



**ATHENS-HOCKING JOINT SOLID
WASTE MANAGEMENT DISTRICT
ATHENS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ATHENS-HOCKING JOINT SOLID WASTE MANAGEMENT DISTRICT
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REPORT OF INDEPENDENT ACCOUNTANTS

Athens-Hocking Joint Solid Waste Management District
Athens County
P. O. Box 2607
Athens, Ohio 45701

To the Board of Directors:

We have audited the accompanying financial statements of the Athens-Hocking Joint Solid Waste Management District, Athens County, Ohio, (the District) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 we plan and perform the audit 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. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Athens-Hocking Joint Solid Waste Management District, Athens County, Ohio, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 2, the District adjusted its financial statements effective January 1, 1998, to include the Athens-Hocking Recycling Centers, Inc.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2000, 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 grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 26, 2000

**ATHENS-HOCKING JOINT SOLID WASTE MANAGEMENT DISTRICT
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Tipping Fees	\$162,997		\$162,997
Sales		\$254,370	254,370
Intergovernmental	32,446	85,240	117,686
Reimbursements	599,305	34,728	634,033
Recycling Fees	45,520	741,215	786,735
Other Revenue	2,297	1,297	3,594
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	842,565	1,116,850	1,959,415
Cash Disbursements:			
Salaries	515,364	492,843	1,008,207
Fringe Benefits	248,450	186,265	434,715
Supplies and Materials	33,081	42,501	75,582
Contract Services	9,111	169,999	179,110
Travel and Transportation	2,384	35,890	38,274
Repair and Maintenance		55,516	55,516
Capital Outlay		28,590	28,590
Debt Service:			
Redemption of Principal		263,585	263,585
Interest and Fiscal Charges		9,808	9,808
Other Expenditures		25,486	25,486
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	808,390	1,310,483	2,118,873
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	34,175	(193,633)	(159,458)
Other Financing Receipts/(Disbursements):			
Proceeds from Sale of Public Debt:			
Sale of Bonds		213,000	213,000
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	0	213,000	213,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	34,175	19,367	53,542
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	10,965	2,387	13,352
Fund Cash Balances, December 31	<hr/> \$45,140	<hr/> \$21,754	<hr/> \$66,894
Reserve for Encumbrances, December 31	<hr/>	<hr/>	<hr/>
	\$9,649	\$16,416	\$26,065

**ATHENS-HOCKING JOINT SOLID WASTE MANAGEMENT DISTRICT
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Tipping Fees	\$128,536		\$128,536
Sales		\$252,917	252,917
Intergovernmental	124,086	94,084	218,170
Reimbursements	582,875	58	582,933
Recycling Fees	20,962	729,508	750,470
Other Revenue	27,878	19,578	47,456
	<u>884,337</u>	<u>1,096,145</u>	<u>1,980,482</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	540,506	434,447	974,953
Fringe Benefits	227,127	161,375	388,502
Supplies and Materials	6,727	29,387	36,114
Contract Services	14,875	229,460	244,335
Travel and Transportation	6,283	27,596	33,879
Repair and Maintenance		66,510	66,510
Other Expenditures	64,745	55,893	120,638
Debt Service:			
Redemption of Principal		47,522	47,522
Interest and Fiscal Charges		18,169	18,169
Capital Outlay	27,825	156,495	184,320
	<u>888,088</u>	<u>1,226,854</u>	<u>2,114,942</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(3,751)</u>	<u>(130,709)</u>	<u>(134,460)</u>
Other Financing Sources/(Uses):			
Proceeds from Sale of Public Debt:			
Sale of Notes		129,000	129,000
		<u>129,000</u>	<u>129,000</u>
Total Other Financing Sources/(Uses)	<u>0</u>	<u>129,000</u>	<u>129,000</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(3,751)	(1,709)	(5,460)
Fund Cash Balances, January 1 (As Restated - See Note 2)	<u>14,716</u>	<u>4,096</u>	<u>18,812</u>
Fund Cash Balances, December 31	<u>\$10,965</u>	<u>\$2,387</u>	<u>\$13,352</u>
Reserve for Encumbrances, December 31	<u>\$10,500</u>	<u>\$358</u>	<u>\$10,858</u>

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

**ATHENS-HOCKING JOINT SOLID WASTE MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Athens-Hocking Joint Solid Waste Management District, Athens County, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a six-member Board of Directors made up of the County Commissioners from Athens and Hocking Counties. The District provides solid waste disposal, recycling opportunities, and other waste management services to these Counties. The financial statements present the District and its component unit, an entity for which the District is considered to be financially accountable. The blended component unit, although a legally separate entity, is, in substance, part of the District's operations and so financial data from this unit is combined with the financial data of the District (primary government). The blended component unit has a December 31 fiscal year-end.

