

**TUPPERS PLAINS REGIONAL SEWER DISTRICT  
MEIGS COUNTY  
Regular Audit  
For the Years Ended December 31, 2013 and 2012**

***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 S.R. 681  
Tuppers Plains, Ohio 45783

We have reviewed the *Independent Auditor's 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, 2012 through December 31, 2013. 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 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

September 25, 2014

**This page intentionally left blank.**

**TUPPERS PLAINS REGIONAL SEWER DISTRICT  
MEIGS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary Fund Types - For the Years Ended December 31, 2013 and 2012 .....	3
Notes to the Financial Statements.....	4
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	8
Schedule of Audit Findings .....	10

***Perry & Associates***  
Certified Public Accountants, A.C.  
[www.perrycpas.com](http://www.perrycpas.com)

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056  
(740) 373-2402 Fax

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203  
(304) 428-5587 Fax

ST. CLAIRSVILLE  
121 E. Main Street  
St. Clairsville, OH 43950  
(740) 695-1569  
(740) 695-5775 Fax

**INDEPENDENT AUDITOR'S REPORT**

August 25, 2014

Tuppers Plains Regional Sewer District  
Meigs County  
P.O. Box 175  
49460 S.R. 681  
Tuppers Plains, Ohio 45783

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of **Tuppers Plains Regional Sewer District**, Meigs County, (the District) as of and for the years ended December 31, 2013 and 2012.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements 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 statements are 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 statements 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 1B of the financial statements, the District prepared these financial statements 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B 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 statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2013 and 2012, or changes in financial position or cash flows for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Tuppers Plains Regional Sewer District, Meigs County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2014, 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.



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

**TUPPERS PLAINS REGIONAL SEWER DISTRICT  
MEIGS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY FUND TYPES  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Operating Cash Receipts</b>		
Charges for Services	\$ 152,636	\$ 163,637
Miscellaneous	2,557	-
<i>Total Operating Cash Receipts</i>	<u>155,193</u>	<u>163,637</u>
<b>Operating Cash Disbursements</b>		
Personal Services	-	237
Subcontract Office Service	11,700	10,630
Utilities	19,640	17,247
Repairs and Maintenance	40,700	43,813
Office Supplies and Materials	591	1,870
Insurance	10,188	7,547
Legal and Professional Fees	43,530	10,158
Capital Outlay	200	2,185
Miscellaneous	571	1,021
<i>Total Operating Cash Disbursements</i>	<u>127,120</u>	<u>94,708</u>
<i>Operating Income</i>	<u>28,073</u>	<u>68,929</u>
<b>Non-Operating Cash Receipts (Disbursements)</b>		
Interest Income	2,756	3,703
Other Debt Proceeds	-	2,185
Principal Retirement	(25,913)	(25,224)
Interest and Other Fiscal Charges	(31,573)	(32,221)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<u>(54,730)</u>	<u>(51,557)</u>
<i>Net Change in Fund Cash Balances</i>	(26,657)	17,372
<i>Fund Cash Balances, January 1</i>	<u>364,404</u>	<u>347,032</u>
<b><i>Fund Cash Balances, December 31</i></b>	<u><u>\$ 337,747</u></u>	<u><u>\$ 364,404</u></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, 2013 AND 2012**

**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 of Tappers Plains Regional Sewer District, Meigs County, Ohio (the District), as a body corporate and politic. An appointed five-member Board of Trustees directs the District. The District provides sewer services to residents of the District.

The District's management believes these 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, 2013 AND 2012  
(CONTINUED)**

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

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted 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 canceled, and reappropriated in the subsequent year.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**F. 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**

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

	2013	2012
Demand Deposits	\$170,766	\$197,423
Certificates of Deposit	166,981	166,981
Total Deposits	\$337,747	\$364,404

**Deposits:** Deposits are insured by the Federal Deposit 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, 2013 AND 2012  
(CONTINUED)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Enterprise	\$157,851	\$157,949	\$98
Total	\$157,851	\$157,949	\$98

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Enterprise	\$192,045	\$184,606	\$7,439
Total	\$192,045	\$184,606	\$7,439

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Enterprise	\$167,083	\$169,525	\$2,442
Total	\$167,083	\$169,525	\$2,442

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Enterprise	\$159,798	\$152,153	\$7,645
Total	\$159,798	\$152,153	\$7,645

**4. DEBT**

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Rural Development Water Resource Revenue Bonds	\$ 686,569	4.5%
Ohio Public Works Commission Note	45,375	0.0%
Ohio Water Development Authority Loan	41,865	0.0%
Total	\$ 773,809	

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, 2012, 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.

**TUPPERS PLAINS REGIONAL SEWER DISTRICT  
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**4. DEBT (Continued)**

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, 2013 is \$46,666.

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

Year-Ending December 31:	Bonds	OPWC Note	OWDA Loan
2014	47,272	8,250	2,637
2015	47,272	8,250	2,637
2016	47,272	8,250	2,637
2017	47,272	8,250	2,637
2018	47,272	8,250	2,637
2019-2023	236,360	4,125	13,185
2024-2028	236,360	-	13,185
2029-2033	236,360	-	2,310
2034-2038	193,104	-	-
Total	<u>\$ 1,138,544</u>	<u>\$ 45,375</u>	<u>\$ 41,865</u>

**5. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

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

**6. 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.

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

[www.perrycpas.com](http://www.perrycpas.com)

MARIETTA

428 Second Street  
Marietta, OH 45750  
(740) 373-0056  
(740) 373-2402 Fax

PARKERSBURG

1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203  
(304) 428-5587 Fax

ST. CLAIRSVILLE

121 E. Main Street  
St. Clairsville, OH 43950  
(740) 695-1569  
(740) 695-5775 Fax

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

August 25, 2014

Tuppers Plains Regional Sewer District  
Meigs County  
P.O. Box 175  
49460 S.R. 681  
Tuppers Plains, Ohio 45783

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 statements of **Tuppers Plains Regional Sewer District**, Meigs County, (the District) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated August 25, 2014, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**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 statements, 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 statements. 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 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, 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 that we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2013-001.

We also noted a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated August 25, 2014.

**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.



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

**TUPPERS PLAINS REGIONAL SEWER DISTRICT  
MEIGS COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
----------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2013-001**

**Noncompliance**

**Ohio Rev. Code Section 117.38** states, in part, cash-basis entities must file annual reports with the Auditor of State within 60 days of the 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. The report shall contain the amount of: (A) receipts, and amounts due from each source; (B) 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) 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 the 2012 Annual Financial Report with the Auditor of State's office in a timely manner.

We recommend the Annual Financial Report be filed with the Auditor of State's office in a timely manner.

**Management's Response** – We did not receive a response from officials to this finding.

**This page intentionally left blank.**



# 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  
OCTOBER 7, 2014**