



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT  
SANDUSKY COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Ottawa-Sandusky-Seneca Joint Solid Waste Management District  
Sandusky County  
602 West State Street  
Fremont, Ohio 43420-2534

To the Board of Directors:

We have audited the accompanying financial statements of the Ottawa-Sandusky-Seneca Joint Solid Waste Management District (the District) as of and for the years ended December 31, 2001 and 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 audit.

We conducted our audit 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 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 District as of December 31, 2001 and 2000, and its combined 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 December 31, 2001 and 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. 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 audit.

This report is intended solely for the information and use of the audit committee, 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", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

May 1, 2002

**OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT  
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$73,394	\$100,000	\$173,394
Charges for Services	735,474		735,474
Reimbursements	70,858		70,858
Miscellaneous	75,829		75,829
	<hr/>		<hr/>
Total Cash Receipts	955,555	100,000	1,055,555
	<hr/>		<hr/>
<b>Cash Disbursements:</b>			
Current:			
Salaries	74,017		74,017
Supplies and Materials	2,489		2,489
Equipment	4,545	100,000	104,545
Contracts - Services	83,112		83,112
Public Employee's Retirement	12,007		12,007
Worker's Compensation	111		111
Plan Implementation	937,652		937,652
Other	24,384		24,384
	<hr/>		<hr/>
Total Cash Disbursements	1,138,317	100,000	1,238,317
	<hr/>		<hr/>
Total Disbursements Over Receipts	(182,762)		(182,762)
Fund Cash Balances, January 1	1,788,670	100,000	1,888,670
	<hr/>		<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,605,908</u></b>	<b><u>\$100,000</u></b>	<b><u>\$1,705,908</u></b>
	<hr/>		<hr/>
Reserve for Encumbrances, December 31	<u>\$741,999</u>		<u>\$741,999</u>

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

**OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT  
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental		\$100,000	\$100,000
Charges for Services	\$1,127,710		1,127,710
Reimbursements	10,015		10,015
Miscellaneous	85,474		85,474
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	1,223,199	100,000	1,323,199
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Salaries	71,572		71,572
Supplies and Materials	3,488		3,488
Equipment	4,018		4,018
Contracts - Services	92,564		92,564
Public Employee's Retirement	11,813		11,813
Worker's Compensation	54		54
Plan Implementation	656,719		656,719
Other	22,572		22,572
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	862,800		862,800
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	360,399	100,000	460,399
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In	135,606		135,606
Transfers-Out		(135,606)	(135,606)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	135,606	(135,606)	
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	496,005	(35,606)	460,399
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	1,292,665	135,606	1,428,271
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,788,670</u></b>	<b><u>\$100,000</u></b>	<b><u>\$1,888,670</u></b>
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	<u>\$107,318</u>		<u>\$107,318</u>

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

**OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT  
SANDUSKY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Ottawa-Sandusky-Seneca Joint Solid Waste Management District, Sandusky 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 nine-member Board of Directors comprised of the three County Commissioners of Ottawa, Sandusky, and Seneca Counties. The Sandusky County Auditor is the fiscal agent. 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 Sandusky County Treasurer is custodian for the District's monies. The District's cash and investments 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 types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**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 significant Special Revenue Funds:

*Federal Emergency Grant Fund* - This fund receives grant monies to reimburse the District for expenditures accrued in the cleanup of storm damage in Ottawa and Sandusky Counties.

*Ohio Department of Natural Resources Grant Fund* - This fund receives grant monies to be used for the implementation of solid waste reduction, recycling, and litter prevention programs.

**OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT  
SANDUSKY COUNTY**

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

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function 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. Unencumbered appropriations lapse at year end.

**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. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2001 and 2000 budgetary activity appears in Note 2.

**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.

**2. BUDGETARY ACTIVITY**

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,303,000	\$955,555	(\$347,445)
Special Revenue		100,000	100,000
Total	\$1,303,000	\$1,055,555	(\$247,445)

**OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT  
SANDUSKY COUNTY**

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

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,737,318	\$1,880,316	\$857,002
Special Revenue	100,000	100,000	
Total	<u>\$2,837,318</u>	<u>\$1,980,316</u>	<u>\$857,002</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,200,000	\$1,358,805	\$158,805
Special Revenue		100,000	100,000
Total	<u>\$1,200,000</u>	<u>\$1,458,805</u>	<u>\$258,805</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,276,732	\$970,118	\$1,306,614
Special Revenue	135,606	135,606	
Total	<u>\$2,412,338</u>	<u>\$1,105,724</u>	<u>\$1,306,614</u>

**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 for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate 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**

The District has obtained commercial insurance through Sandusky County for comprehensive property and general liability.

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

Ottawa-Sandusky-Seneca Joint Solid Waste Management District  
Sandusky County  
602 West State Street  
Fremont, Ohio 43420-2534

To the Board of Directors:

We have audited the accompanying financial statements of the Ottawa-Sandusky-Seneca Joint Solid Waste Management District (the District) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 1, 2002. We conducted our audit 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 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 noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated May 1, 2002.

**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 material weaknesses.

This report is intended solely for the information and use of the audit committee, 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

May 1, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**OTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT  
SANDUSKY 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  
MAY 28, 2002**