



**GALLIA, JACKSON, MEIGS, VINTON SOLID
WASTE MANAGEMENT DISTRICT
JACKSON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2004



**Auditor of State
Betty Montgomery**

**GALLIA, JACKSON, MEIGS, VINTON SOLID WASTE MANAGEMENT DISTRICT
JACKSON COUNTY**

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**Auditor of State
Betty Montgomery**

Gallia, Jackson, Meigs, Vinton Solid Waste Management District
Jackson County
2156 South New Hampshire Avenue
Wellston, Ohio 45692

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

March 17, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Gallia, Jackson, Meigs, Vinton Solid Waste Management District
Jackson County
2156 South New Hampshire Avenue
Wellston, Ohio 45692

To the Board of Directors:

We have audited the accompanying financial statements of the Gallia, Jackson, Meigs, Vinton Solid Waste Management District, Jackson County, Ohio (the District) as of and for the years ended December 31, 2005 and 2004. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2005 and 2004 or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance and reserves for encumbrances of the Gallia, Jackson, Meigs, Vinton Solid Waste Management District, Jackson County, as of December 31, 2005 and 2004, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2006, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

March 17, 2006

**GALLIA, JACKSON, MEIGS, VINTON SOLID WASTE MANAGEMENT DISTRICT
JACKSON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2005**

| | |
|--|------------------|
| Cash Receipts: | |
| Fees | \$1,065,459 |
| Intergovernmental | \$92,000 |
| Recycling | \$195,866 |
| Interest | \$23,838 |
| Miscellaneous | 2,577 |
| Tire Disposal | 174 |
| | <hr/> |
| Total Cash Receipts | 1,379,914 |
| | <hr/> |
| Cash Disbursements: | |
| Current: | |
| Salaries | 265,796 |
| Supplies and Materials | 6,800 |
| Equipment | 840 |
| Buybacks | 71,835 |
| Contracts - Services | 552,637 |
| Projects | 103,845 |
| Travel | 13,687 |
| Utilities | 15,090 |
| Postage/Printing and Advertising | 2,070 |
| Fringe Benefits | 120,148 |
| Insurance | 11,831 |
| Recycle Ohio Grant | 20,000 |
| Maintenance | 25,869 |
| Tire Amnesty Grant | 5,775 |
| Other | 1,509 |
| Debt Service: | |
| Redemption of Principal | 45,043 |
| Interest | 21,498 |
| Capital Outlay | 23,850 |
| | <hr/> |
| Total Cash Disbursements | 1,308,123 |
| | <hr/> |
| Total Cash Receipts Over/(Under) Cash Disbursements | 71,791 |
| | <hr/> |
| Other Financing Receipts/(Disbursements): | |
| Lease Purchase Proceeds | 23,850 |
| Other | (3,622) |
| | <hr/> |
| Total Other Financing Receipts/(Disbursements) | 20,228 |
| | <hr/> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 92,019 |
| | <hr/> |
| Cash Balance, January 1 | 824,929 |
| | <hr/> |
| Cash Balance, December 31 | \$916,948 |
| | <hr/> |
| Reserve for Encumbrances, December 31 | \$102,570 |
| | <hr/> |

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

**GALLIA, JACKSON, MEIGS, VINTON SOLID WASTE MANAGEMENT DISTRICT
JACKSON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2004**

| | |
|---|------------------|
| Cash Receipts: | |
| Fees | \$961,496 |
| Intergovernmental | 98,000 |
| Recycling | 158,187 |
| Interest | 23,222 |
| Miscellaneous | 99 |
| Tire Disposal | 731 |
| | <hr/> |
| Total Cash Receipts | 1,241,735 |
| | <hr/> |
| Cash Disbursements: | |
| Current: | |
| Salaries | 254,015 |
| Supplies and Materials | 2,745 |
| Equipment | 1,764 |
| Buybacks | 58,809 |
| Contracts - Services | 481,509 |
| Projects | 111,516 |
| Travel | 12,287 |
| Utilities | 7,390 |
| Postage/Printing and Advertising | 2,907 |
| Fringe Benefits | 108,479 |
| Insurance | 10,984 |
| Recycle Ohio Grant | 34,214 |
| Maintenance | 10,491 |
| Tire Amnesty Grant | 4,225 |
| Other | 5,552 |
| Debt Service: | |
| Redemption of Principal | 40,000 |
| Interest | 22,770 |
| | <hr/> |
| Total Cash Disbursements | 1,169,657 |
| | <hr/> |
| Total Cash Receipts Over/(Under) Cash Disbursements | 72,078 |
| | <hr/> |
| Cash Balance, January 1 | 752,851 |
| | <hr/> |
| Cash Balance, December 31 | \$824,929 |
| | <hr/> <hr/> |
| Reserve for Encumbrances, December 31 | \$60,949 |
| | <hr/> <hr/> |

