STARK-TUSCARAWAS-WAYNE JOINT SOLID WASTE MANAGEMENT DISTRICT
TUSCARAWAS COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2006

Mary Taylor, CPA
Auditor of State

STARK-TUSCARAWAS-WAYNE JOINT SOLID WASTE MANAGEMENT DISTRICT
TUSCARAWAS COUNTY

TABLE OF CONTENTS

This page intentionally left blank.

Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Stark-Tuscarawas-Wayne Joint Solid Waste Management District
Tuscarawas County
9918 Wilkshire Blvd., NE
Bolivar, Ohio 44612

To the Board of Directors:

We have audited the accompanying basic financial statements of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, Ohio, (the District) as of and for the years ended December 31, 2006 and 2005, as listed in the Table of Contents. 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District, as of December 31, 2006 and 2005, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2007, 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. We previously issued a report dated August 30, 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 grants for the year ended December 31, 2005. 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.

101 Central Plaza South / 700 Chase Tower / Canton, OH 44702-1509
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 3, 2007

This discussion and analysis of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District's (the District) financial performance provides an overall review of the District's financial activities for the years ended December 31, 2006 and 2005. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Highlights

Key highlights for 2006 are as follows:

> Unrestricted net assets remained relatively consistent with the prior year, only decreasing $29,088, or 0.70%.
>
> Restricted net assets increased $116,266, or 5.0%, due to an increase in tipping fees received in 2006.
>
> The District's primary receipts are tipping fees. These receipts represent 93% of the total cash received during the year. Tipping fee receipts for 2006 increased by $76,492 compared to 2005.

Key highlights for 2005 are as follows:

> Unrestricted net assets increased $1,487,854, or 60%, due to the maturity of investments in 2005.
>
> Restricted net assets decreased $2,110,584, or 48%, due to a decrease in tipping fees received in 2005 as well as road repair payments totaling $1,711,072 in 2005
>
> The District's primary receipts are tipping fees. These receipts represent 95% of the total cash received during the year. Tipping fee receipts for 2005 decreased by $790,698 compared to 2004.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's accrual basis of accounting.

Report Components

The statement of net assets, the statement of revenues, expenses, and changes in net assets and the statement of cash flows provide information about the financial activities of the District.

The notes to the financial statements are an integral part of the financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded.

The District has elected to present its financial statements on the accrual basis of accounting. This basis of accounting is in accordance with generally accepted accounting principles.

STARK-TUSCARAWAS-WAYNE JOINT SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED

The analysis below focuses on the District's financial position and the results of operations for 2006 compared to 2005 and 2004:

ASSETS	**2006**	**2005**	**2004**
Current Assets	$ 9,940,217	$ 10,272,690	$ 10,859,770
Property and Equipment	434,659	461,157	441,850
TOTAL ASSETS	10,374,876	10,733,847	11,301,620
LIABILITIES			
Current Liabilities	561,732	981,383	945,733
NET ASSETS			
Invested in Capital Assets	434,659	461,157	441,850
Restricted for Landfill Closure	3,000,000	3,000,000	3,000,000
Restricted for Other Purposes	2,440,876	2,324,610	4,435,194
Unrestricted	3,937,609	3,966,697	2,478,843
TOTAL NET ASSETS	$ 9,813,144	$ 9,752,464	$ 10,355,887
Operating Revenue	$ 5,534,178	$ 5,457,686	$ 6,248,384
Other Income	443,981	298,916	124,660
TOTAL REVENUES	5,978,159	5,756,602	6,373,044
TOTAL EXPENSES	5,917,479	6,360,025	5,390,515
CHANGE IN NET ASSETS	60,680	(603,423)	982,529
BEGINNING NET ASSETS	9,752,464	10,355,887	9,373,358
ENDING NET ASSETS	$ 9,813,144	$ 9,752,464	$ 10,355,887

Capital Assets

As of December 31, 2006, the District had $434,659 invested in building, land, improvements, vehicles and furniture and fixtures. The table below shows fiscal year 2006 balances compared to fiscal year 2005 and 2004:

Capital Assets Net of Deprecation	**2006**	**2005**	**2004**
Building	$ 352,577	$ 364,136	$ 375,696
Land Improvements	49,801	55,017	60,261
Vehicles	29,267	37,629	
Furniture & Fixtures	3,014	4,375	5,893
	$ 434,659	$ 461,157	$ 441,850

All capital assets are reported net of depreciation. The $26,498 decrease in 2006 in capital assets is a result of annual depreciation. The $19,307 increase in 2005 in capital assets was attributable to the purchase of vehicles. For additional information, see Note 4.

