



OHIO AUDITOR OF STATE
KEITH FABER



**TUPPERS PLAINS CHESTER WATER DISTRICT
MEIGS COUNTY
DECEMBER 31, 2020 AND 2019**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Statement of Receipts, Disbursement, and Changes in Fund Balance (Regulatory Cash Basis) For the Year Ended December 31, 2020	3
Notes to the Financial Statement – For the Year Ended December 31, 2020	5
Statement of Receipts, Disbursement, and Changes in Fund Balance (Regulatory Cash Basis) For the Year Ended December 31, 2019	11
Notes to the Financial Statement – For the Year Ended December 31, 2019	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19
Schedule of Findings	21
Summary Schedule of Prior Audit Findings (Prepared by Management)	24

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements as of and for the years ended December 31, 2020 and 2019, and related notes of the Tuppers Plains Chester Water District, Meigs County, Ohio (the District).

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 § 117.38 and Ohio Administrative Code 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 such 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 opinions.

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

As described in Note 2 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2020 and 2019, and the respective changes in financial position thereof 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 cash balances, receipts and disbursements as of and for the years ended December 31, 2020 and 2019, and related notes of the District, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2022, 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.



Keith Faber
Auditor of State
Columbus, Ohio

February 22, 2022

Tuppers Plains Chester Water District
 Meigs County
 Statement of Receipts, Disbursements and
 Changes in Fund Balance (Regulatory Cash Basis)
 For the Year Ended December 31, 2020

Operating Cash Receipts	
Charges for Services	\$2,684,104
Customer Sales	175,507
Miscellaneous	<u>67,515</u>
<i>Total Operating Cash Receipts</i>	<u>2,927,126</u>
Operating Cash Disbursements	
General Expenses	1,271,414
Mobile Equipment	92,781
Treatment Plant	316,131
Distribution System	52,068
Office Expense	215,711
Insurance	26,272
Professional Expense	11,320
Capital Outlay	<u>4,795,229</u>
<i>Total Cash Disbursements</i>	<u>6,780,926</u>
<i>Operating (Loss)</i>	<u>(3,853,800)</u>
Non-Operating Cash Receipts	
Issuance of New Debt	4,267,143
Government Grants	2,251,600
Interest	32,184
<i>Total Non-Operating Cash Receipts</i>	<u>6,550,927</u>
Non-Operating Cash Disbursements	
Principal Retirement	2,367,864
Interest and Fiscal Charges	<u>52,377</u>
<i>Total Non-Operating Cash Disbursements</i>	<u>2,420,241</u>
<i>Net Change in Fund Cash Balances</i>	<u>276,886</u>
<i>Fund Cash Balance, January 1</i>	<u>1,722,678</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$1,999,564</u></u>

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

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Tuppers Plains Chester Water District
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges for the Tuppers-Plains Chester Water District, Meigs County, (the District) as a body corporate and politic. The District is directed by an appointed five-member Board of Trustees whose membership is composed of trustees elected every three years by water service customers whose accounts are in good standing. The membership elects a president, vice president and secretary treasurer, who are responsible for fiscal control of the resources of the District. The District provides water services to residents of the District.

Public Entity Risk Pool

The District participates in the Ohio Plan Risk Management Inc. Note 5 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board of Trustees recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

Tuppers Plains Chester Water District
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

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.

Capital Assets

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

Accumulated Leave

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$6,959,449	\$9,478,053	(\$2,518,604)

2020 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$6,991,269	\$9,201,167	(\$2,209,898)

Tuppers Plains Chester Water District
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 4 – Deposits

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

	2020
Demand deposits	\$826,536
Certificates of deposit	1,173,028
Total deposits	\$1,999,564

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the District

Note 5 – Risk Management

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Tuppers Plains Chester Water District
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 5 – Risk Management (Continued)

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org."

Note 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2020.

Note 7 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
USDA Loan #91-12	\$567,154	4.13%
OWDA Loan 4363	\$115,608	3.25%
OWDA Loan 5390	\$136,404	0.00%
OWDA Loan 5891	\$771,966	2.00%
OWDA Loan 6197	\$67,433	2.00%
OWDA Loan 6501	\$57,806	2.00%
OWDA Loan 6765	\$94,068	2.00%
OWDA Loan 7401	\$309,951	1.08%
OWDA Loan 8572	\$2,949,638	0.00%
OPWC - CR18L	\$134,333	0.00%
OPWC - CR13K	\$125,727	0.00%
Total	<u>\$5,330,088</u>	

The District issued water revenue bonds through USDA to finance the expansion of its water lines. The bonds were issued in 2006 for \$2,190,000 and have a 2034 maturity. Future revenues from the District's water operations collateralize these bonds.

The District entered into loans with the Ohio Public Works Commission to finance improvements, expansion and rehabilitation of its water facilities and lines. The loans were entered into in 2009 for \$201,500 and \$188,590, and have maturities in 2040.

