are summarized in the following table:

Asset Class	2021 Target Allocation	2020 Target Allocation	2021 Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)	2020 Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	24.00 %	25.00 %	1.03 %	1.32 %
Domestic Equities	21.00	21.00	3.78	5.64
Real Estate	11.00	10.00	3.66	5.39
Private Equity	12.00	12.00	7.43	10.42
International Equities	23.00	23.00	4.88	7.36
Risk Parity	5.00	0.00	2.92	0.00
Other Investments	4.00	9.00	2.85	4.75
Total	100.00 %	100.00 %	4.21 %	5.61 %

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3% for 2021.

NOTE G – DEFINED BENEFIT RETIREMENT PLAN (Continued)

Actuarial Assumptions – OPERS – Continued

Discount Rate

The discount rate used to measure the total pension liability was 6.9% for the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the District proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 %, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 %) or one-percentage-point higher (7.9 %) than the current rate:

For the year ended December 31, 2022:

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
District's proportionate share of the net pension liability	$1,437,128	$545,080	($197,222)

For the year ended December 31, 2021:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
District's proportionate share of the net pension liability	$1,837,402	$963,249	$236,392

NOTE H – DEFINED BENEFIT OPEB PLANS

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

Ohio Public Employees Retirement System

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

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

Ohio Public Employees Retirement System – Continued

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

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets. the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

Ohio Public Employees Retirement System – Continued

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022 and 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 0 percent during calendar year 2022 and calendar year 2021. For the calendar year 2021 and for the time period January 1, 2022 through June 30, 2022, OPERS did not allocate any employer contributions to health care for members in the Combined Plan. For the time period July 1, 2022 through December 31, 2022, OPERS allocated 2.0 percent of employer contributions to health care for members in the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 and 2021 was 4.0 percent. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was $0 for 2022 and 2021.

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020 and 2019 rolled forward to the measurement dates of December 31, 2021 and 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	2022 OPERS	2021 OPERS
Proportion of the Net OPEB Liability/Asset - Prior Year	0.0060580%	0.0055590%
Proportion of the Net OPEB Liability/Asset - Current Year	0.0058310%	0.0060580%
Change in Proportionate Share	-0.0002270%	0.0004990%
Proportionate Share of the Net OPEB Liability (Asset)	$ (182,636)	$ (107,928)
OPEB Expense (Gain)	$ (121,250)	$ (600,365)

NOTE H - DEFINED BENEFIT OPEB PLANS – (Continued)

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

At December 31, 2022 and 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022 OPERS	2021 OPERS
Deferred Outflows of Resources:		
Differences between expected and actual economic experience	$ -	$ -
Changes of assumptions	-	53,059
Changes in proportion	16,335	53,979
Total	$ 16,335	$ 107,038

	OPERS	OPERS
Deferred Inflows of Resources:		
Differences between expected and actual economic experience	$ 27,703	$ 97,404
Differences between projected and actual investment earnings	87,068	57,484
Changes of assumptions	73,929	174,876
Changes in proportion	3,819	-
Total	$ 192,519	$ 329,764

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

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

Fiscal Year Ending December 31:	OPERS
2023	$ (102,871)
2024	(41,785)
2025	(19,023)
2026	(12,505)
	$ (176,184)

NOTE H - DEFINED BENEFIT OPEB PLANS – (Continued)

Actuarial Assumptions - PERS

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

Projections of health care costs for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2020 and 2019, rolled forward to the measurement dates of December 31, 2021 and 2020.

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

	December 31, 2021	December 31, 2020
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases,	2.75 to 10.75 percent	3.25 to 10.75 percent
including inflation	including wage inflation	including wage inflation
Future Salary Increases, including inflation		
Single Discount Rate:		
Current measurement date	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.5 percent, initial	8.5 percent, initial
	3.50 percent ultimate in 2034	3.50 percent ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Experience Study	5-Year Period Ended December 31, 2020	5-Year Period Ended December 31, 2015

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then

NOTE H - DEFINED BENEFIT OPEB PLANS – (Continued)

Actuarial Assumptions – PERS - Continued

established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above-described tables.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health-care related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested for the Health Care portfolio was a gain of 14.3% for 2021.