Reporting the Government as a Whole

The statement of net assets and the statement of revenues, expenses, and changes in net assets reflect how the District did financially during 2006 and 2005. The statement of net assets presents the cash balances and investments of the District at year end. The statement of revenues, expenses, and changes in net assets compares operating expenses with operating income. Operating revenues include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. Other income includes all receipts not classified as operating revenues.

Current Known Fact and Conditions

The challenge for all Governments is to provide quality services while staying within the restrictions imposed by limited funding. The District relies heavily on tipping fees.

In May of 2003, the Board of Directors designated $3,000,000 for closure of the Newcomerstown Landfill.

Contacting The District's Management

This financial report is designed to provide our citizens and creditors with a general overview of the District's finances and to demonstrate accountability for the assets it receives. If you have any questions about this report or need additional financial information, contact Erica R. Wright, Treasurer, at Stark-Tuscarawas-Wayne Joint Solid Waste Management District, 9918 Wilkshire Blvd NE, Bolivar, Ohio 44612 or email at erica@timetorecycle.org.

This page intentionally left blank.

STARK-TUSCARAWAS-WAYNE JOINT SOLID WASTE MANAGEMENT DISTRICT
TUSCARAWAS COUNTY

STATEMENT OF NET ASSETS - PROPRIETARY FUND
AS OF DECEMBER 31, 2006 AND 2005

	2006	2005
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 9,483,839	$ 9,794,642
Intergovernmental Receivable		70,000
Tipping Fee Receivable	456,378	408,048
Total Current Assets	9,940,217	10,272,690
Property and Equipment		
Building	462,396	462,396
Land Improvements	99,651	99,651
Vehicles	41,810	41,810
Furniture and Fixtures	62,026	62,026
Total Property and Equipment	665,883	665,883
Less: Accumulated Depreciation	231,224	204,726
Net Property and Equipment	434,659	461,157
TOTAL ASSETS	$ 10,374,876	$ 10,733,847
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Intergovernmental Payable	$ 512,609	$ 584,773
Accrued Expenses	6,290	8,824
Accrued Wages	9,891	8,456
Compensated Absences	32,942	29,330
Due to Subgrantee		350,000
Total Current Liabilities	561,732	981,383
NET ASSETS		
Invested in Capital Assets	434,659	461,157
Restricted for Landfill Closure	3,000,000	3,000,000
Restricted for Other Purposes	2,440,876	2,324,610
Unrestricted	3,937,609	3,966,697
Total Net Assets	9,813,144	9,752,464
TOTAL LIABILITIES AND NET ASSETS	$ 10,374,876	$ 10,733,847