Tuppers Plains Chester Water District
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 7 – Debt (Continued)

The District also entered into loans with the Ohio Water Development Authority (OWDA) to finance a water storage tank and water line extensions and improvements. The loans were entered into in 2007 for \$332,056, 2010 for \$272,809, 2014 for \$947,382, 2015 for \$80,160, 2017 for \$105,524 and \$64,328, 2019 for \$320,003 and 2020 for \$2,949,638. The loan issued in 2007 has a maturity date in 2026, the loan issued in 2010 has a maturity date in 2030, the loan issued in 2012 has a maturity date in 2042, the loan issued in 2014 has a maturity date in 2042, the loan issued in 2015 has a maturity date in 2042, the loan issued in 2017 has a maturity date in 2045 and 2044, the loan issued in 2019 has a maturity date in 2047, and the loan issued in 2020 has a maturity date in 2051.

Amortization

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

Year Ending December 31:	OWDA 4363	OWDA 5390	OWDA 5891	OWDA 6197	OWDA 6765	OWDA 6501	OWDA 7401	OWDA 8572
2021	\$22,847	\$13,640	\$44,353	\$3,804	\$4,876	\$3,095	\$13,481	\$49,181
2022	22,896	13,640	44,353	3,804	4,876	3,095	13,481	98,361
2023	22,947	13,640	44,353	3,804	4,876	3,095	13,481	98,361
2024	23,000	13,640	44,353	3,804	4,876	3,095	13,481	98,361
2025	23,054	13,640	44,353	3,804	4,876	3,095	13,481	98,361
2026-2030	11,548	68,204	221,765	19,020	24,380	15,475	67,405	491,806
2031-2035	0	0	221,765	19,020	24,380	15,475	67,405	491,806
2036-2040	0	0	221,765	19,020	24,380	15,475	67,405	491,806
2041-2045	0	0	66,532	7,607	21,942	10,833	67,405	491,806
2046-2050	0	0	0	0	0	0	20,223	491,806
2051-2055	0	0	0	0	0	0	0	47,983
Total	\$126,292	\$136,404	\$953,592	\$83,687	\$119,462	\$72,733	\$357,248	\$2,949,638

Year Ending December 31:	USDA Loan 91-12	OPWC CR181	OPWC CR13K
2021	\$56,195	\$6,717	\$6,286
2022	56,142	6,717	6,286
2023	56,135	6,717	6,286
2024	56,071	6,717	6,286
2025	56,062	6,717	6,286
2026-2030	280,633	33,583	31,430
2031-2035	186,884	33,583	31,430
2036-2040	0	33,582	31,437
2041-2045	0	0	0
2046-2050	0	0	0
2051-2055	0	0	0
Total	\$748,122	\$134,333	\$125,727

Tuppers Plains Chester Water District
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 8 – Contingent Liabilities

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

Note 9 – Related Party Transactions

A Board Member is the owner of a company from which the District purchased normal maintenance items during the audit period. Also, the new General Manager is related to the above referenced board member. The District paid \$7,391 for items purchased during 2020.

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Tuppers Plains Chester Water District
 Meigs County
 Statement of Receipts, Disbursements and
 Changes in Fund Balance (Regulatory Cash Basis)
 For the Year Ended December 31, 2019

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Operating Cash Receipts	
Charges for Services	\$2,442,467
Customer Sales	221,461
Miscellaneous	37,015
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<i>Total Operating Cash Receipts</i>	<i>2,700,943</i>
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Operating Cash Disbursements	
General Expenses	1,325,970
Mobile Equipment	71,668
Treatment Plant	295,988
Distribution System	55,543
Office Expense	176,695
Insurance	26,603
Professional Expense	12,777
Capital Outlay	1,948,623
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<i>Total Cash Disbursements</i>	<i>3,913,867</i>
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<i>Operating (Loss)</i>	<i>(1,212,924)</i>
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Non-Operating Cash Receipts	
Issuance of New Debt	1,829,587
Government Grants	895,492
Interest	25,196
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<i>Total Non-Operating Cash Receipts</i>	<i>2,750,275</i>
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Non-Operating Cash Disbursements	
Principal Retirement	1,021,916
Interest and Fiscal Charges	57,135
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<i>Total Non-Operating Cash Disbursements</i>	<i>1,079,051</i>
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<i>Net Change in Fund Cash Balances</i>	<i>458,300</i>
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<i>Fund Cash Balance, January 1</i>	<i>1,264,378</i>
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<i>Fund Cash Balance, December 31</i>	<i>\$1,722,678</i>
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The notes to the financial statements are an integral part of this statement.

