



**Auditor of State
Betty Montgomery**

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

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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 Ottawa-Sandusky-Seneca Joint Solid Waste Management District (the District) as of and for the years ended December 31, 2003 and 2002. 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, 2003 and 2002, 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 April 20, 2004 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 20, 2004

**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, 2003

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Intergovernmental	\$ 53,400	\$ 145,000	\$ 198,400
Charges for services	813,867	-	813,867
Interest	26,702	-	26,702
Miscellaneous	6,454	-	6,454
Total cash receipts	<u>900,423</u>	<u>145,000</u>	<u>1,045,423</u>
Cash Disbursements			
Current:			
Salaries	77,977	-	77,977
Supplies and Materials	2,518	125,000	127,518
Contracts - Services	168,388	-	168,388
Public Employee's Retirement	14,328	-	14,328
Worker's Compensation	1	-	1
Other	16,047	-	16,047
Plan Implementation	842,561	-	842,561
Total Disbursements	<u>1,121,820</u>	<u>125,000</u>	<u>1,246,820</u>
Total Receipts Over/(Under) Disbursements	<u>(221,397)</u>	<u>20,000</u>	<u>(201,397)</u>
Other Financing Receipts/(Disbursements)			
Transfers-In	-	120,000	120,000
Transfers-Out	-	(120,000)	(120,000)
Total Other Financing Receipts/(Disbursements)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(221,397)	20,000	(201,397)
Fund Cash Balances, January 1	<u>1,372,666</u>	<u>100,000</u>	<u>1,472,666</u>
Fund Cash Balances, December 31	<u>\$ 1,151,269</u>	<u>\$ 120,000</u>	<u>\$ 1,271,269</u>
Reserve for Encumbrances, December 31	<u><u>\$ 1,309,107</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,309,107</u></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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Intergovernmental	\$ 6,000	\$ 25,000	\$ 31,000
Charges for services	752,779	-	752,779
Interest	44,082	-	44,082
Miscellaneous	2,393	-	2,393
Total cash receipts	<u>805,254</u>	<u>25,000</u>	<u>830,254</u>
Cash Disbursements			
Current:			
Salaries	76,437	-	76,437
Supplies and Materials	2,612	25,000	27,612
Equipment	1,864	-	1,864
Contracts - Services	102,251	-	102,251
Public Employee's Retirement	14,645	-	14,645
Worker's Compensation	1	-	1
Other	17,385	-	17,385
Plan Implementation	823,316	-	823,316
Total Disbursements	<u>1,038,511</u>	<u>25,000</u>	<u>1,063,511</u>
Total Disbursements Over Receipts	(233,257)	-	(233,257)
Fund Cash Balances, January 1	<u>1,605,923</u>	<u>100,000</u>	<u>1,705,923</u>
Fund Cash Balances, December 31	<u>\$ 1,372,666</u>	<u>\$ 100,000</u>	<u>\$ 1,472,666</u>
Reserve for Encumbrances, December 31	<u>\$ 774,984</u>	<u>\$ 100,000</u>	<u>\$ 874,984</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, 2003 AND 2002**

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:

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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 Fund:

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.

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. The District did not encumber all commitments required by Ohio law.

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

A summary of 2003 and 2002 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.

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 780,000	\$ 900,423	\$ 120,423
Special Revenue	145,000	265,000	120,000
Total	\$ 925,000	\$ 1,165,423	\$ 240,423

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,538,984	\$ 2,430,929	\$ 108,055
Special Revenue	250,000	245,000	5,000
Total	\$ 2,788,984	\$ 2,675,929	\$ 113,055

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,074,000	\$ 805,254	\$ (268,746)
Special Revenue	-	25,000	25,000
Total	<u>\$ 1,074,000</u>	<u>\$ 830,254</u>	<u>\$ (243,746)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,096,999	\$ 1,813,495	\$ 1,283,504
Special Revenue	125,000	125,000	-
Total	<u>\$ 3,221,999</u>	<u>\$ 1,938,495</u>	<u>\$ 1,283,504</u>

3. RETIREMENT SYSTEMS

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS 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 2003 and 2002, OPERS members contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2003.

4. RISK MANAGEMENT

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



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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 Ottawa-Sandusky-Seneca Joint Solid Waste Management District (the District) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 20, 2004. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated April 20, 2004.

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.



Betty Montgomery
Auditor of State

April 20, 2004

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

SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002

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

FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states no orders or contracts involving the expenditure of money is to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two “exceptions” to the above requirement:

- a. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- b. If the amount involved is less than \$1,000 (\$3,000 after April 7, 2003) the fiscal officer may authorize it to be paid without the affirmation of the Board, if such expenditure is otherwise valid.

Thirty-eight percent of transactions tested were not certified by the Fiscal officer at the time the commitment was incurred and neither of the exceptions provided for were used. To improve controls over disbursements we recommend all District disbursements receive prior certificate of the fiscal officer that the funds are or will be available.

We also reported this matter in our audit of the 2001 and 2000 financial statements.

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**Auditor of State
Betty Montgomery**

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OTTAWA-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 18, 2004**