

FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

Meigs-Tuppers Plains-Chester Water District

For the Year Ended December 31, 1999

William Kenneth Yoho II
Certified Public Accountant

Post Office Box 521, Belpre, Ohio 45714-0521 Phone/Fax: (740) 989-5220



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st
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Columbus, Ohio 43215
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Board of Directors
Meigs-Tupper-Plains-Chester Water District
Reedsville, Ohio 45772

We have reviewed the Independent Auditor's Report of the Meigs-Tupper-Plains-Chester Water District, Meigs County, prepared by William Kenneth Yoho II, for the audit period January 1, 1999 to December 31, 2000. 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 Meigs-Tupper-Plains-Chester Water District is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

June 27, 2001

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MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
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MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
 ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL
 For the Year Ended December 31, 1999

| <u>ELECTED OFFICIAL</u> | <u>TITLE</u> | <u>TERM OF OFFICE</u> |
|-------------------------|---------------------|-----------------------|
| Harold H. Blackston | President | 01/01/98 to 12/31/01 |
| Howard Caldwell | Vice-president | 01/01/98 to 12/31/00 |
| A. W. Nease, Jr. | Secretary-Treasurer | 01/01/97 to 12/31/99 |
| Tim Baum | Trustee | 01/01/99 to 12/31/01 |
| David Lee Weber | Trustee | 01/01/97 to 12/31/99 |

Surety is not required for any of these elected officials.

Legal Counsel:

Little, Sheets & Warner
 Douglas W. Little, Attorney at Law
 211-213 East Second Street
 Pomeroy, OH 45769

Entity Address:

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

| <u>ADMINISTRATIVE PERSONNEL</u> | <u>TITLE</u> | <u>CONTRACT PERIOD</u> | <u>SURETY AMOUNT</u> |
|-------------------------------------|-----------------|----------------------------|--------------------------|
| Donald C. Poole | General Manager | Continuing | \$130,000 |
| Carolyn Teaford | Billing Clerk | Continuing | \$130,000 |
| Marilyn Robinson | Billing Clerk | Continuing | \$130,000 |
| Sonia Circle | Billing Clerk | Continuing | \$130,000 |

The general manager's surety bond is acquired through Ohio Casualty Insurance Co.

The billing clerks' bond is acquired through State Automobile Insurance Co.

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
INDEX OF FUNDS
For the Year Ended December 31, 1999

PROPRIETARY FUND TYPES

Enterprise Funds

Operating & Payroll Accounts
Petty Cash Account
Change Account
Meter Reserve Account
Phase V Construction Account
Pageville Account
FEMA Funds Accounts

Internal Service Fund

Employee Medical Benefits Reserve

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
December 31, 1999

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

WILLIAM KENNETH YOHO II

CERTIFIED PUBLIC ACCOUNTANT

March 19, 2001

Board of Directors
Meigs-Tuppers Plains-Chester Water District
Reedsville, Ohio 45772

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statements of cash and fund balances of Meigs-Tuppers Plains-Chester Water District (a nonprofit water district) as of December 31, 1999, and the related statements of cash receipts and disbursements, and changes in fund balances for the year then ended. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about 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. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, Meigs-Tuppers Plains-Chester Water District prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the cash and fund balances of Meigs-Tuppers Plains-Chester Water District as of December 31, 1999, and its receipts, disbursements, and the changes in its fund balances for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, I have also issued a report dated March 19, 2001, on my consideration of Meigs-Tuppers Plains-Chester Water District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

This audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 general purpose financial statements of Meigs-Tuppers Plains-Chester Water District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to those financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors and management of Meigs-Tuppers Plains-Chester Water District 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.

William Kenneth Yoho II
Certified Public Accountant

P. O. Box 521, Belpre, Ohio 45714-0521 Phone/Fax: (740) 989-5220

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
 STATEMENT OF CASH AND FUND BALANCES
 December 31, 1999

PROPRIETARY FUND TYPES

| | Enterprise | Internal Service | Totals (Memo Only) |
|---------------------------|---------------------|---------------------|-----------------------|
| ASSETS: | | | |
| Cash and Cash Equivalents | \$ <u>1,445,724</u> | \$ <u>1,985</u> | \$ <u>1,447,709</u> |
| EQUITY: | | | |
| Fund balances | \$ <u>1,445,724</u> | \$ <u>1,985</u> | \$ <u>1,447,709</u> |

Refer to the auditor's reports and the notes to the financial statements.