Blended Component Unit. The Athens-Hocking County Recycling Centers, Inc., (the Recycling Centers) is governed by a seven-member Board of Trustees made up of the six elected County Commissioners from Athens and Hocking Counties and the appointed coordinator of the Athens-Hocking Joint Solid Waste Management District. Its sole purpose is to assist and promote recycling and control of solid wastes, to secure the sale of recycling materials collected, to aid the counties in the control problems of solid waste and to contract with the necessary agencies to allow the processing and selling of collected materials. The District provides funding to the Recycling Centers as needed, and issues debt on the Recycling Centers' behalf. The Recycling Centers is reported as a Special Revenue Fund.

Complete financial statements for the blended component unit may be obtained at the entity's administrative office:

Athens-Hocking County Recycling Centers, Inc.
P.O. Box 2607
Athens, Ohio 45701

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

B. Basis of Accounting

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

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

ATHENS-HOCKING JOINT SOLID WASTE MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

1. General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required by law or contract to be restricted.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following Special Revenue Funds:

Recycle Ohio Grant Fund - This fund receives money from the Recycle Ohio Grant for the implementation of solid waste reduction, recycling, recycling market development and litter prevention programs.

Recycling Center Fund - This fund accounts for the financial activity of the Athens-Hocking County Recycling Centers, Inc.

D. Cash

As required by Ohio Revised Code, the District's cash is held and invested by the Athens County Treasurer, who acts as custodian for District monies. The District's assets are held in the County's cash and investment pool and are valued at the County Treasurer's reported carrying amount.

The Recycling Center's cash is held and invested by the Manager with approval of the Board of Trustees. The Recycling Center's assets are held in its cash and investment pool and are valued at the Recycling Center's reported carrying amount.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Directors must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end. Although the Recycling Centers is not subject to the budgetary requirements of the Ohio Revised Code, annual budgets are prepared and approved.

**ATHENS-HOCKING JOINT SOLID WASTE MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources. Although the Recycling Centers is not subject to the budgetary requirements of the Ohio Revised Code, estimates of revenue are prepared.

3. 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. However, the District did not encumber all commitments required by Ohio law. The Recycling Centers is not subject to the budgetary requirements of the Ohio Revised Code and, accordingly, does not prepare or approve encumbrances.

A summary of 1999 and 1998 budgetary activity appears in Note 4.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

2. PRIOR PERIOD ADJUSTMENT

For 1998, the District adjusted the beginning fund cash balance to include the Recycling Centers as a blended component unit. The adjustment had the following effect on the fund cash balance of the Special Revenue Funds reported as of December 31, 1997:

Fund Cash Balance as previously reported	\$348
Adjustment	<u>3,748</u>
Restated Fund Cash Balance - December 31, 1997	<u><u>\$4,096</u></u>

3. EQUITY IN POOLED CASH

The Athens County Treasurer maintains a cash pool used by all funds of Athens County government. The deposits of the District's General Fund and Recycle Ohio Grant Fund are held in this pool with other County funds. The Ohio Revised Code prescribes allowable deposits and investments.

Additionally, the Recycling Centers maintains a cash pool.