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

**GALLIA, JACKSON, MEIGS, VINTON SOLID WASTE MANAGEMENT DISTRICT
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Gallia, Jackson, Meigs, Vinton Solid Waste Management District, Jackson 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 twelve-member Board of Directors comprised of the three County Commissioners of Gallia, Jackson, Meigs and Vinton 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

Investments are included in cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

D. Budgetary Process

The Ohio Revised Code requires the District to adopt an annual budget.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the legal 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 of Directors must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**GALLIA, JACKSON, MEIGS, VINTON SOLID WASTE MANAGEMENT DISTRICT
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

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 re-appropriated.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

E. 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.

F. 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. EQUITY IN POOLED CASH AND INVESTMENTS

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

| | <u>2005</u> | <u>2004</u> |
|--------------------------------|------------------|------------------|
| Demand Deposits | \$349,930 | \$276,267 |
| Certificates of Deposit | <u>567,018</u> | <u>548,662</u> |
| Total Deposits and Investments | <u>\$916,948</u> | <u>\$824,929</u> |

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the District.

**GALLIA, JACKSON, MEIGS, VINTON SOLID WASTE MANAGEMENT DISTRICT
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2005 and 2004 follows:

| 2005 Budgeted vs. Actual Receipts | | |
|-----------------------------------|--------------------|-----------|
| Budgeted Receipts | Actual Receipts | Variance |
| \$1,182,719 | \$1,403,764 | \$221,045 |

| 2005 Budgeted vs. Actual Budgetary Basis Expenditures | | |
|---|---------------------------|-----------|
| Appropriation Authority | Budgetary Expenditures | Variance |
| \$1,863,099 | \$1,414,315 | \$448,784 |

| 2004 Budgeted vs. Actual Receipts | | |
|-----------------------------------|--------------------|-----------|
| Budgeted Receipts | Actual Receipts | Variance |
| \$1,117,318 | \$1,241,735 | \$124,417 |

| 2004 Budgeted vs. Actual Budgetary Basis Expenditures | | |
|---|---------------------------|-----------|
| Appropriation Authority | Budgetary Expenditures | Variance |
| \$1,802,396 | \$1,230,606 | \$571,790 |

4. LONG TERM PAYABLE TO GALLIA AND JACKSON COUNTIES

Gallia and Jackson Counties each issued General Obligation Bonds in the amount of \$337,500 for the purpose of constructing a recycling center for the District. The bonds were issued April 17, 1998, and have maturities through December 12, 2012.

Through a resolution, the District accepted responsibility for the repayment of the General Obligation Debt. The debt is a general obligation to the Counties and is collateralized by those Counties. The payments are considered to be a long-term payable from the District to those Counties.

Long term payables outstanding at December 31, 2005 were as follows:

| | Principal | Interest Rate |
|----------------|-----------|---------------|
| Gallia County | \$190,000 | 4.95% |
| Jackson County | 190,000 | 4.95% |
| Total | \$380,000 | |

**GALLIA, JACKSON, MEIGS, VINTON SOLID WASTE MANAGEMENT DISTRICT
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

4. LONG TERM PAYABLE TO GALLIA AND JACKSON COUNTIES (Continued)

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

| <u>Year ending December 31</u> | <u>Gallia County</u> | <u>Jackson County</u> |
|------------------------------------|--------------------------|---------------------------|
| 2006 | \$34,405 | \$34,405 |
| 2007 | 33,167 | 33,167 |
| 2008 | 31,930 | 31,930 |
| 2009 | 30,693 | 30,693 |
| 2010 | 34,455 | 34,455 |
| 2011-2012 | 64,455 | 64,455 |
| Total | <u>\$229,105</u> | <u>\$229,105</u> |