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 1999

PROPRIETARY FUND TYPES

| | Enterprise | Internal Service | Totals (Memo Only) |
|--|---------------------|---------------------|-----------------------|
| OPERATING RECEIPTS: | | | |
| Water sales | \$ 1,496,697 | \$ 0 | \$ 1,496,697 |
| Customer service | 26,828 | 0 | 26,828 |
| Miscellaneous | <u>7,787</u> | <u>0</u> | <u>7,787</u> |
| Total receipts | <u>1,531,312</u> | <u>0</u> | <u>1,531,312</u> |
| OPERATING DISBURSEMENTS: | | | |
| General expenses | 819,950 | 0 | 819,950 |
| Mobile equipment | 32,053 | 0 | 32,053 |
| Treatment plant | 1,921,609 | 0 | 1,921,609 |
| Distribution system | 110,362 | 0 | 110,362 |
| Supplies | 15,383 | 0 | 15,383 |
| Office expense | 30,542 | 0 | 30,542 |
| Insurance | 19,745 | 0 | 19,745 |
| Professional expenses | 5,700 | 0 | 5,700 |
| Health claims payouts | 0 | 18,441 | 18,441 |
| Miscellaneous | <u>7,253</u> | <u>0</u> | <u>7,253</u> |
| Total disbursements | <u>2,962,597</u> | <u>18,441</u> | <u>2,981,038</u> |
| Excess of operating receipts over disbursements | <u>(1,431,285)</u> | <u>(18,441)</u> | <u>(1,449,726)</u> |
| NONOPERATING RECEIPTS (DISBURSEMENTS): | | | |
| Interest income | 79,931 | 0 | 79,931 |
| RECDS proceeds | 1,740,000 | 0 | 1,740,000 |
| Long-term principal payments | (92,824) | 0 | (92,824) |
| Interest expense | <u>(135,604)</u> | <u>0</u> | <u>(135,604)</u> |
| Total nonoperating receipts (disbursements) | <u>1,591,503</u> | <u>0</u> | <u>1,591,503</u> |
| Excess (deficiency) receipts over disbursements | 160,218 | (18,441) | 141,777 |
| Operating transfers in (out) | (20,082) | 20,082 | 0 |
| Fund balances at beginning of year | <u>1,305,588</u> | <u>344</u> | <u>1,305,932</u> |
| Fund balances at end of year | <u>\$ 1,445,724</u> | <u>\$ 1,985</u> | <u>\$ 1,447,709</u> |

Refer to the auditor's reports and the notes to the financial statements.

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET-TO-ACTUAL – ENTERPRISE FUND
For the Year Ended December 31, 1999

| | Actual | Budget | Difference |
|--|---------------------|---------------------|--------------------|
| OPERATING RECEIPTS: | | | |
| Water sales | \$ 1,496,697 | \$ 1,307,980 | \$ 188,717 |
| Customer service | 26,828 | 27,000 | (172) |
| Miscellaneous | <u>7,787</u> | <u>4,500</u> | <u>3,287</u> |
| Total receipts | <u>1,531,312</u> | <u>1,339,480</u> | <u>191,832</u> |
| OPERATING DISBURSEMENTS: | | | |
| General expenses | 819,950 | 843,856 | 23,906 |
| Mobile equipment | 32,053 | 88,500 | 56,447 |
| Treatment plant | 1,921,609 | 138,750 | (1,782,859) |
| Distribution system | 110,362 | 360,000 | 249,638 |
| Supplies | 15,383 | 23,000 | 7,617 |
| Office expense | 30,542 | 45,725 | 15,183 |
| Insurance | 19,745 | 16,500 | (3,245) |
| Professional expenses | 5,700 | 7,000 | 1,300 |
| Health claims payouts | 0 | 0 | 0 |
| Miscellaneous | <u>7,253</u> | <u>10,000</u> | <u>2,747</u> |
| Total disbursements | <u>2,962,597</u> | <u>1,533,331</u> | <u>(1,429,266)</u> |
| Excess of operating receipts over disbursements | <u>(1,431,285)</u> | <u>(193,851)</u> | <u>(1,237,434)</u> |
| NONOPERATING RECEIPTS (DISBURSEMENTS): | | | |
| Interest income | 79,931 | 79,563 | 368 |
| RECDS proceeds | 1,740,000 | 0 | 1,740,000 |
| Long-term principal payments | (92,824) | (92,824) | 0 |
| Interest expense | <u>(135,604)</u> | <u>(79,500)</u> | <u>(56,104)</u> |
| Total nonoperating receipts (disbursements) | <u>1,591,503</u> | <u>(92,761)</u> | <u>1,684,264</u> |
| Excess (deficiency) receipts over disbursements | 160,218 | (286,612) | 446,830 |
| Operating transfers in (out) | (20,082) | 0 | (20,082) |
| Fund balance at beginning of year | <u>1,305,588</u> | <u>1,305,588</u> | <u>0</u> |
| Fund balance at end of year | <u>\$ 1,445,724</u> | <u>\$ 1,018,976</u> | <u>\$ 426,748</u> |

Refer to the auditor's reports and the notes to the financial statements.