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

STARK-TUSCARAWAS-WAYNE JOINT SOLID WASTE MANAGEMENT DISTRICT
TUSCARAWAS COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUND
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
OPERATING REVENUES		
Tipping Fees		
Inside District	$ 915,402	$ 878,147
Outside District	4,264,464	4,043,601
Outside State	354,312	535,938
Total Operating Revenues	5,534,178	5,457,686
OPERATING EXPENSES		
Salaries	193,343	188,624
Employee Benefits and Payroll Taxes	47,480	29,145
Financial Assistance to City/County Boards of Health	560,578	524,700
Recycling and Composting Grants	1,655,354	1,309,737
Appliance, Battery and Oil Collections	779,173	876,469
County Sheriff's Grants	600,220	508,200
Education Grants	382,778	386,451
District Programs	385,616	307,799
USGS Water Study	347,677	
Road Repairs Around District Landfills	274,528	1,711,072
Tire Clean-Ups	61,531	118,057
Newcomerstown Landfill Closure	121,831	
Professional Fees	278,328	133,498
Office Supplies/Expense	9,642	13,394
Telephone	6,433	6,354
Utilities	6,058	5,084
Computer and Website	1,988	16,547
Postage and Delivery	878	3,717
Printing and Brochures	121,891	135,042
Employee Travel and Expenses	7,896	7,795
Automobile Expense	536	1,262
Advertising	619	6,666
Cleaning and Maintenance	20,967	11,354
Dues and Subscriptions	1,953	1,667
Seminars and Public Education	2,729	4,519
Insurance	10,215	27,286
Depreciation	26,499	24,108
Land Lease	10,000	
Miscellaneous	738	1,478
Total Operating Expenses	5,917,479	6,360,025
Operating (Loss)	(383,301)	(902,339)
NON-OPERATING REVENUE		
Interest	442,485	288,723
Miscellaneous	1,496	10,193
Total Non-Operating Revenues	443,981	298,916
CHANGE IN NET ASSETS	60,680	(603,423)
NET ASSETS, BEGINNING OF YEAR	9,752,464	10,355,887
NET ASSETS, END OF YEAR	$ 9,813,144	$ 9,752,464

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

STARK-TUSCARAWAS-WAYNE JOINT SOLID WASTE MANAGEMENT DISTRICT
TUSCARAWAS COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts from Tipping Fees	$ 5,555,848	$ 5,568,637
Cash Paid to Employers and Suppliers	(6,309,136)	(6,290,074)
Net Cash (Used) by Operating Activities	(753,288)	(721,437)
CASH FLOWS FROM CAPITAL ACTIVITIES		
Purchase of Property and Equipment		(43,415)
Net Cash Used by Capital Activities	0	(43,415)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Investments	442,485	288,723
Maturity of Investments		2,483,125
Net Cash Provided by Investing Activities	442,485	2,771,848
Increase (Decrease) in Cash and Cash Equivalents	(310,803)	2,006,996
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	9,794,642	7,787,646
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 9,483,839	$ 9,794,642
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES		
Change in Net Assets	$ 60,680	$ (603,423)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES		
Depreciation	26,499	24,108
Interest Received	(442,485)	(288,723)
(Increase)/Decrease in Operating Assets		
Tipping Fees Receivable	(48,330)	110,951
Intergovernmental Receivable	70,000	
Increase/(Decrease) in Operating Liabilities		
Intergovernmental Payable	(72,164)	27,920
Accrued Expenses	2,512	7,730
Due to Subgrantee	(350,000)	
Net Cash Provided/(Used) by Operating Expenses	$ (753,288)	$ (721,437)

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

This page intentionally left blank.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, Ohio, (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 was formed on November 28, 1988 pursuant to Chapters 343 and 3734 of the Ohio Revised Code. The District is directed by a 9-member Board of Directors comprised of the three County Commissioners of Stark, Tuscarawas, and Wayne Counties. The District provides solid waste disposal, recycling opportunities, and other waste management services to these counties.

In accordance with the Statements of the Governmental Accounting Standards Board, including GASB No. 14, the District's financial statements include all funds and activities over which the District's Board of Director's and Executive Director are financially accountable.

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

B. Basis of Presentation

The District's financial statements are organized on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets and other financial resources, together with all related liabilities and residual equity or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The District has established the Enterprise Fund to receive landfill fees levied under Divisions (B)(1) to (3) of Section 3734.57 of the Ohio Revised Code. Such fees are to be expended in accordance with the provisions outlined in Section 3734.57 of the Ohio Revised Code. This Fund is a proprietary fund type in which funds account for operations that are organized to be self-supporting through user charges.

C. Basis of Accounting

The Enterprise Fund is accounted for using the accrual basis of accounting, in which revenues are recognized when they are earned, and expenses are recognized when they are incurred. It is the District's policy to apply all Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989 to the Enterprise Fund that do not conflict with or contradict Government Accounting Standards Board pronouncements.

