

**TUPPERS PLAIN-CHESTER WATER DISTRICT  
MEIGS COUNTY  
Regular Audit  
For the Years Ended December 31, 2006 and 2005**





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Tuppers Plains-Chester Water District  
39561 Bar 30 Road  
Reedsville, Ohio 45772

We have reviewed the *Independent Accountants' Report* of the Tuppers Plains-Chester Water District, Meigs County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2005 through December 31, 2006. 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-Chester Water District is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 9, 2007

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506  
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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**TUPPERS PLAIN-CHESTER WATER DISTRICT  
MEIGS COUNTY**

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***Perry & Associates***  
Certified Public Accountants, A.C.

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056

**INDEPENDENT ACCOUNTANTS' REPORT**

June 15, 2007

Tuppers Plains-Chester Water District  
39561 Bar 30 Road  
Reedsville, OH 43776

To the Board of Trustees:

We have audited the accompanying financial statements of **Tuppers Plains-Chester Water District**, Meigs County, Ohio, (the District) as of and for the years ended December 31, 2006 and 2005. 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.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since the District does not use GAAP to measure financial statement amounts, 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, 2006 and 2005 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, 2006 and 2005 or their changes in cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of **Tuppers Plains-Chester Water District**, Meigs County, as of December 31, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2007, 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,

**Perry and Associates**  
Certified Public Accountants, A.C.

**TUPPERS PLAINS-CHESTER WATER DISTRICT  
MEIGS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGE IN FUND BALANCES-PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>2006</b>
<b>Operating Receipts:</b>	
Water Sales	\$ 1,625,965
Intergovernmental	3,269,100
Customer Sales	115,847
Miscellaneous	6,425
<b>Total Operating Receipts</b>	<b>5,017,337</b>
<b>Operating Cash Disbursements:</b>	
General Expenses	658,970
Mobile Equipment	64,597
Treatment Plant	192,603
Distribution System	165,794
Office Expense	62,488
Insurance	37,916
Professional Expense	4,939
Refunds	179
Capital Outlay	3,560,792
<b>Total Operating Cash Disbursements</b>	<b>4,748,278</b>
<b>Operating Income</b>	<b>269,059</b>
<b>Other Financing Receipts And Disbursements</b>	
Interest Income	69,261
Principal Debt Payments	(45,536)
Interest Expense	(105,785)
<b>Total Other Financing Receipts And Disbursements</b>	<b>(82,060)</b>
<b>Excess Of Cash Receipts And Other Financing Receipts Over(Under) Cash Disbursements And Other Financing Disbursements</b>	<b>186,999</b>
<b>Fund Cash Balances, January 1</b>	<b>1,894,402</b>
<b>Fund Cash Balances, December 31</b>	<b>\$ 2,081,401</b>

See notes to the financial statements

**TUPPERS PLAINS-CHESTER WATER DISTRICT  
MEIGS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGE IN FUND BALANCES-PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>2005</b>
<b>Operating Receipts:</b>	
Water Sales	\$ 1,598,885
Intergovernmental	79,600
Customer Sales	91,125
Miscellaneous	2,851
<b>Total Operating Receipts</b>	<b>1,772,461</b>
<b>Operating Cash Disbursements:</b>	
General Expenses	650,933
Mobile Equipment	70,399
Treatment Plant	216,607
Distribution System	282,789
Office Expense	58,425
Insurance	26,572
Professional Expense	6,334
Refunds	201
Capital Outlay	144,855
<b>Total Operating Cash Disbursements</b>	<b>1,457,115</b>
<b>Operating Income</b>	<b>315,346</b>
<b>Other Financing Receipts And Disbursements</b>	
Interest Income	56,927
Principal Debt Payments	(39,213)
Interest Expense	(106,610)
<b>Total Other Financing Receipts And Disbursements</b>	<b>(88,896)</b>
<b>Excess Of Cash Receipts And Other Financing Receipts Over(Under) Cash Disbursements And Other Financing Disbursements</b>	<b>226,450</b>
<b>Fund Cash Balances, January 1</b>	<b>1,667,952</b>
<b>Fund Cash Balances, December 31</b>	<b>\$ 1,894,402</b>

See notes to the financial statements

**TUPPERS PLAIN-CHESTER WATER DISTRICT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

Tuppers Plains-Chester Water District, Meigs County (the District) is a body corporate and politic established for the purpose of exercising 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 whose membership is composed of trustees elected every three years by water service customers whose accounts are in good standing. The membership elects a president, vice president, and a secretary-treasurer, who are responsible for fiscal control of the resources of the District. The District was established to provide water services to the residents of the District.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and cash disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report expenditures when a commitment is made (i.e., when an encumbrance is approved.) These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Deposits and Investments**

Investments are reported assets and are valued at cost. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposits, repurchase agreement, sweep account, and federal agency instruments are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**D. Fund Accounting**