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET-TO-ACTUAL – INTERNAL SERVICE FUND
For the Year Ended December 31, 1999

| | Actual | Budget | Difference |
|--|-----------------|--------------------|------------------|
| OPERATING RECEIPTS: | | | |
| Water sales | \$ 0 | \$ 0 | \$ 0 |
| Customer service | 0 | 0 | 0 |
| Miscellaneous | <u>0</u> | <u>0</u> | <u>0</u> |
| Total receipts | <u>0</u> | <u>0</u> | <u>0</u> |
| OPERATING DISBURSEMENTS: | | | |
| General expenses | 0 | 0 | 0 |
| Mobile equipment | 0 | 0 | 0 |
| Treatment plant | 0 | 0 | 0 |
| Distribution system | 0 | 0 | 0 |
| Supplies | 0 | 0 | 0 |
| Office expense | 0 | 0 | 0 |
| Insurance | 0 | 0 | 0 |
| Professional expenses | 0 | 0 | 0 |
| Health claims payouts | 18,441 | 21,600 | 3,159 |
| Miscellaneous | <u>0</u> | <u>0</u> | <u>0</u> |
| Total disbursements | <u>18,441</u> | <u>21,600</u> | <u>3,159</u> |
| Excess of operating receipts over disbursements | <u>(18,441)</u> | <u>(21,600)</u> | <u>3,159</u> |
| NONOPERATING RECEIPTS (DISBURSEMENTS): | | | |
| Interest income | 0 | 0 | 0 |
| Long-term principal payments | 0 | 0 | 0 |
| Interest expense | <u>0</u> | <u>0</u> | <u>0</u> |
| Total nonoperating receipts (disbursements) | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (deficiency) receipts over disbursements | (18,441) | (21,600) | 3,159 |
| Operating transfers in (out) | 20,082 | 0 | 20,082 |
| Fund balance at beginning of year | <u>344</u> | <u>344</u> | <u>0</u> |
| Fund balance at end of year | <u>\$ 1,985</u> | <u>\$ (21,256)</u> | <u>\$ 23,241</u> |

Refer to the auditor's reports and the notes to the financial statements.

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 1999

Note 1. Reporting Entity

Description of the Entity The Meigs-Tuppers Plains-Chester Water District is a water district organized under the provisions of Section 6119 of the Ohio Revised Code by the Common Pleas Court of Meigs County on February 3, 1967. The District operates under the direction of a 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.

Note 2. Summary of Significant Accounting Policies and Procedures

Basis of Accounting The Meigs-Tuppers Plains-Chester Water District (MTPC) prepares its financial statements on the cash basis of accounting, consequently, certain receipts and the related assets are recognized when received rather than when earned, and certain disbursements are recognized when paid rather than when the obligation is incurred. The District, under the basis of accounting used, records neither a general fixed asset account group nor a long-term debt account group on its financial statements. The basis of accounting used is not in conformity with generally accepted accounting principles. The management of the District believes the financial statements included in this report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided those standards do not conflict with or contradict GASB pronouncements. The significant portions of the District's accounting policies are described below.

Fund Accounting The District maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity that stands separate from the activities reported in other funds. The restrictions associated with each type of proprietary fund are as follows:

Enterprise Funds To account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

Internal Service Funds The internal service funds are used to account for the financing on a cost-reimbursement basis of goods of services provided by one department or agency to other departments or agencies. Charges to the user departments are intended to recover total cost.

Budgetary Process The District's Board of Trustees adopted an operating budget for the year ended December 31, 1999. Budget to actual financial statements are reported. Recent Ohio Attorney General Opinion No. 99-020 has clarified that the budget process described in Ohio Revised Code Chapter 5705 applies to the District, regardless of whether the District levies property taxes. The District must henceforth adopt annual appropriations, limited by estimated resources. Expenditures will be limited by appropriations.

Property, Plant, and Equipment Fixed assets acquired or constructed for the District are recorded as disbursements. Depreciation is not reported for fixed assets in these financial statements.

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 1999
Continued

Note 2. Summary of Significant Accounting Policies and Procedures (continued)

Inventory The District considers inventories of materials and supplies as expended at the time of purchase. Inventory amounts are not reported in these financial statements.

Accumulated Unpaid Vacation and Sick Leave Accumulated unpaid vacation and sick leave are not accrued under the basis of accounting described in Note 1. At December 31, 1999, management estimates that \$115,068 in sick leave and \$10,005 in vacation leave has been accumulated by employees of the District. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees. It is not practicable to determine the actuarial value of these benefits as of December 31, 1999.

Income Taxes The District, as a nonprofit governmental agency, is exempt from federal and state income taxes.

Note 3. Deposits and Investments

State statutes classify monies held by the District into three categories.

1. Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
2. Inactive deposits are public deposits that the Board has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.
3. Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the District by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 1999
Continued

Note 3. Deposits and Investments (continued)

At December 31, 1999, the carrying amount of the District's deposits (demand deposits and certificates of deposit) was \$1,447,709. At December 31, 1999, the bank balances (demand deposits and certificates of deposit) were \$1,746,760. These deposits were covered by federal depository insurance, by collateral held by the District, and/or by collateral held by a qualified third party trustee in the name of the District, and should be classified in risk Category 1.

Note 4. Long-Term Debt Obligations

Debt outstanding at December 31, 1999, consisted of the following:

The Ohio Water Development Authority (OWDA) loan was obtained in 1989. Proceeds of the loan were used to refinance/redeem Water Revenue Bonds under the Rural Economic & Community Development Services. The original principal was \$1,074,457 at 7.89% annual interest for 15 years with a payment of principal and interest at \$124,686 annually. The loan principal outstanding as of December 31, 1999, was \$456,637.

MTPC received a loan of \$341,288 during 1999 from the Ohio Public Works Commission. The proceeds of this loan were used for improvements and expansion of the water treatment plant. The interest rate is 4% for a term of 20 years with semi-annual payments of \$12,476 beginning July 1, 1999. The principal outstanding as of December 31, 1999, was \$335,638.

