



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**COSHOCTON, LICKING, FAIRFIELD AND PERRY SOLID WASTE DISTRICT
LICKING COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Coshocton, Licking, Fairfield, Perry
Solid Waste District
Licking County
675 Price Road
Newark, Ohio 43055

To the Board of Directors:

We have audited the accompanying financial statements of Coshocton, Licking, Fairfield, Perry Solid Waste District (the District) as of and for the years ended December 31, 2001 and December 31, 2000. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 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. We believe that our audits provide 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 accounting principles generally accepted by the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balance, and the reserve for encumbrances of the District as of December 31, 2001 and December 31, 2000, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Coshocton, Licking, Fairfield, Perry
Solid Waste District
Licking County
Report of Independent Accountants
Page 2

This report is intended solely for the information and use of the 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.

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JIM PETRO
Auditor of State

July 29, 2002

**COSHOCTON, LICKING, FAIRFIELD AND PERRY SOLID WASTE DISTRICT
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCE
ENTERPRISE FUND
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001	2000
Operating Cash Receipts:		
Charges for Services	\$ 1,383,712	\$ 1,401,337
Reimbursements from Grantees	79,520	101,146
Miscellaneous	6,712	131
	1,469,944	1,502,614
Operating Cash Disbursements:		
Personal Services	91,129	85,118
Other Contractual Services	2,046,098	2,473,660
Office Supplies and Materials	46,922	27,228
	2,184,149	2,586,006
Operating Income/(Loss)	(714,205)	(1,083,392)
Non-Operating Cash Receipts:		
Intergovernmental Revenues	2,000	-
Interest	259,065	389,637
	261,065	389,637
Cash Balance, January 1	6,258,544	6,952,299
Cash Balance, December 31	\$ 5,805,404	\$ 6,258,544
Reserve for Encumbrances, December 31	\$ 368,133	\$ 632,433

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

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**COSHOCTON, LICKING, FAIRFIELD AND PERRY SOLID WASTE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

In accordance with House Bill 592, the Coshocton, Licking, Fairfield, and Perry Counties formed a Solid Waste District. The legislative authority for the creation of the District is prescribed in Section 3734.52 of the Ohio Revised Code.

The Coshocton, Licking, Fairfield, Perry Solid Waste District, Licking 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 12 -member Board of Directors comprised of the three County Commissioners of Coshocton, Licking, Fairfield and Perry Counties. The District provides solid waste disposal, recycling opportunities, and other waste management services to these counties.

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. Cash and Investments

In accordance with Ohio Revised Code, the Licking County Treasurer is custodian for the District's monies. The District's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

D. Fund Accounting

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

Enterprise Fund

Enterprise Funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The District had the following significant Enterprise Fund:

Solid Waste Fund – This fund receives monies from disposal permits issued to various companies and organizations operating landfills in the affected counties.

**COSHOCTON, FAIRFIELD, LICKING AND PERRY SOLID WASTE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

Under House Bill 262, the District is required to follow most of the Ohio Rev Code 5705 budgetary requirements, however, they need not seek approval of a county budget commission for any budgetary actions. This is effective for fiscal years ending December 31, 2000 and subsequent.

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 level of control, and appropriations may not exceed estimated resources. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board must annually approve appropriation measures and subsequent amendments. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's basis of accounting.

**COSHOCTON, FAIRFIELD, LICKING AND PERRY SOLID WASTE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Enterprise	1,628,174	1,731,009	102,835

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Enterprise	6,519,573	2,184,149	4,335,424

2000 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Enterprise	1,628,174	1,892,251	264,077

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Enterprise	3,989,199	2,586,006	1,403,193

3. RETIREMENT SYSTEMS

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced employer contribution rates to 8.13% effective July 1, 2000 through December 31, 2000. The District has paid all contributions required through December 31, 2001.

4. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

**COSHOCTON, FAIRFIELD, LICKING AND PERRY SOLID WASTE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. RISK MANAGEMENT (Continued)

The District also provides health insurance and dental coverage to full-time employees through a private carrier.

5. SUBSEQUENT EVENTS

On March 25, 2002, the Auditor of State of Ohio initiated a special audit of one of the District's environmental grant projects. The results of this special audit are not known at this time.

6. RELATED PARTY TRANSACTIONS

The Board of Directors approves grant awards to governmental agencies located within the counties they represent.

7. ENVIRONMENTAL GRANTS/EQUIPMENT

All equipment purchased by grantees with District grant funds become property of the grantee as long as it continues to be used for the original purposes of recycling, composting or waste management as approved in the grant agreement. Upon termination of the grant activity, the grantee must notify the District in writing of intent to dispose of equipment. If disposed, the grantee must reimburse the district for the fair, market value.



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

Coshocton, Licking, Fairfield, Perry
Solid Waste District
Licking County
675 Price Road
Newark, Ohio 43055

To the Board of Directors:

We have audited the accompanying financial statements of Coshocton, Licking, Fairfield, Perry Solid Waste District (the District) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated July 29, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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*.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 material weaknesses. However, we noted 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 July 29, 2002.

Coshocton, Licking, Fairfield, Perry
Solid Waste District
Licking County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely 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 stylized with a large, looping initial "J" and a cursive "Petro".

JIM PETRO
Auditor of State

July 29, 2002



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OFFICE OF THE AUDITOR

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COSHOCTON, LICKING, FAIRFIELD, PERRY SOLID WASTE DISTRICT

LICKING 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 12, 2002**