



Dave Yost • Auditor of State



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

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Tuppers Plains-Chester Water District  
Meigs County  
39561 Bar 30 Road  
Reedsville, Ohio 45772

To the Board of Trustees:

### ***Report on the Financial Statement***

We have audited the accompanying financial statement and related notes of the Tuppers Plains-Chester Water District, Meigs County, Ohio (the District), as of and for the years ended December 31, 2012 and 2011.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for preparing and fairly presenting this financial statement in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting this financial statement free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on this financial statement based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statement is free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statement, the District prepared this financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2012 and 2011, or changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Tuppers Plains-Chester Water District, Meigs County, as of December 31, 2012 and 2011 and its cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

***Other Matters***

Our audit was conducted to opine on the financial statement taken as a whole. The Federal Awards Expenditure Schedule (the Schedule) presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statement. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. This Schedule was subjected to the auditing procedures we applied to the financial statement. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the financial statement taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

November 26, 2013

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN BALANCE (CASH BASIS)  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>Operating Cash Receipts:</b>		
Water Sales	\$2,046,010	\$1,979,343
Customer Sales	96,833	93,082
Miscellaneous	17,910	30,893
	<u>2,160,753</u>	<u>2,103,318</u>
<b>Operating Cash Disbursements:</b>		
General Expenses	771,391	790,154
Mobile Equipment	102,064	84,066
Treatment Plant	376,647	379,165
Distribution System	63,901	54,732
Office Expense	37,333	33,685
Insurance	23,537	19,240
Professional Expense	6,650	14,099
Capital Outlay	1,099,904	1,316,604
	<u>2,481,427</u>	<u>2,691,745</u>
Operating Income/(Loss)	<u>(320,674)</u>	<u>(588,427)</u>
<b>Non-Operating Cash Receipts:</b>		
Interest Income	78,520	94,733
Intergovernmental Revenues	41,562	535,645
Loan Proceeds	812,191	384,026
	<u>932,273</u>	<u>1,014,404</u>
<b>Non-Operating Cash Disbursements:</b>		
Principal Debt Payments	122,391	119,954
Interest Expense	194,874	192,331
	<u>317,265</u>	<u>312,285</u>
Net Receipts Over/(Under) Disbursements	294,334	113,692
Cash Balance, January 1	<u>2,857,682</u>	<u>2,743,990</u>
<b>Cash Balance, December 31</b>	<b><u>\$3,152,016</u></b>	<b><u>\$2,857,682</u></b>

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

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

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2012 AND 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges for the Tupper Plains-Chester Water District, Meigs County (the District), as a body corporate and politic. 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 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 this financial statement presents all activities for which the District is financially accountable.

**B. Accounting Basis**

This financial statement follows 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.

This statement includes 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.

**D. 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 function or 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.

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

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process (Continued)**

**3. 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.

A summary of 2012 and 2011 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 statement does not report these items as assets.

**F. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The District may invest in certificates of deposits, notes, bonds, or other obligations of the United States, or any agency or instrumentality thereof, or in obligations of the State or any political subdivision thereof.

The carrying amount of deposits and investments at December 31 was as follows:

	2012	2011
Demand deposits	\$231,675	\$83,827
Certificates of deposit	2,920,341	2,773,855
Total deposits	\$3,152,016	\$2,857,682

Deposits are insured by the Federal Depository Insurance Corporation and collateralized by securities specifically pledged by the financial institution to the District.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$3,117,452	\$3,093,026	(\$24,426)

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

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2012 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$3,235,098	\$2,798,692	\$436,406

2011 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$3,134,759	\$3,117,722	(\$17,037)

2011 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$3,275,012	\$3,004,030	\$270,982

**4. DEBT**

Debt outstanding at December 31, 2012 was as follows:

Loan	Principal	Interest Rate
USDA Loan #91-06	\$227,000	5.875%
USDA Loan #91-11	1,473,200	4.750%
USDA Loans #91-12 and #91-14	2,086,000	4.125%
Ohio Water Development Authority Loan 4363	251,078	3.250%
Ohio Water Development Authority Loan 5390	232,830	0.000%
Ohio Water Development Authority Loan 5891	904,779	2.000%
Ohio Water Development Authority Loan 6197	84,191	2.000%
Ohio Public Works Commission Loan CR003	141,583	0.040%
Ohio Public Works Commission Loan CR18L	181,350	0.000%
Ohio Public Works Commission Loan CR13K	169,731	0.000%
Total	\$5,751,742	

The District issued water revenue bonds through USDA to finance the expansion of its water lines. Bonds were issued in 1991 for \$347,000, 1999 for \$1,740,000, and 2006 for \$2,190,000 and have maturities through 2027, 2039, and 2046, respectively. Future revenues from the District's water operations collateralize these bonds.

The District entered into loans with the Ohio Public Works Commission to finance improvements, expansion, and rehabilitation of its water facilities and lines. The loans were entered into in 1999 for \$341,288, and 2009 for \$201,500 and \$188,590.40, and have maturities through 2019, 2040, respectively.

The District also entered into loans with Ohio Water Development Authority (OWDA) to finance a water storage tank and water line extensions and improvements. The loans were entered into in 2005 for \$338,123.56, 2009 for \$273,602, 2011 for \$1,066,700.28, and 2012 for \$98,433.78. The loan issued in 2005 has a maturity date of 2026. The remaining three OWDA loans are for projects that were still ongoing at December 31, 2012, and maturity are unavailable.

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

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**4. DEBT (Continued)**

The District has not received amortization schedules for OWDA Loans 5390, 5891, and 6197, due to the associated projects were still ongoing at December 31, 2012.

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

Year ending December 31:	USDA Loan #91- 06	USDA Loan #91-11	USDA Loan #91-12 and 91-14	OWDA Loan 4363	OPWC CR003	OPWC CR18L	OPWC CR13K
2013	\$23,336	\$97,977	\$116,209	\$23,124	\$12,476	\$3,358	\$3,143
2014	22,749	97,947	116,207	23,124	24,952	6,717	6,286
2015	23,161	97,955	116,253	23,124	24,952	6,717	6,286
2016	23,515	97,997	116,346	23,124	24,952	6,717	6,286
2017	22,810	97,967	116,179	23,124	24,952	6,717	6,286
2018-2022	116,300	489,754	581,460	115,575	49,904	33,583	31,432
2023-2027	116,036	489,791	581,283	80,934		33,583	31,432
2028-2032		489,789	581,427			33,583	31,432
2033-2037		489,786	581,379			33,583	31,432
2038-2042		195,924	581,348			16,792	15,716
2043-2046			465,088				
Total	<u>\$347,907</u>	<u>\$2,644,887</u>	<u>\$3,953,179</u>	<u>\$312,129</u>	<u>\$162,188</u>	<u>\$181,350</u>	<u>\$169,731</u>

**5. RETIREMENT SYSTEMS**

The District's full-time employees belong 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.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, 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, 2012.

**6. RISK MANAGEMENT**

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

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

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

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**7. RELATED PARTY TRANSACTIONS**

A Board Member was previously employed at Home National Bank, where the District invested in Certificates of Deposit. At the District, the General Manager was responsible for purchasing Certificates of Deposit and his decision was based on the best interest rates available. The Board Member had no influence in the decision making process for the purchase of the Certificates of Deposit at Home National Bank.

**8. 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.

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

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

<b>FEDERAL GRANTOR /</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	<u>Disbursements</u>
<b><u>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grant - State's Program	B-W-09-049-1	14.228	<u>\$ 69,120</u>
Total United States Department of Housing and Urban Development			69,120
<b><u>UNITED STATES DEPARTMENT OF ENVIRONMENTAL PROTECTION</u></b>			
<i>Passed Through Ohio Environmental Protection Agency</i>			
Capitalization Grants for Clean Water State Revolving Funds	5891	66.468	<u>678,974</u>
Total United States Department of Environmental Protection			<u>678,974</u>
<b>Total Federal Awards Expenditures</b>			<b><u><u>\$ 748,094</u></u></b>

The Notes to the Federal Awards Expenditures Schedule are an integral part of the Schedule.