The Rural Economic & Community Development Services (formerly Farmers Home Administration) loaned MTPC \$351,500 in 1987 at 5.875% interest for 40 years. Payments of approximately \$23,000 are due annually. The bond principal outstanding as of December 31, 1999, was \$310,000.

MTPC also received a line of credit with a maximum allowable loan balance of \$2,228,000 from Peoples Banking and Trust Company. The intent of this loan was to provide interim financing for the improvements and expansion of the water treatment plant. Once the water treatment plant was completed, Rural Economic & Community Development Services provided federal grant and loan funds to repay the interim financing. MTPC received \$1,740,000 for a term of 40 years at 4.75% interest with an annual payment of approximately \$98,000. The principal balance outstanding as of December 31, 1999, was \$1,740,000.

The annual requirement to amortize debt outstanding as of December 31, 1999, including principal only, is as follows:

| <u>Year Ending</u> <u>December 31</u> | <u>OWDA</u> | <u>OPWC</u> | <u>RECDS</u> <u>91-06</u> | <u>RECDS</u> <u>91-11</u> |
|--|-------------|----------------|------------------------------|------------------------------|
| 2000 | \$ 88,657 | \$ 11,642 | \$ 5,000 | \$ 15,300 |
| 2001 | 95,653 | 12,112 | 5,000 | 16,000 |
| 2002 | 103,200 | 12,601 | 6,000 | 16,800 |
| 2003 | 111,342 | 13,111 | 6,000 | 17,600 |
| 2004 | 57,785 | 13,640 | 6,000 | 18,500 |
| Thereafter | 0 | 272,532 | 282,000 | 1,655,800 |

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 1999
Continued

Note 5. Risk Management

The District maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 80% coinsured.

Note 6. Public Employees Retirement System

Defined Benefit Retirement System District employees participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan created by the State of Ohio. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The 1999 employee contribution rate was 8.5% for employees. The 1999 employer contribution rate was 13.55% of covered payroll. The District's contribution to PERS for the year ended December 31, 1999, was \$47,805. This contribution was equal to the required contribution for that year. The District's current year payroll totaled \$347,569 and was entirely covered by PERS. Employee contributions to PERS totaled \$29,989 in the current year.

Defined Benefit Retirement System PERS provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement service is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 1999 employer contribution rate for local government employer units was 13.55% of covered payroll; 5.11% was the portion that was used to fund health care for 1997; 4.2% was the portion that was used to fund health care for 1999.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. Benefits are funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

Expenditures for OPEB during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999, was 118,062.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
December 31, 1999

SCHEDULE OF FEDERAL AWARDS EXPENDITURES

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
 SCHEDULE OF FEDERAL AWARDS EXPENDITURES
 For the Year Ended December 31, 1999

| Federal Grantor Program | CFDA Number | Federal Receipts/Disbursements |
|---|----------------|-----------------------------------|
| <u>US Department of Agriculture</u> | | |
| Water and Waste Disposal Systems for Rural Communities | 10.760 | \$ <u>1,740,000</u> |

Notes to the Schedule of Federal Awards Expenditures

Note A. Significant Accounting Policies

The above Schedule of Federal Awards summarizes activity of the District's federal award program. The schedule has been prepared on the cash basis of accounting.

Note B. Matching Requirements

Certain Federal programs require that recipients contribute non-Federal funds (matching funds) to support the federally funded program(s). The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included in the above Schedule.

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
December 31, 1999

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
INTERNAL CONTROL
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

WILLIAM KENNETH YOHO II

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

March 19, 2001

Board of Directors
Meigs-Tuppers Plains-Chester Water District
Reedsville, Ohio 45772

I have audited the general-purpose financial statements of Meigs-Tuppers Plains-Chester Water District, as of and for the year ended December 31, 1999, and have issued my report thereon dated March 19, 2001. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the agency's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that would be required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. 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 misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting that I consider to be material weaknesses as defined above.

I noted other matters involving the internal control over financial reporting, which I have reported to the management of Meigs-Tuppers Plains-Chester Water District in a management letter dated March 19, 2001.

This report is intended solely for the information and use of the board of directors and management of Meigs-Tuppers Plains-Chester Water District; and certain funding, oversight agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

William Kenneth Yoho II
Certified Public Accountant

P. O. Box 521, Belpre, Ohio 45714-0521 Phone/Fax: (740) 989-5220

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
December 31, 1999

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

WILLIAM KENNETH YOHO II

CERTIFIED PUBLIC ACCOUNTANT

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

March 19, 2001

Board of Directors
Meigs-Tuppers Plains-Chester Water District
Reedsville, Ohio 45772

Compliance

I have audited the compliance of Meigs-Tuppers Plains-Chester Water District with the types of compliance requirements described in the 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, 1999. 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 Meigs-Tuppers Plains-Chester Water District. My responsibility is to express an opinion on the District's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; 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 I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the District's compliance with those requirements.

In my opinion, Meigs-Tuppers Plains-Chester Water 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, 1999.