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Tuppers Plains Chester Water District
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges for the Tuppers-Plains Chester Water District, Meigs County, (the District) as a body corporate and politic. The District is directed by an appointed five-member Board of Trustees whose membership is composed of trustees elected every three years by water service customers whose accounts are in good standing. The membership elects a president, vice president and secretary treasurer, who are responsible for fiscal control of the resources of the District. The District provides water services to residents of the District.

Public Entity Risk Pool

The District participates in the Ohio Plan Risk Management Inc. Note 5 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board of Trustees recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

Tuppers Plains Chester Water District
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

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.

Capital Assets

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

Accumulated Leave

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

Budgeted Receipts	Actual Receipts	Variance
\$4,578,731	\$5,451,218	(\$872,487)
Appropriation Authority	Budgetary Expenditures	Variance
\$4,540,423	\$4,992,918	(\$452,495)

Tuppers Plains Chester Water District
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 4 – Deposits

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

	2019
Demand deposits	\$331,542
Certificates of deposit	1,391,136
Total deposits	1,722,678

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the District

Note 5 – Risk Management

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	(11,329,011)
Members' Equity	\$ 4,591,493

Tuppers Plains Chester Water District
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 5 – Risk Management (Continued)

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.”

Note 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The District’s full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants’ gross salaries. The District has paid all contributions required through December 31, 2019.

Note 7 – Debt

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
USDA Loan #91-12	\$598,554	4.13%
OWDA Loan 4363	\$134,513	3.25%
OWDA Loan 5390	\$150,045	0.00%
OWDA Loan 5891	\$800,451	2.00%
OWDA Loan 6197	\$69,852	2.00%
OWDA Loan 6501	\$59,716	2.00%
OWDA Loan 6765	\$97,018	2.00%
OWDA Loan 7401	\$320,003	1.08%
OWDA Loan 8572	\$934,095	0.00%
OPWC - CR18L	\$137,692	0.00%
OPWC - CR13K	\$128,870	0.00%
Total	\$3,430,809	

The District issued water revenue bonds through USDA to finance the expansion of its water lines. The bonds were issued in 2006 for \$2,190,000 and have a 2034 maturity. Future revenues from the District's water operations collateralize these bonds.

The District entered into loans with the Ohio Public Works Commission to finance improvements, expansion and rehabilitation of its water facilities and lines. The loans were entered into in 2009 for \$201,500 and \$188,590, and have maturities in 2040.

The District also entered into loans with the Ohio Water Development Authority (OWDA) to finance a water storage tank and water line extensions and improvements. The loans were entered into in 2007 for \$332,056, 2010 for \$272,809, 2014 for \$947,382, 2015 for \$80,160, 2017 for \$105,524 and \$64,328, and 2019 for \$320,003.

Tuppers Plains Chester Water District
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 7 – Debt (Continued)

The loan issued in 2007 has a maturity date in 2026, the loan issued in 2010 has a maturity date in 2030, the loan issued in 2012 has a maturity date in 2042, the loan issued in 2014 has a maturity date in 2042, the loan issued in 2015 has a maturity date in 2042, the loan issued in 2017 has a maturity date in 2045 and 2044, and the loan issued in 2019 has a maturity date in 2047.

Amortization

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

Year Ending December 31:	OWDA 4363	OWDA 5390	OWDA 5891	OWDA 6197	OWDA 6765	OWDA 6501	OWDA 7401
2020	\$22,800	\$13,640	\$44,353	\$3,804	\$4,876	\$3,095	\$13,481
2021	22,847	13,640	44,353	3,804	4,876	3,095	13,481
2022	22,896	13,640	44,353	3,804	4,876	3,095	13,481
2023	22,947	13,640	44,353	3,804	4,876	3,095	13,481
2024	23,000	13,640	44,353	3,804	4,876	3,095	13,481
2025-2029	34,602	68,202	221,765	19,020	24,380	15,475	67,405
2030-2034	0	13,643	221,765	19,020	24,380	15,475	67,405
2035-2039	0	0	221,765	19,020	24,380	15,475	67,405
2040-2044	0	0	110,883	11,411	24,380	13,928	67,405
2045-2049	0	0	0	0	2,438	0	33,704
2050-2054	0	0	0	0	0	0	0
Total	\$149,092	\$150,045	\$997,943	\$87,491	\$124,338	\$75,828	\$370,729

Year Ending December 31:	USDA		
	Loan 91- 12	OPWC CR181	OPWC CR13K
2020	\$56,090	\$6,717	\$6,286
2021	56,195	6,717	6,286
2022	56,142	6,717	6,286
2023	56,135	6,717	6,286
2024	56,071	6,717	6,286
2025-2029	280,633	33,583	31,430
2030-2034	242,946	33,583	31,430
2035-2039	0	33,583	31,430
2040-2044	0	3,358	3,150
Total	\$804,212	\$137,692	\$128,870

Tuppers Plains Chester Water District
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 8 – Contingent Liabilities

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

Note 9 – Related Party Transactions

A Board Member is the owner of a company from which the District purchased normal maintenance items during the audit period. Also, the new General Manager is related to the above referenced board member. The District paid \$19,273 for items purchased during 2019.