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

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Tappers Plains-Chester Water District's (the District's) federal award programs disbursements. The Schedule has been prepared on the cash basis of accounting.



# Dave Yost • Auditor of State

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

Tuppers Plains-Chester Water District  
Meigs County  
39561 Bar 30 Road  
Reedsville, Ohio 45772

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statement of the Tuppers Plains-Chester Water District, Meigs County, Ohio (the District), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statement and have issued our report thereon dated November 26, 2013, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statement, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statement. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statement is 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, opining 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2012-001.

***Entity's Response to Findings***

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the District's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

November 26, 2013



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Tuppers Plains-Chester Water District  
Meigs County  
39561 Bar 30 Road  
Reedsville, Ohio 45772

To the Board of Trustees:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Tuppers Plains-Chester Water District, Meigs County, Ohio (the District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended December 31, 2011. The *Summary of Audit Results* in the accompanying Schedule of Findings identifies the District's major federal program.

### ***Management's Responsibility***

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal 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 our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2011.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which OMB Circular A-133 requires us to report, described in the accompanying Schedule of Findings as item 2012-002. This finding did not require us to modify our compliance opinion on the major federal program.

**Report on Internal Control Over Compliance**

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2012-002 to be a material weakness.

The District's response to our finding is described in the accompanying Schedule of Findings. We did not audit the District's response and, accordingly, we express no opinion on it.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

November 26, 2013

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2012 AND 2011**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Capitalization Grants for Clean Water State Revolving Funds: CFDA #66.468
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

**FINDING NUMBER 2012-001**

**Noncompliance**

Ohio Rev. Code Section 117.38 provides that cash-basis entities must file annual reports with the Auditor of State for each fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. Any public office not filing the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfiled, not to exceed seven hundred fifty dollars. The Auditor of State may waive these penalties, upon the filing of the past due financial report.

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENT  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2012-001 (Continued)**

**Noncompliance – Ohio Rev. Code Section 117.38 (Continued)**

The report shall contain the following: (A) amount of collections and receipts, and accounts due from each source; (B) amount of expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) amount of public debt of each taxing district, the purpose of the debt, and how the debt will be repaid.

Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The District did not file its 2012 and 2011 report with the Auditor of State. Failure to file the annual financial report can result in fines and penalties.

We recommend the District file its annual financial reports with the Auditor of State each fiscal year.

**Officials' Response:** The filing of annual reports to the Auditor of State was not known to us and we will start this in 2014 for fiscal year 2013.

**3. FINDINGS FOR FEDERAL AWARDS**

**Reporting**

<b>Finding Number</b>	2012-002
<b>CFDA Title and Number</b>	Capitalization Grants for Clean Water State Revolving Funds - CFDA #66.468
<b>Federal Award Number / Year</b>	2011
<b>Federal Agency</b>	U.S. Department of Environment Protection
<b>Pass-Through Agency</b>	Ohio Environmental Protection Agency

**Noncompliance and Material Weakness**

OMB Circular A-133 Subpart C Section .300(e) provides that the auditee is responsible for appropriate submission of the audit reports to the appropriate government officials and organizations OMB Circular A-133 Subpart C Section .320(a) further provides that the audit report and data collection form must be submitted within the earlier of 30 days after the reports are received from the auditors, or nine months after the year end of the audit report, unless a longer period is agreed upon in advance by the cognizant or oversight agency.

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

**FINDING NUMBER 2012-002 (Continued)**

**Noncompliance and Material Weakness – OMB Circular A-133 Subpart C Section .300(e)  
(Continued)**

The District did not request an extension of time with the cognizant or oversight agency when they noted that the audit would not be completed by the appropriate deadline.

We recommend the District contact the appropriate cognizant or oversight agency if is or will be known that they cannot meet the appropriate deadline for the filing of the audit report and Data Collection form.

**Officials' Response and Corrective Action Plan:** The requesting of extension of time that the audit will not be completed in time will be complied with in the future.

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# Dave Yost • 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  
DECEMBER 19, 2013**