Internal Control Over Compliance

The management of Meigs-Tuppers Plains-Chester Water 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 my audit, I considered the District's internal control over compliance with requirements that could have a direct and material effect on the District's major federal program in order to determine my auditing procedures for the purpose of expressing an opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My 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 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

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performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors and management of Meigs-Tuppers Plains-Chester Water District; and certain funding, oversight agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

William Kenneth Yoho II
Certified Public Accountant

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
December 31, 1999

SCHEDULE OF AUDIT FINDINGS AND AGENCY'S RESPONSE

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
 SCHEDULE OF AUDIT FINDINGS, CITATIONS, AND RECOMMENDATIONS
 December 31, 1999

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|--|---|---|
| | Type of Financial Statement Opinion | Unqualified |
| | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| | Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | No |
| | Was there any reported material non-compliance at the financial statement level (GAGAS)? | No |
| | Were there any material internal control weakness conditions reported for major federal programs? | No |
| | Were there any other reportable internal control weakness conditions reported for major federal programs? | No |
| | Type of Major Programs' Compliance Opinion | Unqualified |
| | Are there any reportable findings under § .510? | No |
| | Major Programs (list): | CFDA #10.760 Water and Waste Disposal Systems for Rural Communities |
| | Dollar Threshold: Type A/B Programs | Type A: > \$ 300,000 Type B: all others |
| | Low Risk Auditee? | Yes |

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
SCHEDULE OF AUDIT FINDINGS, CITATIONS, AND RECOMMENDATIONS

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
(Continued)

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

There were no findings related to the financial statements.

3. FINDINGS FOR FEDERAL AWARDS

There were no findings related to the federal awards.

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
CONCLUSION STATEMENT
DECEMBER 31, 1999

The results of audit procedures, including financial adjustments, citations, and recommendations, were reviewed with and acknowledged by Donald Poole, General Manager, on March 19, 2001.

FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

Meigs-Tuppers Plains-Chester Water District

For the Year Ended December 31, 2000

William Kenneth Yoho II
Certified Public Accountant

Post Office Box 521, Belpre, Ohio 45714-0521 Phone/Fax: (740) 989-5220

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
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MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
 ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL
 For the Year Ended December 31, 2000

| <u>ELECTED OFFICIAL</u> | <u>TITLE</u> | <u>TERM OF OFFICE</u> |
|--|---------------------|-----------------------|
| Harold H. Blackston NOTE: resigned effective June 30, 2000 | President | 01/01/99 to 12/31/01 |
| David Lee Weber | Vice-president | 01/01/00 to 12/31/02 |
| A. W. Nease, Jr. | Secretary-Treasurer | 01/01/00 to 12/31/02 |
| Tim Baum | Trustee | 01/01/99 to 12/31/01 |
| Howard B. Caldwell | Trustee | 01/01/98 to 12/31/00 |
| Robert Blackston NOTE: appointed to fill unexpired term of Harold Blackston | Trustee | 07/10/00 to 12/31/01 |

Surety is not required for any of these elected officials.

Legal Counsel:

Little, Sheets & Warner
 Douglas W. Little, Attorney at Law
 211-213 East Second Street
 Pomeroy, OH 45769

Entity Address:

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

| <u>ADMINISTRATIVE PERSONNEL</u> | <u>TITLE</u> | <u>CONTRACT PERIOD</u> | <u>SURETY AMOUNT</u> |
|---------------------------------|-----------------|------------------------|----------------------|
| Donald C. Poole | General Manager | Continuing | \$130,000 |
| Carolyn Teaford | Billing Clerk | Continuing | \$130,000 |
| Marilyn Robinson | Billing Clerk | Continuing | \$130,000 |
| Sonia Circle | Billing Clerk | Continuing | \$130,000 |

The general manager's surety bond is acquired through Ohio Casualty Insurance Co.

The billing clerks' bond is acquired through State Automobile Insurance Co.

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
INDEX OF FUNDS
As of December 31, 2000

PROPRIETARY FUND TYPES

Enterprise Funds

Operating & Payroll Accounts
Petty Cash Account
Change Account
Meter Reserve Account
Phase V Construction Account
Phase VI Construction Account
Pageville Account
FEMA Funds Accounts

Internal Service Fund

Employee Medical Benefits Reserve

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
December 31, 2000

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

WILLIAM KENNETH YOHO II

CERTIFIED PUBLIC ACCOUNTANT

March 19, 2001

Board of Directors
Meigs-Tuppers Plains-Chester Water District
Reedsville, Ohio 45772

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statements of cash and fund balances of Meigs-Tuppers Plains-Chester Water District (a nonprofit water district) as of December 31, 2000, and the related statements of cash receipts and disbursements, and changes in fund balances for the year then ended. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about 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. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, Meigs-Tuppers Plains-Chester Water District prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the cash and fund balances of Meigs-Tuppers Plains-Chester Water District as of December 31, 2000, and its receipts, disbursements, and the changes in its fund balances for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, I have also issued a report dated March 19, 2001, on my consideration of Meigs-Tuppers Plains-Chester Water District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

This audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Meigs-Tuppers Plains-Chester Water District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to those financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors and management of Meigs-Tuppers Plains-Chester Water District 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.