5. LEASE PURCHASE AGREEMENT

During 2005, the District entered into a capital lease agreement with Ford Motor Credit Company for the purchase of a truck. Debt outstanding at December 31, 2005 associated with the lease purchase was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|---------------|------------------|----------------------|
| Capital Lease | \$18,806 | 5.70% |

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

| <u>Year ending December 31</u> | |
|------------------------------------|-----------------|
| 2006 | \$8,627 |
| 2007 | 8,627 |
| 2008 | 2,876 |
| Total | <u>\$20,130</u> |

**GALLIA, JACKSON, MEIGS, VINTON SOLID WASTE MANAGEMENT DISTRICT
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

6. RETIREMENT SYSTEM

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 2005 and 2004, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries through December 31, 2005. The District has paid all contributions required through December 31, 2005.

7. RISK POOL MEMBERSHIP

The District belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 5% portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5% or \$25,000 of casualty losses and the lesser of 5% or \$50,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2004 and 2003 (the latest information available):

| | 2004 | 2003 |
|-----------------|-------------|-------------|
| Assets | \$6,685,522 | \$5,402,167 |
| Liabilities | \$2,227,808 | \$1,871,123 |
| Members' Equity | \$4,457,714 | \$3,531,044 |

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

8. RELATED PARTY TRANSACTIONS

The Executive Director of the Gallia, Jackson, Meigs, and Vinton Solid Waste District was appointed to the Board of Health by the licensing council in April, 2002. The Solid Waste District provided \$25,000 in 2005 and \$25,000 in 2004 in financial assistance for solid waste landfill licensing and inspection activities according to a contract between the Jackson County Combined General Health District and the Solid Waste District entered into prior to April, 2002.

**GALLIA, JACKSON, MEIGS, VINTON SOLID WASTE MANAGEMENT DISTRICT
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

9. THEFT OF BUYBACK CASH

The District maintains a cash fund for the buyback of recyclable aluminum cans from the public. On October 25, 2005, the District reported a theft of the buyback cash. According to the incident report filed on October 25, 2005 by the Wellston City Police Department, the lock had been slipped on the rear door and money in the amount of \$3,622 was taken from a locked file cabinet in a locked office. The report stated that the offices had been searched in order to find the keys to the locked office and the locked file cabinet.

Prior to the theft, the buyback policies required the cash box to be delivered to the Treasurer or the Executive Director at the end of each day and a reconciliation count to be performed. The cash box was secured at the end of each day by the Treasurer in the Treasurer's locked office in a locked file cabinet. Prior to opening for the buyback business the following day, the designated buyback person obtained the cash box from the Treasurer or the Executive Director and counted the money in the cash box when received to verify the amount. Since the theft, the Board of Directors has amended to policy to require the cash to be deposited in the night depository of the bank at the conclusion of each day's buyback business.



**Auditor of State
Betty Montgomery**

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

Gallia, Jackson, Meigs, Vinton Solid Waste Management District
Jackson County
2156 South New Hampshire Avenue
Wellston, Ohio 45692

To the Board of Directors:

We have audited the financial statements of the Gallia, Jackson, Meigs, Vinton Solid Waste Management District, Jackson County, Ohio (the District) as of and for the years ended December 31, 2005 and 2004 and have issued our report thereon dated March 17, 2006, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated March 17, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated March 17, 2006, we reported other matters related to noncompliance we deemed immaterial.

Gallia, Jackson, Meigs, Vinton Solid Waste Management District
Jackson County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and the Board of Directors. It is not intended for 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

March 17, 2006



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

**GALLIA, JACKSON, MEIGS, VINTON SOLID
WASTE MANAGEMENT DISTRICT**

JACKSON 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
APRIL 17, 2006**