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

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021 and 2020, these best estimates are summarized in the following table:

Asset Class	2021 Target Allocation	2020 Target Allocation	2021 Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)	2020 Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	34.00 %	0.91 %	1.07 %
Domestic Equities	25.00	25.00	3.78	5.64
Real Estate Investment Trust	7.00	7.00	3.71	6.48
International Equities	25.00	25.00	4.88	7.36
Risk Parity	2.00	0.00	2.92	0.00
Other Investments	7.00	9.00	1.93	4.02
Total	100.00 %	100.00 %	3.45 %	4.55 %

NOTE H - DEFINED BENEFIT OPEB PLANS – (Continued)

Actuarial Assumptions – PERS - Continued

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index") for the year ended December 31, 2021. This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent for the year ended December 31, 2020. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The following table presents the District's proportionate share of the net OPEB liability (asset) calculated as of the measurement date December 31, 2021, using the single discount rate of 6.00 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net OPEB asset	($107,407)	($182,636)	($245,077)

The following table presents the District's proportionate share of the net OPEB liability (asset) calculated as of the measurement date December 31, 2020, using the single discount rate of 6.00 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net OPEB liability	($26,837)	($107,928)	($174,592)

NOTE H - DEFINED BENEFIT OPEB PLANS – (Continued)

Actuarial Assumptions – PERS - Continued

Sensitivity of the District's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

For the fiscal year ended December 31, 2022:

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
District's proportionate share of the net OPEB asset	($184,609)	($182,636)	($180,295)

For the fiscal year ended December 31, 2021:

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
District's proportionate share of the net OPEB liability	($110,559)	($107,928)	($104,985)

NOTE I – DEPOSITS WITH FINANCIAL INSTITUTIONS – LEGAL REQUIREMENTS

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

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

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

NOTE I – DEPOSITS WITH FINANCIAL INSTITUTIONS – LEGAL REQUIREMENTS (Continued)

Interim monies can be deposited or invested in the following securities:

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

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

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

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

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

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment purchased under section 135 of the Ohio Revised Code must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments purchased under section 6119 have no such maturity restrictions.

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

Deposits – Custodial credit risk is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2022 and 2021, respectively, \$4,277,390 and \$2,237,547 of the District's bank balances of \$5,155,121 and \$3,651,124 were exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation (FDIC).

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

NOTE I – DEPOSITS WITH FINANCIAL INSTITUTIONS – LEGAL REQUIREMENTS (continued)

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 % of the deposits being secured; or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 % of the deposits being secured or a rate set by the Treasurer of State.

Investments The District had the following investments at December 31, 2022:

		Investment Maturities			
Description	Fair Value	< 1 Year	1-2 Years	3-5 Years	>5 Years
UBS Fixed Income	$ 759,052	$ 423,765	$ 335,287	$ -	$ -
UBS Municipal Bonds	435,233	56,199	10,562	237,011	131,461
Star Ohio	55,139	55,139	-	-	-
Raymond James Fixed Income	998,767	320,588	469,793	208,386	-
LPL Heartland ETF	1,078,033	1,078,033	-	-	-
Total Investments	$ 3,326,224	$ 1,933,724	$ 815,642	$ 445,397	$ 131,461

The District had the following investments at December 31, 2021:

		Investment Maturities			
Description	Fair Value	< 1 Year	1-2 Years	3-5 Years	>5 Years
UBS Fixed Income	$ 535,968	$ 436,404	$ -	$ 99,564	$ -
UBS Municipal Bonds	531,003	50,788	70,916	264,345	144,954
Star Ohio	54,212	54,212	-	-	-
Raymond James Fixed Income	671,544	302,158	271,502	97,884	-
Federal Farm Credit Bank Bonds	-	-	-	-	-
LPL Heartland ETF	1,265,755	1,265,755	-	-	-
Total Investments	$ 3,058,482	$ 2,109,317	$ 342,418	$ 461,793	$ 144,954

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of December 31, 2022. All investments of the District are valued using quoted market prices (Level 1 inputs).