William Kenneth Yoho II
Certified Public Accountant

P. O. Box 521, Belpre, Ohio 45714-0521 Phone/Fax: (740) 989-5220

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
 STATEMENT OF CASH AND FUND BALANCES
 December 31, 2000

PROPRIETARY FUND TYPES

| | Enterprise | Internal Service | Totals (Memo Only) |
|---------------------------|---------------------|---------------------|-----------------------|
| ASSETS: | | | |
| Cash and Cash Equivalents | \$ <u>1,548,366</u> | \$ <u>2,117</u> | \$ <u>1,550,483</u> |
| EQUITY: | | | |
| Fund balances | \$ <u>1,548,366</u> | \$ <u>2,117</u> | \$ <u>1,550,483</u> |

Refer to the auditor's reports and the notes to the financial statements.

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2000

| | <u>PROPRIETARY FUND TYPES</u> | | |
|--|-------------------------------|---------------------|-----------------------|
| | Enterprise | Internal Service | Totals (Memo Only) |
| OPERATING RECEIPTS: | | | |
| Water sales | \$ 1,567,735 | \$ 0 | \$ 1,567,735 |
| Customer service | 21,446 | 0 | 21,446 |
| Miscellaneous | <u>2,906</u> | <u>0</u> | <u>2,906</u> |
| Total receipts | <u>1,592,087</u> | <u>0</u> | <u>1,592,087</u> |
| OPERATING DISBURSEMENTS: | | | |
| General expenses | 842,619 | 0 | 842,619 |
| Mobile equipment | 37,097 | 0 | 37,097 |
| Treatment plant | 155,626 | 0 | 155,626 |
| Distribution system | 160,462 | 0 | 160,462 |
| Supplies | 30,085 | 0 | 30,085 |
| Office expense | 32,864 | 0 | 32,864 |
| Insurance | 20,587 | 0 | 20,587 |
| Professional expenses | 1,958 | 0 | 1,958 |
| Health claims payouts | 0 | 19,260 | 19,260 |
| Miscellaneous | <u>11,962</u> | <u>0</u> | <u>11,962</u> |
| Total disbursements | <u>1,293,260</u> | <u>19,260</u> | <u>1,312,520</u> |
| Excess of operating receipts over disbursements | <u>298,827</u> | <u>(19,260)</u> | <u>279,567</u> |
| NONOPERATING RECEIPTS (DISBURSEMENTS): | | | |
| Interest income | 92,988 | 0 | 92,988 |
| Long-term principal payments | (120,600) | 0 | (120,600) |
| Interest expense | <u>(149,181)</u> | <u>0</u> | <u>(149,181)</u> |
| Total nonoperating receipts (disbursements) | <u>(176,793)</u> | <u>0</u> | <u>(176,793)</u> |
| Excess (deficiency) receipts over disbursements | 122,034 | (19,260) | 102,774 |
| Operating transfers in (out) | (19,392) | 19,392 | 0 |
| Fund balances at beginning of year | <u>1,445,724</u> | <u>1,985</u> | <u>1,447,709</u> |
| Fund balances at end of year | <u>\$ 1,548,366</u> | <u>\$ 2,117</u> | <u>\$ 1,550,483</u> |

Refer to the auditor's reports and the notes to the financial statements.

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET-TO-ACTUAL – ENTERPRISE FUND
For the Year Ended December 31, 2000

| | Actual | Budget | Difference |
|--|---------------------|---------------------|-------------------|
| OPERATING RECEIPTS: | | | |
| Water sales | \$ 1,567,735 | \$ 1,392,053 | \$ 175,682 |
| Customer service | 21,446 | 27,000 | (5,554) |
| Miscellaneous | <u>2,906</u> | <u>3,500</u> | <u>(594)</u> |
| Total receipts | <u>1,592,087</u> | <u>1,422,553</u> | <u>169,534</u> |
| OPERATING DISBURSEMENTS: | | | |
| General expenses | 842,619 | 850,852 | 8,233 |
| Mobile equipment | 37,097 | 37,000 | (97) |
| Treatment plant | 155,626 | 162,000 | 6,374 |
| Distribution system | 160,462 | 302,000 | 141,538 |
| Supplies | 30,085 | 19,500 | (10,585) |
| Office expense | 32,864 | 45,400 | 12,536 |
| Insurance | 20,587 | 19,800 | (787) |
| Professional expenses | 1,958 | 3,500 | 1,542 |
| Health claims payouts | 0 | 0 | 0 |
| Miscellaneous | <u>11,962</u> | <u>10,000</u> | <u>(1,962)</u> |
| Total disbursements | <u>1,293,260</u> | <u>1,450,052</u> | <u>156,792</u> |
| Excess of operating receipts over disbursements | <u>298,827</u> | <u>(27,499)</u> | <u>326,326</u> |
| NONOPERATING RECEIPTS (DISBURSEMENTS): | | | |
| Interest income | 92,988 | 79,200 | 13,788 |
| Long-term principal payments | (120,600) | (120,600) | 0 |
| Interest expense | <u>(149,181)</u> | <u>(145,151)</u> | <u>(4,030)</u> |
| Total nonoperating receipts (disbursements) | <u>(176,793)</u> | <u>(186,551)</u> | <u>9,758</u> |
| Excess (deficiency) receipts over disbursements | 122,034 | (214,050) | 336,084 |
| Operating transfers in (out) | (19,392) | 0 | (19,392) |
| Fund balance at beginning of year | <u>1,445,724</u> | <u>1,445,724</u> | <u>0</u> |
| Fund balance at end of year | <u>\$ 1,548,366</u> | <u>\$ 1,231,674</u> | <u>\$ 316,692</u> |

Refer to the auditor's reports and the notes to the financial statements.

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET-TO-ACTUAL – INTERNAL SERVICE FUND
For the Year Ended December 31, 2000

| | Actual | Budget | Difference |
|--|-----------------|--------------------|------------------|
| OPERATING RECEIPTS: | | | |
| Water sales | \$ 0 | \$ 0 | \$ 0 |
| Customer service | 0 | 0 | 0 |
| Miscellaneous | <u>0</u> | <u>0</u> | <u>0</u> |
| Total receipts | <u>0</u> | <u>0</u> | <u>0</u> |
| OPERATING DISBURSEMENTS: | | | |
| General expenses | 0 | 0 | 0 |
| Mobile equipment | 0 | 0 | 0 |
| Treatment plant | 0 | 0 | 0 |
| Distribution system | 0 | 0 | 0 |
| Supplies | 0 | 0 | 0 |
| Office expense | 0 | 0 | 0 |
| Insurance | 0 | 0 | 0 |
| Professional expenses | 0 | 0 | 0 |
| Health claims payouts | 19,260 | 21,600 | 2,340 |
| Miscellaneous | <u>0</u> | <u>0</u> | <u>0</u> |
| Total disbursements | <u>19,260</u> | <u>21,600</u> | <u>2,340</u> |
| Excess of operating receipts over disbursements | <u>(19,260)</u> | <u>(21,600)</u> | <u>(2,340)</u> |
| NONOPERATING RECEIPTS (DISBURSEMENTS): | | | |
| Interest income | 0 | 0 | 0 |
| Long-term principal payments | 0 | 0 | 0 |
| Interest expense | <u>0</u> | <u>0</u> | <u>0</u> |
| Total nonoperating receipts (disbursements) | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (deficiency) receipts over disbursements | (19,260) | (21,600) | 2,340 |
| Operating transfers in (out) | 19,392 | 0 | 19,392 |
| Fund balance at beginning of year | <u>1,985</u> | <u>1,985</u> | <u>0</u> |
| Fund balance at end of year | <u>\$ 2,117</u> | <u>\$ (19,615)</u> | <u>\$ 21,732</u> |

Refer to the auditor's reports and the notes to the financial statements.

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2000

Note 1. Reporting Entity

Description of the Entity The Meigs-Tuppers Plains-Chester Water District is a water district organized under the provisions of Section 6119 of the Ohio Revised Code by the Common Pleas Court of Meigs County on February 3, 1967. The District operates under the direction of a 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.

Note 2. Summary of Significant Accounting Policies and Procedures

Basis of Accounting The Meigs-Tuppers Plains-Chester Water District (MTPC) prepares its financial statements on the cash basis of accounting, consequently, certain receipts and the related assets are recognized when received rather than when earned, and certain disbursements are recognized when paid rather than when the obligation is incurred. The District, under the basis of accounting used, records neither a general fixed asset account group nor a long-term debt account group on its financial statements. The basis of accounting used is not in conformity with generally accepted accounting principles. The management of the District believes the financial statements included in this report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided those standards do not conflict with or contradict GASB pronouncements. The significant portions of the District's accounting policies are described below.

Fund Accounting The District maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity that stands separate from the activities reported in other funds. The restrictions associated with each type of proprietary fund are as follows:

Enterprise Funds To account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

Internal Service Funds The internal service funds are used to account for the financing on a cost-reimbursement basis of goods of services provided by one department or agency to other departments or agencies. Charges to the user departments are intended to recover total cost.

Budgetary Process The District's Board of Trustees adopted an operating budget for the year ended December 31, 2000. Budget to actual financial statements are reported. Recent Ohio Attorney General Opinion No. 99-020 has clarified that the budget process described in Ohio Revised Code Chapter 5705 applies to the District, regardless of whether the District levies property taxes. The District must adopt annual appropriations, limited by estimated resources. Expenditures will be limited by appropriations.

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2000
Continued

Note 2. Summary of Significant Accounting Policies and Procedures (continued)

Property, Plant, and Equipment Fixed assets acquired or constructed for the District are recorded as disbursements. Depreciation is not reported for fixed assets in these financial statements.

Inventory The District considers inventories of materials and supplies as expended at the time of purchase. Inventory amounts are not reported in these financial statements.

Accumulated Unpaid Vacation and Sick Leave Accumulated unpaid vacation and sick leave are not accrued under the basis of accounting described in Note 1. At December 31, 2000, management estimates that \$122,604 in sick leave and \$9,750 in vacation leave has been accumulated by employees of the District. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees. It is not practicable to determine the actuarial value of these benefits as of December 31, 2000.

Income Taxes The District, as a nonprofit governmental agency, is exempt from federal and state income taxes.

Note 3. Deposits and Investments

State statutes classify monies held by the District into three categories.

1. Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
2. Inactive deposits are public deposits that the Board has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.
3. Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the District by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2000
 Continued

Note 3. Deposits and Investments (continued)

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

At December 31, 2000, the carrying amount of the District's deposits (demand deposits and certificates of deposit) was \$1,550,483. At December 31, 2000, the bank balances (demand deposits and certificates of deposit) were \$1,486,358. These deposits were covered by federal depository insurance, by collateral held by the District, and/or by collateral held by a qualified third party trustee in the name of the District, and should be classified in risk Category 1.

Note 4. Long-Term Debt Obligations

Debt outstanding at December 31, 2000, consisted of the following:

The Ohio Water Development Authority (OWDA) loan was obtained in 1989. Proceeds of the loan were used to refinance/redeem Water Revenue Bonds under the Rural Economic & Community Development Services. The original principal was \$1,074,457 at 7.89% annual interest for 15 years with a payment of principal and interest at \$124,686 annually. The loan principal outstanding as of December 31, 2000, was \$367,980.

MTPC received a loan of \$341,288 during 1999 from the Ohio Public Works Commission. The proceeds of this loan were used for improvements and expansion of the water treatment plant. The interest rate is 4% for a term of 20 years with semi-annual payments of \$12,476 beginning July 1, 1999. The principal outstanding as of December 31, 2000, was \$329,874.

The Rural Economic & Community Development Services (formerly Farmers Home Administration) loaned MTPC \$351,500 in 1987 at 5.875% interest for 40 years. Payments of approximately \$23,000 are due annually. The bond principal outstanding as of December 31, 2000, was \$305,000.

MTPC also received a line of credit with a maximum allowable loan balance of \$2,228,000 from Peoples Banking and Trust Company. The intent of this loan was to provide interim financing for the improvements and expansion of the water treatment plant. Once the water treatment plant was completed, Rural Economic & Community Development Services provided federal grant and loan funds to repay the interim financing. MTPC received \$1,740,000 for a term of 40 years at 4.75% interest with an annual payment of approximately \$98,000. The principal balance outstanding as of December 31, 2000, was \$1,724,700.

The annual requirement to amortize debt outstanding as of December 31, 2000, including principal only, is as follows:

| <u>Year Ending</u> <u>December 31</u> | <u>OWDA</u> | <u>OPWC</u> | <u>RECDS</u> <u>91-06</u> | <u>RECDS</u> <u>91-11</u> |
|--|-------------|----------------|------------------------------|------------------------------|
| 2001 | \$ 95,653 | \$ 12,112 | \$ 5,000 | \$ 16,000 |
| 2002 | 103,200 | 12,601 | 6,000 | 16,800 |
| 2003 | 111,342 | 13,111 | 6,000 | 17,600 |
| 2004 | 57,785 | 13,640 | 6,000 | 18,500 |
| 2005 | 0 | 14,191 | 7,000 | 19,300 |
| Thereafter | 0 | 264,219 | 275,000 | 1,636,500 |

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2000
Continued

Note 5. Risk Management

The District maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 80% coinsured.

Note 6. Public Employees Retirement System

Defined Benefit Retirement System District employees participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan created by the State of Ohio. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The 2000 employee contribution rate was 8.5% for employees. The 2000 employer contribution rate was 13.55% of covered payroll. The District's contribution to PERS for the year ended December 31, 2000, was \$39,555. This contribution was equal to the required contribution for that year. The District's current year payroll totaled \$367,469 and was entirely covered by PERS. Employee contributions to PERS totaled \$31,178 in the current year.

Defined Benefit Retirement System PERS provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement service is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2000 employer contribution rate for local government employer units was 13.55% of covered payroll; 5.11% was the portion that was used to fund health care for 1997; 4.2% was the portion that was used to fund health care for 2000.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. Benefits are funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

Expenditures for OPEB during 2000 were \$523,599,349. As of December 31, 2000, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 2000, was 118,062.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

MEIGS-TUPPERS PLAINS-CHESTER WATER DISTRICT
December 31, 2000

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
INTERNAL CONTROL
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

WILLIAM KENNETH YOHO II

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

March 19, 2001

Board of Directors
Meigs-Tuppers Plains-Chester Water District
Reedsville, Ohio 45772

I have audited the general-purpose financial statements of Meigs-Tuppers Plains-Chester Water District, as of and for the year ended December 31, 2000, and have issued my report thereon dated March 19, 2001. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the agency's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that would be required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. 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 misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting that I consider to be material weaknesses as defined above.

I noted other matters involving the internal control over financial reporting, which I have reported to the management of Meigs-Tuppers Plains-Chester Water District in a management letter dated March 19, 2001.

This report is intended solely for the information and use of the board of directors and management of Meigs-Tuppers Plains-Chester Water District; and certain funding, oversight agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

William Kenneth Yoho II
Certified Public Accountant

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OFFICE OF THE AUDITOR

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MEIGS-TUPPER-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 12, 2001**