D. Cash and Investments

The District considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents. (*See Note 2 for a description of investments held by the District*)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Accounting

The District maintains an Enterprise Fund, a proprietary fund type, which is the general operating fund and is used to account for all financial resources of the District. This fund is used to 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.

F. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually. This budget includes estimated receipts and appropriations.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

Contrary to Ohio Revised Code Section 5705.41(D), the District had expenditures which were not certified by the Treasurer as to the availability of funds, prior to incurring the obligation

G. Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net assets. The statement of revenues, expenses, and changes in net assets presents increases and decreases in total net assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its enterprise activity.

H. Tipping Fees Receivable

Tipping fees receivable represent amounts due from landfills for waste collection. Credit is extended based on an evaluation of a business or individual's financial condition and generally, collateral is not required.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Property, Plant and Equipment

The District maintains a capitalization threshold of $5,000. Property and equipment are capitalized at cost or estimated historical cost less accumulated depreciation and updated for additions and retirements during the year. The cost of maintenance and repairs is expensed as incurred; significant renewals and betterments are generally capitalized. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. Donated capital assets are recorded at fair market values as of the date received. Depreciation of property and equipment is computed using the straight-line method over the following useful lives:

DESCRIPTION	ESTIMATED LIVES
Building	40 Years
Land Improvements	19 Years
Vehicles	5 Years
Furniture and Fixtures	5 Years

J. Investments

The District carries investments in debt securities at amortized cost. The District's policy is to recognize only those losses that are permanent.

K. Vacation and Sick Leave

District employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences either vest or accumulate and are accrued when they are entered.

L. Pensions

The provision for pension cost is recorded on an accrual basis, and the District's policy is to fund pension costs as they accrue.

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the District, these revenues are tipping fees. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the District.

N. Income Taxes

The District is a Government entity and, as a result, is exempt from Federal and state income taxes.

O. Use of Estimates

The preparation of financial statements (Enterprise Fund) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities during the reporting period. Actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The District did not have any restricted net assets for 2006. Invested in capital assets consists of capital assets less accumulated depreciation.

2. DEPOSITS AND INVESTMENTS

Statues require the classification of monies held by the District into three categories:

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Directors has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool stabled by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim moneys may be invested or deposited in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any obligation guaranteed as to principal or interest by the United States;

2. DEPOSITS AND INVESTMENTS (Continued)

2. Bonds, notes, debenture, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed 30 days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasury Asset Reserve of Ohio (STAR Ohio);

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and

8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage of short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. These securities must be obligation of or guaranteed by the United States and mature or be redeemable within 5 year of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the District's name. During 2006, the District and public depositories complied with the provisions of these statutes.

2. DEPOSITS AND INVESTMENTS (Continued)

Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve banks, or at member banks of the federal reserve system. In the name of the respective depository bank and pledged as collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

At December 31, 2006 and 2005, the carrying amount of the District's deposits were $533,057 and $269,771, respectively. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of December 31, 2006 and 2005, $467,415 and $192,728 of the District's bank balance of $567,415 and $292,728, respectively, was exposed to custodial risk as discussed above, while $100,000 was covered by Federal Deposit Insurance Corporation for both 2006 and 2005.

Investments

As of December 31, 2006, the District had the following investment and maturity:

Investment Type	Fair Value	6 Months or Less
STAROhio	$ 8,950,783	$ 8,950,783

As of December 31, 2005, the District had the following investment and maturity:

Investment Type	Fair Value	6 Months or Less
STAROhio	$ 9,524,871	$ 9,524,871

Interest Rate Risk State statute requires that an investment mature within five year from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. The District had no investment policy that would further limit investment choices.

Credit Risk Standard & Poor's has assigned STAROhio an AAAm rating.

2. DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk The following table includes the percentage to total of each investment type held by the District at December 31, 2005, and December 31, 2004:

Investment Type - 2006	Fair Value	Percent of Total
STAROhio	$ 8,950,783	100.00%

Investment Type - 2005	Fair Value	Percent of Total
STAROhio	$ 9,524,871	100.00%

3. DEFINED BENEFIT PENSION PLANS

Pension Benefit Obligation

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investments is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9.0 percent of their annual covered salaries. The District's contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were $26,488, $25,559, and $19,791, respectively. 100 percent has been contributed for 2006, 2005, and 2004.