The District uses funds to report on its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

The District uses a proprietary fund type (enterprise fund) to account for ongoing activities that are similar to those found in the private sector. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private

**TUPPERS PLAIN-CHESTER WATER DISTRICT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting(Continued)**

business enterprises where intent is the costs (disbursements) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income in appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**E. Budgetary Process**

Under HB 262, effective for fiscal years ended December 31, 2000 and subsequent, water and sewer districts not levying property taxes must follow most of the Ohio Revised Code Chapter 5705 budget requirements, but need not seek approval of a county budget commission for any budgetary actions. These districts must:

<b>HB 262 Requirements</b>	<b>Applicable ORC Sections</b>
Estimated receipts and adopt an operating budget	5705.28(B)(2)(a)
Prepare certificate of estimated resources (but does not require budget commission approval)	5705.36
Must amend estimated resources under the circumstances described in OCS	5705.36
Appropriate at the minimum level of control prescribed by ORC 5705.38. No budget commission approval is required.	5705.38
Cannot appropriate more than estimated resources	5705.28(B)(2)(c)
Must amend appropriations if they intend to spend more than the original appropriation	5705.40
Cannot disburse or encumber more than appropriated	5705.41(B)
Must certify availability of funds	5705.41(D)
May issue blanket or super blanket purchase orders	5705.41(D)

**Appropriations**

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

**Estimated Resources**

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

**TUPPERS PLAIN-CHESTER WATER DISTRICT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Budgetary Process(Continued)**

**Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated. The District did not have encumbrances at December 31, 2005 or 2006.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the District.

**2. Equity in Pooled Cash and Investments**

The District maintains cash used by the General fund in a general checking account. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<b>2006</b>	<b>2005</b>
Demand Deposits	\$ 227,396	\$ 235,141
Certificates of Deposit	1,854,005	1,659,261
Total Deposits	\$ 2,081,401	\$ 1,894,402

**Deposits:**

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

**TUPPERS PLAIN-CHESTER WATER DISTRICT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

Budgeted vs. Actual Receipts		
	2006	2005
Budgeted Receipts	\$ 5,077,377	\$ 1,806,100
Actual Receipts	5,086,598	1,829,389
Variance	\$ 9,220	\$ 23,289

Budgeted vs. Actual Budgetary Basis Expenditures		
	2006	2005
Appropriation Authority	\$ 5,091,277	\$ 1,864,161
Budgetary Expenditures	4,899,598	1,602,939
Variance	\$ 191,679	\$ 261,222

Subject to Ohio Rev. Code Section 5705.41(D), the certification of availability of unencumbered appropriations for expenditure was obtained for all expenditures during 2006 and 2005.

The District did enter estimated revenues or appropriations to the computer accounting system during 2006 and 2005.

**4. Retirement Systems**

The District's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2006 and 2005, PERS members contributed 9.0% for 2006 and 8.5% for 2005 of their gross salaries. The District contributed an amount equal to 13.70% (\$67,449.70) for 2006 and 13.55% (60,617.61) for 2005 of participant's gross salaries. The District has paid all contributions required through December 31, 2006.

TUPPERS PLAIN-CHESTER WATER DISTRICT  
MEIGS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(continued)

**5. DEBT**

Debt outstanding at December 31, 2006 was as follow:

	<b>Principal</b>	<b>Interest Rate</b>
USDA Loan #91-06	\$ 269,000	5.8750%
USDA Loan #91-11	1,616,300	4.7500%
USDA Loan #91-12	1,782,000	4.1250%
USDA Loan #91-14	408,000	4.5000%
Ohio Public Works Loan	76,324	2.0000%
Ohio Public Works Loan 4363	338,056	3.2500%
Ohio Public Works Loan -CR003	243,575	4.0000%
Total	\$ 4,733,255	

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

<b>Year ending December 31:</b>	<b>USDA Loan #91-06</b>	<b>USDA Loan #91-11</b>	<b>USDA Loan #91-(12-14)</b>	<b>Ohio Public Works Loan CR003</b>	<b>Ohio Public Works Loan 4363</b>	<b>Ohio Public Works Loan</b>	<b>TOTALS</b>
2007	\$ 23,156	\$ 97,974	\$ 87,785	\$ 24,952	\$ 23,124	\$ 4,868	\$ 261,859
2008	22,745	97,867	91,868	24,952	23,124	4,868	265,424
2009	23,334	98,018	116,268	24,952	23,124	4,868	290,563
2010	22,864	97,911	116,345	24,952	23,124	4,868	290,064
2011	23,394	97,957	116,177	24,952	23,124	4,868	290,471
2012-2016	115,626	489,822	581,385	124,760	115,620	24,340	1,451,554
2017-2021	116,413	489,751	581,386	74,856	115,620	24,340	1,402,367
2022-2026	115,441	489,787	581,372		104,058	19,472	1,310,130
2027-2031	23,293	489,782	581,278				1,094,353
Subsequent		783,691	1,744,128				2,527,819
Total	\$ 486,265	\$ 3,232,559	\$ 4,597,991	\$ 324,377	\$ 450,920	\$ 92,492	\$ 9,184,603

The District also received a USDA Grant, in conjunction with the USDA Loan's (#91-12 and 14), in the amount of \$1,660,000, of which \$1,079,000 was expended in 2006.