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District has no investment policy specifically dealing with interest rate risk. The District manages it exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District has no investment policy specifically dealing with credit risk. Investments in money

NOTE I – DEPOSITS WITH FINANCIAL INSTITUTIONS – LEGAL REQUIREMENTS (continued)

market funds were rated AAAm by Standard & Poor's, investments in municipal bonds were rated AAA, AA+, AA, AA-, A+, and A by Standard & Poor's, investments in fixed income accounts were rated A by Standard & Poor's, investments in Federal Home Loan Mortgage Corporations Notes, Federal Home Loan Bank Bonds, Federal Farm Credit Bank Bonds, Federal National Mortgage Association Notes/Bonds, and US Treasury Notes were all rated Aaa by Moody's, investments in Heartland ETF's were rated A by MSCI ESG, and investments in STAR Ohio were rated AAAm by Standard & Poor's.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer. As of December 31, 2022, the District had invested 32% in exchange traded funds, 53% in fixed income funds, 13% in municipal bonds, and 2% in STAR Ohio. As of December 31, 2021, the District had 41% in exchange traded funds, 40% in fixed income funds, 17% in municipal bonds, and 2% in STAR Ohio.

Custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy specifically dealing with custodial credit risk. All of the District's securities are either insured and registered in the name of the District or at least registered in the name of the District.

NOTE J – RISK MANAGEMENT

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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:

	2022	2021
Cash and investments	42,310,794	41,996,850
Actuarial liabilities	15,724,479	14,974,099

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also, upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

NOTE K – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The investment portfolio of the District's pension and OPEB plans will fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and recovery from emergency funding (if any), either federal or state, cannot be estimated.

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NOTE L – INFORMATION BY SEGMENT

The District maintains two segments which provide water and sewer services. Information by segment for the years ended December 31, 2022 and 2021 is as follows:

2022 SEGMENT	Water	Sewer	Total
OPERATING REVENUES:			
Charges for services	$ 2,623,746	$ 3,597,414	$ 6,221,160
Tap fees	1,563,702	1,431,915	2,995,617
Miscellaneous income	26,547	36,398	62,945
Total Operating Revenues	4,213,995	5,065,727	9,279,722
OPERATING EXPENSES:			
Plant operations	927,396	2,489,096	3,416,492
Salaries and payroll related expenses	431,366	591,445	1,022,811
General and administration expenses	149,809	205,402	355,211
Depreciation	821,289	558,151	1,379,440
Total Operating Expenses	2,329,860	3,844,094	6,173,954
Operating Income	1,884,135	1,221,633	3,105,768
NONOPERATING INCOME AND (EXPENSES):			
Loss on disposal of capital assets	-	-	-
Interest income	35,891	49,210	85,101
Intergovernmental	45,015	42,780	87,795
Other Miscellaneous	15,830	15,829	31,659
Loss on Investments	(133,574)	(183,143)	(316,717)
Interest expense	(192,348)	(160,805)	(353,153)
Total Nonoperating Income (Expenses)	(229,186)	(236,129)	(465,315)
Increase In Net Position before Capital Contributions	1,654,949	985,504	2,640,453
Capital Contributions - Developers	-	5,013,192	5,013,192
Increase In Net Position	$ 1,654,949	$ 5,998,696	$ 7,653,645

2021 SEGMENT	Water	Sewer	Total
OPERATING REVENUES:			
Charges for services	$ 2,540,268	$ 3,265,649	$ 5,805,917
Tap fees	938,653	1,529,658	2,468,311
Miscellaneous income	25,492	32,772	58,264
Total Operating Revenues	3,504,413	4,828,079	8,332,492
OPERATING EXPENSES:			
Plant operations	832,828	3,327,020	4,159,848
Salaries and payroll related expenses	346,127	444,964	791,091
General and administration expenses	208,320	267,805	476,125
Depreciation	722,243	490,839	1,213,082
Total Operating Expenses	2,109,518	4,530,628	6,640,146
Operating Income (Loss)	1,394,895	297,451	1,692,346
NONOPERATING INCOME AND (EXPENSES):			
Loss on disposal of capital assets	-	-	-
Interest income	26,988	34,695	61,683
Intergovernmental	21,338	20,279	41,617
Other Miscellaneous	14,592	14,592	29,184
Loss on Investments	(33,019)	(42,449)	(75,468)
Interest expense	(201,207)	(168,212)	(369,419)
Total Nonoperating Income (Expenses)	(171,308)	(141,095)	(312,403)
Increase (Decrease) In Net Position before Capital Contributions	1,223,587	156,356	1,379,943
Capital Contributions - Developers	-	468,361	468,361
Increase In Net Position	$ 1,223,587	$ 624,717	$ 1,848,304

REQUIRED SUPPLEMENTARY INFORMATION

Jefferson Water and Sewer District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Nine Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0062650%	0.0065050%	0.0059790%	0.0055481%	0.0050500%	0.0049600%	0.0048610%	0.0047100%	0.0047100%
District's proportionate share of the net pension liability	$ 545,080	$ 963,249	$ 1,181,790	$ 1,519,512	$ 792,247	$ 1,126,332	$ 841,986	$ 568,079	$ 555,248
District's covered payroll	$ 909,229	$ 916,193	$ 845,521	$ 752,114	$ 688,900	$ 666,142	$ 617,425	$ 577,408	$ 595,946
District's proportionate share of the net pension liability as a percentage of its covered payroll	59.95%	105.14%	139.77%	202.03%	115.00%	169.08%	136.37%	98.38%	93.17%
Plan fiduciary net position as a percentage of the total pension liability	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

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

Jefferson Water and Sewer District
Required Supplementary Information
Schedule of the District's Pension Contributions
Ohio Public Employees Retirement System
Last Ten Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 121,335	$ 127,292	$ 128,267	$ 118,373	$ 105,296	$ 89,557	$ 79,937	$ 74,091	$ 69,289	$ 77,473
Contributions in relation to the contractually required contribution	(121,335)	(127,292)	(128,267)	(118,373)	(105,296)	(89,557)	(79,937)	(74,091)	(69,289)	(77,473)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 866,679	$ 909,229	$ 916,193	$ 845,521	$ 752,114	$ 688,900	$ 666,142	$ 617,425	$ 577,408	$ 595,946
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

Jefferson Water and Sewer District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability/(Asset)
Ohio Public Employees Retirement System
Last Six Years (1)

	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability/(asset)	0.00583100%	0.00605800%	0.00555900%	0.00518500%	0.00486000%	0.00482000%
District's proportionate share of the net OPEB liability/(asset)	$ (182,636)	$ (107,928)	$ 767,842	$ 676,002	$ 527,760	$ 486,836
District's covered payroll	$ 909,229	$ 916,193	$ 845,521	$ 752,114	$ 688,900	$ 666,142
District's proportionate share of the net OPEB liability/(asset) as a percentage of its covered payroll	-20.09%	-11.78%	90.81%	89.88%	76.61%	73.08%
Plan fiduciary net position as a percentage of the total OPEB liability/(asset)	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

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

Jefferson Water and Sewer District
Required Supplementary Information
Schedule of the District's OPEB Contributions
Ohio Public Employees Retirement System
Last Seven Years (1)

	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ 6,886	$ 13,323
Contributions in relation to the contractually required contribution	-	-	-	-	-	(6,886)	(13,323)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District covered payroll	$ 866,679	$ 909,229	$ 916,193	$ 845,521	$ 752,114	$ 688,900	$ 666,142
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%

(1) Information prior to 2016 is not available.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms:

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

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

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

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

For 2022, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from .5 percent simple through 2021, then 2.15 simple to 3.0 percent simple through 2022 then 2.05 percent simple.

Changes in assumptions:

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

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

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

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

For 2022, the investment rate of return decreased from 7.2 percent to 6.9 percent.

Net OPEB Liability

Changes in benefit terms:

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

Changes in assumptions

Changes in assumptions for 2018 were as follows:

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

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

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

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

Changes in assumptions (Continued)

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

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

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

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

For 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond rate decreased from 2.00 percent to 1.84 percent.
- The initial health care cost trend rate decreased from 8.50 percent to 5.50 percent.

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

Jefferson Water and Sewer District
Franklin County
6455 Taylor Road
Blacklick, Ohio 43004

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 Jefferson Water and Sewer District, Franklin County, (the District) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 27, 2023, wherein we noted the District reported the financial impact of COVID-19 and how the continuing emergency measures will 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 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.

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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.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio

June 27, 2023

OHIO AUDITOR OF STATE
KEITH FABER

JEFFERSON WATER AND SEWER DISTRICT

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 8/15/2023

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