3. DEFINED BENEFIT PENSION PLANS (Continued)

Post Employment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statue. The employer contribution rate for 2006 was 13.7 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 to 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$8,700. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contributions rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2006 was as follows:

	Balance 1/1/2006	Additions	Deletions	Balance 12/31/2006
Property & Equipment				
Land Improvements	$99,651	$0	$0	$99,651
Building	462,396	0	0	462,396
Furniture and Fixtures	62,026	0	0	62,026
Vehicles	41,810	0	0	41,810
Total Property & Equipment	665,883	0	0	665,883
Less Accumulated Depreciation	(204,726)	(26,498)	0	(231,224)
Total Property & Equipment Less Accumulated Depreciation	$461,157	($26,498)	$0	$434,659

5. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters.

The District has obtained commercial insurance for the following risks:

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

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has not been a significant reduction in coverage from the prior year.

The District also provided health insurance and dental and vision coverage to full-time employees through the Wayne County Employees Health Plan.

6. COMMITEMENT CONTINGENCIES

During 2003, the District designated $3,000,000 to set aside to cover the future costs associated with the closure of the Newcomerstown Landfill.

This page intentionally left blank.

Mary Taylor, CPA
Auditor of State

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

Stark-Tuscarawas-Wayne Joint Solid Waste Management District
Tuscarawas County
9918 Wilkshire Blvd., NE
Bolivar, Ohio 44612

To the Board of Directors:

We have audited the financial statements of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, Ohio, (the District) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated August 3, 2007. 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 as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider Finding Number 2006-001 described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

101 Central Plaza South / 700 Chase Tower / Canton, OH 44702-1509
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiency described above we believe finding 2006-001 is also a material weakness.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated August 3, 2007.

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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2006-001.

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management and the Board of Directors. We intend it for no one other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 3, 2007

SCHEDULE OF FINDINGS
DECEMBER 31, 2006

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

FINDING NUMBER 2006-001

Noncompliance Citation and Material Weakness

Ohio Rev. Code Section 5705.41(D) provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate –** If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

   Amounts of less than $3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

2. **Blanket Certificate –** Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. **Super Blanket Certificate –** The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

FINDING NUMBER 2006-001
(Continued)

During fiscal year 2006, 85% (51/60) of the expenditures tested were not certified by the District Treasurer prior to incurring the obligation. This may lead to unauthorized purchases being made or purchases exceeding the appropriated amounts without being detected timely. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend that the District Treasurer certify that the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used..

We recommend the District certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The District Treasurer should sign the certification at the time the District incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The District Treasurer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Officials' Response:

In response to Finding 2006-001 regarding Ohio Rev. Code Section 5705.41(D) and 85% of expenditures tested in 2006 not being properly certified prior to incurring a commitment, I would like to comment on the corrective action the Board of Directors and District has taken. The District began utilizing blanket certificates, super blanket certificates and "then and now" certificates in 2007 to improve proper certification of expenditures. The Board of Directors approved to increase the Treasurer's position to full-time in March of 2007 and approved the purchase of a new accounting system through Creative Microsystems, Inc. at the August 3, 2007, meeting to strengthen overall accountability and internal controls. The new system should be implemented and operating effective January 1, 2008. The Board of Directors is committed to ensuring a strong system of internal controls as well as being in compliance with all applicable laws and this finding should be corrected by the next audit.

STARK-TUSCARAWAS-WAYNE JOINT SOLID WASTE MANAGEMENT DISTRICT
TUSCARAWAS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***:
2005-001	**Ohio Rev. Code Section 5705.41(D) -** 79% of expenditures tested were not properly certified prior to incurring a commitment.	No	Not corrected. Refer to Finding Number 2006-001.

Mary Taylor, CPA
Auditor of State

STARK-TUSCARAWAS-WAYNE JOINT SOLID WASTE MANAGEMENT DISTRICT

TUSCARAWAS 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 13, 2007

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us