**TUPPERS PLAIN-CHESTER WATER DISTRICT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(continued)**

**6. Risk Management**

The District has obtained commercial insurance for the following risks:

- General liability and casualty
- Official's and Employee's Dishonesty Bonds
- Vehicles
- Property

Settled claims have not exceeded commercial coverage in the past three years. Also, there have been no material reductions in coverage during the past three years.

**7. Risk Management**

Management believes there are no pending claims or lawsuits.

**TUPPERS PLAINS-CHESTER REGIONAL WATER DISTRICT  
MEIGS COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

<u>Federal Grantor/Pass-Through Grantor/ Program Title Number</u>	<u>Federal CFDA Number</u>	<u>Program Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<i><u>U.S. DEPARTMENT OF AGRICULTURE</u></i>				
Water and Waste Disposal Systems for Rural Communities - Grant	10.760		\$ 1,660,000	\$ 1,079,100
Water and Waste Disposal Systems for Rural Communities - Loan	10.760		1,782,000	1,782,000
Water and Waste Disposal Systems for Rural Communities - Loan	10.760		<u>408,000</u>	<u>408,000</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 3,850,000</u>	<u>\$ 3,269,100</u>

See accompanying notes to the schedule of federal awards expenditures

**TUPPERS PLAIN-CHESTER WATER DISTRICT  
MEIGS COUNTY**

**Notes to the Schedule of Federal Award Expenditures  
For the Year Ended December 31, 2006**

**Note A- Significant Accounting Policies**

The accompanying Schedule of Federal Award Expenditures is a summary of the activity of the District's federal awards programs. The schedule has been prepared on the cash basis of accounting.

***Perry & Associates***  
Certified Public Accountants, A.C.

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056

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

June 15, 2007

Tuppers Plains-Chester Water District  
Meigs County  
39561 Bar 30 Road  
Reedsville, OH 43776

To the Board of Trustees:

We have audited the financial statements of **Tuppers Plains-Chester Water District, Meigs County**, (the District) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 15, 2007, 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 to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

**Internal Control Over Financial Reporting (Continued)**

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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*.

This report is intended solely for the information and use of management, District Trustees, and other officials authorized to receive this report under section 117.26, Ohio Revised Code, and is not intended to be, and should not be used by anyone other than these specified parties.

Respectfully Submitted,

**Perry and Associates**  
Certified Public Accountants, A.C.

***Perry & Associates***  
Certified Public Accountants, A.C.

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH *OMB CIRCULAR A-133***

June 15, 2007

Tuppers Plains-Chester Water District  
Meigs County  
39561 Bar 30 Road  
Reedsville, OH 43776

To the Board of Trustees:

**Compliance**

We have audited the compliance of the **Tuppers Plains-Chester Water District, Meigs County** with the types of compliance requirements described in U.S. Office of Management and Budget (*OMB*)*Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2006. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether on compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2006.

Tuppers Plains-Chester Water District  
Meigs County  
Independent Accountants' Report on Compliance  
With Requirements Applicable to Each Major  
Program and Internal Control over Compliance in  
Accordance with *OMB Circular A-133*  
Page 2

### **Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the District, the audit committee, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,

**Perry and Associates**  
Certified Public Accountants, A.C.

**TUPPERS PLAINS-CHESTER REGIONAL WATER DISTRICT  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	Type of Financial Statement Opinion	Unqualified
<b>(d)(1)(ii)</b>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<b>(d)(1)(ii)</b>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<b>(d)(1)(iii)</b>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<b>(d)(1)(iv)</b>	Were there any material internal control weakness conditions reported for major federal programs?	No
<b>(d)(1)(iv)</b>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<b>(d)(1)(v)</b>	Type of Major Programs' Compliance Opinion	Unqualified
<b>(d)(1)(vi)</b>	Are there any reportable findings under Section .510	No
<b>(d)(1)(vii)</b>	Major Programs:	CFDA 10.760 Water and Waste Disposal Systems for Rural Community
<b>(d)(1)(viii)</b>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<b>(d)(1)(ix)</b>	Low Risk Auditee?	No

**TUPPERS PLAINS-CHESTER REGIONAL WATER DISTRICT  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
OMB CIRCULAR A-133 SECTION .505  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN  
ACCORDANCE WITH GAGAS**

NONE

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

NONE



**Mary Taylor, CPA**  
Auditor of State

**TUPPERS PLAINS-CHESTER WATER 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  
JULY 19, 2007**