**ATHENS-HOCKING JOINT SOLID WASTE MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. EQUITY IN POOLED CASH (Continued)

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

	<u>1999</u>	<u>1998</u>
Deposits held by County Treasurer	\$63,252	\$11,036
Recycling Centers Deposits	<u>3,642</u>	<u>2,316</u>
Total deposits	<u><u>\$66,894</u></u>	<u><u>\$13,352</u></u>

Deposits: Deposits held by the Athens County Treasurer are protected by Federal Deposit Insurance Corporation coverage and collateral pledged by the County's financial institutions. The deposits of the Recycling Centers are insured by the Federal Deposit Insurance Corporation.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998, was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$868,673	\$842,565	(\$26,108)
Special Revenue	<u>1,119,900</u>	<u>1,329,850</u>	<u>209,950</u>
Total	<u><u>\$1,988,573</u></u>	<u><u>\$2,172,415</u></u>	<u><u>\$183,842</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$831,136	\$808,390	\$22,746
Special Revenue	<u>1,151,450</u>	<u>1,310,483</u>	<u>(159,033)</u>
Total	<u><u>\$1,982,586</u></u>	<u><u>\$2,118,873</u></u>	<u><u>(\$136,287)</u></u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$938,270	\$884,337	(\$53,933)
Special Revenue	<u>1,045,035</u>	<u>1,225,145</u>	<u>180,110</u>
Total	<u><u>\$1,983,305</u></u>	<u><u>\$2,109,482</u></u>	<u><u>\$126,177</u></u>

**ATHENS-HOCKING JOINT SOLID WASTE MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$935,744	\$888,088	\$47,656
Special Revenue	1,061,331	1,226,854	(165,523)
Total	\$1,997,075	\$2,114,942	(\$117,867)

5. DEBT

Debt outstanding at December 31, 1999, was as follows:

	Principal	Interest Rate
Equipment Refunding Bonds	\$191,849	4.30%

The District issued the Equipment Refunding Bonds to refinance short-term obligations previously issued to acquire equipment on behalf of the Recycling Centers. The short-term obligations were retired with the proceeds of the bonds. The bonds were issued on January 11, 1999, for \$213,000 and have maturities through December 11, 2007. The bonds will be repaid from the revenues of the Recycling Centers. The District has the taxing authority to levy the necessary taxes for repayment of the debt if other revenue sources are insufficient to retire the debt.

Amortization of the bonds, including interest, is scheduled as follows:

Year Ending December 31	Equipment Refunding Bonds
2000	\$31,514
2001	31,514
2002	31,514
2003	31,514
2004	31,514
2005-2007	65,654
Total	\$223,224

6. RETIREMENT SYSTEM

All employees of the District and Recycling Centers belong to the Public Employees Retirement System of Ohio (PERS). PERS is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 1999.

**ATHENS-HOCKING JOINT SOLID WASTE MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

7. RISK MANAGEMENT

The Athens County Commissioners maintain comprehensive insurance coverage with private carriers for real property, building contents and vehicles owned by the District and Recycling Centers. Vehicle policies include liability coverage for bodily injury and property damage.



STATE OF OHIO
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Athens-Hocking Joint Solid Waste Management District
Athens County
P. O. Box 2607
Athens, Ohio 45701

To the Board of Directors:

We have audited the accompanying financial statements of the Athens-Hocking Joint Solid Waste Management District, Athens County, Ohio, (the District) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 26, 2000, wherein we noted that these financial statements now include the Athens-Hocking Recycling Centers, Inc. We conducted our 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 District's financial statements are free of material misstatement, we 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we also noted immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated June 26, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated June 26, 2000.

Athens-Hocking Joint Solid Waste Management District
Athens County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the management and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 26, 2000

**ATHENS-HOCKING JOINT SOLID WASTE MANAGEMENT DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1999 AND 1998**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid
1997-60705-001	A material noncompliance citation was issued under Ohio Revised Code §145.01(A)(2) for not having a written agreement with the Recycling Center for PERS purposes.	Yes	N/A
1997-60705-002	A Finding for Recovery was issued against Resource Development Associates and Joe Kasler, jointly and severally, in the amount of \$400 due to an overpayment billed by Resource Development Associates.	Yes	N/A
1997-60705-003	A reportable condition was issued regarding the billing and reimbursement of expenses by the District and the Recycling Centers.	No	Partially Corrected: Some improvements have been made in the situation noted. The financial implications are no longer as significant.



STATE OF OHIO
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ATHENS-HOCKING JOINT SOLID WASTE MANAGEMENT DISTRICT

ATHENS 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
SEPTEMBER 5, 2000**