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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements as of and for the years ended December 31, 2020 and 2019, and related notes of the Tuppers Plains Chester Water District, Meigs County, Ohio, (the District), and have issued our report thereon dated February 22, 2022, wherein we noted the District followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2020-002 and 2020-003 to be material weaknesses.

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 financial statement. 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 matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2020-001.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

February 22, 2022

**TUPPERS PLAINS CHESTER WATER DISTRICT
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Noncompliance/Finding for Recovery/Repaid under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion No. 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005, Expenditure of Public Funds/Proper Public Purpose, states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

On December 8, 2018 the District held its annual Christmas party at Logan’s Roadhouse that included \$358 in alcohol purchases. In addition, \$65 in alcohol was purchased on February 9, 2019 for the former General Manager’s retirement dinner. Lastly, the District held their annual Christmas party on December 14, 2019 at the Riverside Golf Club that included \$275 in alcohol purchases. Auditor of State Bulletin 2003-005 provides that the use of public funds to purchase alcohol for personal use is improper.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against former General Manager, Mr. Donald Poole, and Liberty Mutual Insurance Company, his bonding company, in the amount of \$358 and current General Manager Mr. Derek Baum and Liberty Mutual Insurance Company, his bonding company, in the amount of \$340 in favor of the District’s Enterprise Fund.

Also, in accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery is hereby issued for public monies illegally expended against Accounting/HR Specialist Belinda Marcinko, and her bonding company, State Auto Insurance Company, jointly and severally, in the amount of \$698, and in favor of the District’s Enterprise Fund in the amount of \$698.

Mr. Lamar Lyons, Mr. Timothy Baum, Mr. Robert Blackston, and Mr. David Weber repaid \$139.60, \$279.20, \$139.60, and \$139.60, respectively, for a grand total of \$698 referenced above on February 14, 2022. The amount was repaid into the Tupper Plains Chester Water District Enterprise Fund.

FINDING NUMBER 2020-002

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

**TUPPERS PLAINS CHESTER WATER DISTRICT
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-002 (Continued)

Material Weakness (Continued)

The Appropriation resolution and subsequent amendments establish the legal spending authority of the District and the appropriation ledger provides the process by which the District controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the District and the receipts ledger provides the process by which the District controls what is available, it is therefore necessary the amounts estimated by the Bard are posted accurately to the receipts ledger.

In January of the following year, the Board approves the Budget Report to amend appropriations and estimated receipts to agree to actual receipts and disbursements for that previous year. However, the District's system has the capability to update final budgeted receipts and disbursements in the year to date budget column to help users determine if final budgeted amounts were properly reflected in the accounting system.

Estimated receipts and appropriations were understated \$314,392 and \$311,025, respectively, in the notes to the financial statements at December 31, 2020. Also, estimated receipts and appropriations were understated \$1,917,658, and \$85,845, respectively, in the notes to the financial statements at December 31, 2019.

The District did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Board were not properly posted to the accounting system. Additionally, the approved estimated receipts (and/or amendments thereof) were not properly posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the District should post to the ledgers, on a timely basis, estimated resources and appropriations approved by the Board. The District should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

FINDING NUMBER 2020-003

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were noted in the financial statements that required audit adjustment:

**TUPPERS PLAINS CHESTER WATER DISTRICT
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-003 (Continued)

Material Weakness (Continued)

In 2019:

- Principal retirement disbursements of \$895,492 were incorrectly classified as capital outlay disbursements;
- Issuance of new debt receipts and capital outlay disbursements of \$696,424 were unrecorded; and
- Government grant receipts and capital outlay disbursements were both overstated by \$197,691.

In 2020:

- Principal retirement disbursements of \$2,251,601 were incorrectly classified as capital outlay disbursements;
- Issuance of new debt receipts and capital outlay disbursements of \$2,450,668 were unrecorded; and
- Government grant receipts and capital outlay disbursements were both understated by \$223,162.

The District's financial statements did not include all on behalf of activity for the District's OWDA loans. This resulted in the errors noted above.

The audited financial statements have been adjusted for the items noted above.

The General Manager should review OWDA loan activity to ensure all activity is reflected on the financial statements prior to submitting their annual financial report in the Hinkle system.

Officials' Response: We did not receive a response from Officials to the findings reported above.

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Reedsville, OH 45772

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Ohio Rev. Code § 5705.28(B)(2) – disbursements exceeded appropriations.	Fully Corrected.	

OHIO AUDITOR OF STATE KEITH FABER



TUPPERS PLAINS CHESTER WATER DISTRICT

MEIGS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/15/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov