

**TUPPERS PLAINS REGIONAL SEWER DISTRICT
MEIGS COUNTY
Regular Audit
For the Years ended December 31, 2011 and 2010**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Trustees
Tuppers Plains Regional Sewer District
P.O. Box 175
49460 SR 681
Tuppers Plains, Ohio 45783

We have reviewed the *Independent Accountants' Report* of the Tuppers Plains Regional Sewer District, Meigs County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2010 through December 31, 2011. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Tuppers Plains Regional Sewer District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 1, 2012

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**Tuppers Plains Regional Sewer District
Meigs County**

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INDEPENDENT ACCOUNTANTS' REPORT

May 30, 2012

Board of Trustees
Tuppers Plains Regional Sewer District
P.O. Box 175
49460 SR 681
Tuppers Plains, OH 45783

To the Board of Trustees:

We have audited the accompanying financial statements of the **Tuppers Plains Regional Sewer District**, Meigs County, Ohio, (the District) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2011 and 2010 or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Tuppers Plains Regional Sewer District, Meigs County, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2012 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry and Associates
Certified Public Accountants, A.C

**TUPPERS PLAINS REGIONAL SEWER DISTRICT
MEIGS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Operating Cash Receipts:		
Charges for Services	\$ 163,420	\$ 179,775
Miscellaneous Receipts	-	2,647
Total Operating Cash Receipts	<u>163,420</u>	<u>182,422</u>
Operating Cash Disbursements:		
Personal Services	14	6,712
Subcontract Office Service	10,620	-
Utilities	18,654	14,492
Repairs and Maintenance	43,650	13,556
Office Supplies and Materials	3,688	1,944
Insurance	5,641	7,292
Legal and Professional Fees	5,507	19,799
Capital Outlay	2,850	149,223
Miscellaneous	1,759	6,906
Total Operating Cash Disbursements	<u>92,383</u>	<u>219,924</u>
Operating Income/(Loss)	<u>71,037</u>	<u>(37,502)</u>
Non-Operating Cash Receipts:		
Loan Proceeds	1,892	149,223
Intergovernmental Principal Forgiveness	-	100,970
Interest Receipts	4,465	6,042
Total Non-Operating Cash Receipts	<u>6,357</u>	<u>256,235</u>
Non-Operating Cash Disbursements:		
Debt Service - Principal	28,372	124,857
Interest and Fiscal Charges	36,892	33,593
Total Non-Operating Cash Disbursements	<u>65,264</u>	<u>158,450</u>
Net Receipts Over/(Under) Disbursements	<u>12,130</u>	<u>60,283</u>
Fund Cash Balances, January 1	<u>334,902</u>	<u>274,619</u>
Fund Cash Balances, December 31	<u>\$ 347,032</u>	<u>\$ 334,902</u>

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

Tuppers Plains Regional Sewer District
Meigs County
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Tuppers Plains Regional Sewer District, Meigs County, Ohio (the District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by an appointed five-member Board of Trustees. The District provides sewer services to residents of the District.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

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

Certificates of deposit are valued at cost.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the Enterprise Fund type:

Enterprise Funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The District had the following Enterprise Funds:

Sewer Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Bond Payment Fund – This fund receives charges for services that accumulate resources for the payment of bond indebtedness.

Bond Reserve Fund – This fund receives charges from services from residents to accumulate the required minimum reserve related to bond indebtedness.

OPWC Fund – This fund receives charges from services from residents to accumulate resources for the payment of note indebtedness.

Tuppers Plains Regional Sewer District
Meigs County
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Process

The Ohio Revised Code requires the Board to budget annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control, and appropriations may not exceed estimated resources. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are cancelled, and reappropriated in the subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

E. Property, Plant, and Equipment

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2011	2010
Demand deposits	\$ 180,051	\$ 167,921
Certificates of deposit	166,981	166,981
Total deposits	\$ 347,032	\$ 334,902

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Tuppers Plains Regional Sewer District
Meigs County
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

Budgeted vs. Actual Receipts		
	2011	2010
Budgeted Receipts	\$ 148,807	\$ 441,463
Actual Receipts	169,777	438,657
Variance	\$ (20,970)	\$ 2,806

Budgeted vs. Actual Budgetary Basis Disbursements		
	2011	2010
Appropriation Authority	\$ 157,647	\$ 441,463
Budgetary Expenditures	157,647	378,374
Variance	\$ -	\$ 63,089

4. DEBT

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Rural Development Water Resource Revenue Bonds	\$ 716,015	4.5%
Ohio Public Works Commission Note	61,875	0.0%
Ohio Water Development Authority Loan	44,871	0.0%
Total	\$ 822,761	

The Rural Development Water Resource Revenue Bonds were issued on November 16, 1998 in the amount of \$841,000 for 40 years. Principal and interest payments are due each year on September 1 for the Series 1993 and Series 1995 bonds.

The Ohio Public Works Commission Note was entered into by the District in 1996. This unsecured note was non-interest bearing. The approved loan amount was \$165,000 and was fully drawn-down during 1999. Semi-annual principal payments of \$4,125 are due on January 1, and July 1 of each year.

During 2009, the District was approved to participate in the Water Pollution Control Loan Fund through the Ohio Water Development Authority (OWDA), in the amount of \$210,962. As of December 31, 2011, \$208,367 of the total amount had been drawn-down. The loan was closed during 2012. This unsecured note is non-interest bearing and will be repaid over 20 years with semi-annual principal payments of \$1,318 which began in 2010.

As required by the Rural Water Resource Revenue Bond covenant, the Sewer District has established and funded a bond reserve fund. The balance in the fund at December 31, 2011 is \$46,666.

Tuppers Plains Regional Sewer District
Meigs County
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010
(Continued)

4. DEBT (CONTINUED)

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

Year-Ending December 31:	<u>Bonds</u>	<u>OPWC Note</u>	<u>OWDA Loan</u>
2012	\$ 46,596	\$ 8,250	\$ 2,637
2013	46,556	8,250	2,637
2014	46,591	8,250	2,637
2015	47,272	8,250	2,637
2016	47,272	8,250	2,637
2017-2021	236,360	20,625	13,185
2022-2026	236,360	-	13,185
2027-2031	236,360	-	5,316
2032-2036	236,360	-	-
2037-2038	94,544	-	-
Total	<u>\$ 1,274,271</u>	<u>\$ 61,875</u>	<u>\$ 44,871</u>

5. RETIREMENT SYSTEMS

As of May 2010, the District has no employees. Through May 2010, the District's full-time employees belonged to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the Plan's retirement benefits, including postretirement healthcare and survivor and disability benefits to participants.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>PERS – Local</i>	<i>2010</i>	<i>10%</i>	<i>14%</i>

The Ohio Revised Code also prescribes contribution rates. For 2010, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14%, of participants' gross salaries. The District has paid all contributions required through December 31, 2010.

6. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

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

7. CONTINGENT LIABILITIES

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

Tuppers Plains Regional Sewer District
Meigs County
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010
(Continued)

8. SUBSEQUENT EVENTS

Events occurring subsequent to the financial statement date that would require accounting for or disclosure in the financial statements were evaluated through May 30, 2012, the date which the financial statements were available to be issued. No such events occurred during the period January 1, 2010 through that date.

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

May 30, 2012

Board of Trustees
Tuppers Plains Regional Sewer District
P.O. Box 175
49460 SR 681
Tuppers Plains, OH 45783

To the Board of Trustees:

We have audited the financial statements of the **Tuppers Plains Regional Sewer District**, Meigs County, Ohio (the District) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated May 30, 2012, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in the report that we reported to the District's management in a separate letter dated May 30, 2012.

We intend this report solely for the information and use of management, Board of Trustees, and others within the District. It is not intended for anyone other than these specified parties.

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry and Associates
Certified Public Accountants, A.C.

**Tuppers Plains Regional Sewer District
Meigs County**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Rev. Code Section 5705.41(D)	Yes	Corrected



Dave Yost • Auditor of State

TUPPERS PLAINS REGIONAL SEWER DISTRICT

MEIGS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 14, 2012**