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

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2010

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

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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, 2010 and 2009, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 opinions.

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, Tuscarawas County, Ohio, as of December 31, 2010 and 2009, and the changes in its financial position and its cash flows, thereof for the year 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 8, 2011, 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 9, 2010, 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 for the year ended December 31, 2009. While we did not opine on the internal control over financial reporting or on compliance, those reports describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read them in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

Dave Yost

Dave Yost
Auditor of State

August 8, 2011

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, 2010 and 2009. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Overview of the Financial Statements

The District's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standard Board (GASB). The financial information of the District is accounted for in a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets greater than or equal to $5,000 for all items except equipment and furniture and greater than or equal to $2,500 for equipment and furniture, are capitalized and are depreciated over their useful lives. See the notes to the financial statements for a summary of the District's significant accounting policies.

Following this management's discussion and analysis are the basic financial statements of the District together with the notes, which are essential to a full understanding of the data contained in the financial statements. Included in the financial statements for the District are the following:

- Statement of Net Assets – This statement presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets.
- Statement of Revenues, Expenses and Changes in Net Assets - This statement includes all operating and nonoperating revenues and expenses for the District and shows the change in the District's net assets during the most recent year.
- Statement of Cash Flows — This statement reports cash and cash equivalent activities for the year resulting from operating, capital and investing activities. A reconciliation of operating income with cash provided from operations is included.

Financial Highlights

The District completed its fourth and final year under an Ohio EPA Plan Update which required the District to implement all programs as described in the Plan Update to their fullest extent in accordance to the Cost of Plan Implementation schedule. However, declining disposal fee revenues and an eroding fund balance caused the District to request an expense budget reduction to better align revenues and expenses. A compromise was reached between the District and the Ohio EPA to reduce budgeted expenses by $2,036,593, or 33 percent, from the 2010 Cost of Plan Implementation schedule. The District regained control over its Plan when it was approved by the Director of the Ohio EPA January 27, 2011.

All core recycling programs essential to meeting the Ohio State Plan Goals of providing sufficient access to recycling programs or achieving the waste reduction and recycling rates have been preserved. All other plan strategies were re-evaluated to determine priority service to the public while meeting budget shortfalls. The District eliminated its annual Appliance and Household Hazardous Waste Collections which cost approximately $1,000,000 to operate and instead distributed a comprehensive Recycling and Reuse Guide to every household that provided year round solutions for most of the materials collected. The District also seized an opportunity to control its increasing yard waste collection costs of $500,000 or more each year by securing a 3-year contract for zero cost collection for the materials.

Financial Position

The analysis below focuses on the District's financial position and the results of operations for 2010 compared to 2009 and 2008:

	2010	2009	2008
Assets			
Current and Other Assets	$3,783,317	$4,351,073	$7,329,922
Capital Assets, Net	649,451	721,860	596,575
Total Assets	4,432,768	5,072,933	7,926,497
Liabilities	452,055	420,897	1,100,801
Net Assets			
Invested in Capital Assets	649,451	721,860	596,575
Restricted for:			
Landfill Closure	178,079	208,941	429,871
Other Purposes	1,865,954	2,005,101	2,082,708
Unrestricted	1,287,229	1,716,134	3,716,542
Total Net Assets	$3,980,713	$4,652,036	$6,825,696
Revenues			
Operating Revenue	$2,962,635	$4,095,565	$4,749,259
Non-operating Revenue	9,360	76,908	221,389
Total Revenue	2,971,995	4,172,473	4,970,648
Expenses	3,643,318	6,346,133	8,278,588
Change in Net Assets	(671,323)	(2,173,660)	(3,307,940)
Net Assets, Beginning of Year	4,652,036	6,825,696	10,133,636
Net Assets, End of Year	$3,980,713	$4,652,036	$6,825,696

The assets of the District exceeded its liabilities at the close of the most recent fiscal year by $3,980,713 (net assets) which is a decrease of $671,323. Of this amount, $2,044,033 of restricted net assets, including $178,079 set aside for the Newcomerstown Landfill Closure, is available for plan implementation of the 10 allowable expenses according to H.B. 592 and pursuant to the Ohio Revised Code 3734.57, Section (G). Restricted net assets decreased from the prior year by $170,009 or 7.7 percent due to the outlay of funds for the Village of Newcomerstown Landfill Closure and other grant programs required to be implemented under the Ohio EPA Plan Update.

Unrestricted net assets decreased significantly from the prior year, decreasing $428,905, or 25.0 percent which can be mainly attributed to litigation expenses. These unrestricted assets represent the accumulated interest income earned over time which may be used to fund expenses outside of the scope of the Plan Update or any proper purpose of the District.

A portion of the District's net assets ($649,451 or 16.3 percent and $721,860 or 15.5 at December 31, 2010 and 2009, respectively, for a net decrease of $72,409 or 10.0 percent) represents the District's investment in its capital assets. The decrease in the District's investment in its capital assets is due to annual depreciation on the capital assets.

The District's expenses exceeded its revenues by $671,323. Since the District is under an Ohio EPA Plan Update, it does not have the flexibility to adjust program expenses to be in alignment with declining revenues. The District is expected to implement all programs as described in the Plan Update to their fullest extent. The District regained control over its Plan when it was approved by the Director of the Ohio EPA January 27, 2011.

The District's revenues decreased $1,200,478, or 28.8 percent and expenses decreased $2,702,815, or 42.6 percent. The decrease in revenue was mainly due to the declining out-of-district tipping fees collected as a result of the displacement of waste to facilities outside the District. This displacement was caused by the sale of the Harvard Road Transfer Station in Cuyahoga County and Noble Road Landfill in Richland County and the transfer of collection operations, from Republic Services to Rumpke during the summer of 2009, as required in the merger of Republic Services and Allied Waste. The City of Cleveland trash contract being awarded to Rumpke, rather than to Republic Services, displaced waste from Countywide Landfill to Noble Road Landfill, which is not served by the District. Additionally, the District reported a $350,000 Tire Recycling Grant in 2009 for administering an ODNR grant awarded to Liberty Tire Services that is not included in 2010. The District continues to also see the effects of the economic recession and declining interest earned on investments. The decrease in expenses was mainly due to the elimination of the annual Household Hazardous Waste Collection which costs about $1,000,000 each year to operate. The decrease is also due to cost savings of contracting for a zero cost yard waste collection and several other grant programs being significantly reduced or cut altogether to meet budget shortfalls.

The District's primary revenues are tipping fees. These receipts represent 92.4 percent of the total revenues received during the year. Tipping fee revenues for 2010 decreased by $765,293 compared to 2009. The majority of the decrease in tipping fee revenue was seen in the out-of-district fees collected which dropped by $776,739.

The District's primary expenses are grants to various municipalities and county government agencies to assist with recycling/composting, waste reduction and safe and sanitary disposal of waste in the landfills. These expenses represent 41.1 percent of the total expenses incurred during the year. Grants to others for 2010 totaled $1,498,390 which is a decrease of $748,676 compared to 2009. This included funding for the approved health departments, sheriff litter grants, Recycling and Composting Makes Sense programs, Recycling Startup grants, manning groups and the Village of Newcomerstown landfill cap and closure. In addition to the District not being able to fund grant programs as it has in the past, the Household Hazardous Waste Collection had to be eliminated in 2010 due to budgetary constraints. This annual collection was historically the largest District expense costing on average $1,000,000 per year and most recently $902,519 in 2009.

Capital Assets

As of December 31, 2010, the District had $649,451 invested in land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. The table below shows 2010 balances compared to 2009 and 2008:

	2010	2009	2008
Land Improvements	$29,557	$34,540	$39,523
Buildings and Improvements	313,927	326,160	328,293
Furniture, Fixtures and Equipment	22,929	26,811	38,919
Vehicles	283,038	334,349	189,840
Totals	$649,451	$721,860	$596,575

All capital assets are reported net of depreciation. For additional information on capital assets, see Note 8.

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 February 2004, the District agreed to provide grant funding to the Village of Newcomerstown for future costs associated with the closure of the Newcomerstown landfill estimated at $3,000,000. The landfill is owned by the Village and stopped accepting waste in 1984. The Village has been working with the Ohio Environmental Protection Agency to resolve the closure and post-closure issues at the landfill but has not had the funding to cap the landfill properly.

On June 6, 2008, the District entered into a grant agreement with the Village of Newcomerstown for the landfill closure costs for an amount not to exceed $1,500,000. On July 10, 2009, the District approved an additional funding request from the Village of Newcomerstown of $52,200 for projected cost overruns to complete the Newcomerstown Landfill Cap. The remaining balance of this grant is $178,079. No determination has been made concerning the post-closure costs.

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 money it receives. If you have any questions about this report or need additional financial information, contact Erica R. Wright, Finance Director, at Stark-Tuscarawas-Wayne Joint Solid Waste Management District, 9918 Wilkshire Blvd NE, Bolivar, Ohio 44612 or email at erica@timetorecycle.org.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Comparative Statement of Fund Net Assets

December 31, 2010 and 2009

	2010	2009
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	$3,399,002	$3,919,485
Tire Recycling Grant Receivable	175,000	175,000
Tipping Fee Receivable	189,478	224,485
Recyclable Income Receivable	19,837	20,841
Intergovernmental Receivable	0	11,262
Total Current Assets	3,783,317	4,351,073
Noncurrent Assets:		
Depreciable Capital Assets, Net	649,451	721,860
Total Assets	4,432,768	5,072,933
Liabilities		
Current Liabilities:		
Accounts Payable	124,894	82,523
Accrued Wages	14,708	14,575
Intergovernmental Payable	265,563	278,835
Compensated Absences Payable	29,012	27,367
Total Current Liabilities	434,177	403,300
Long-Term Liabilities:		
Compensated Absences Payable (net of current portion)	17,878	17,597
Total Liabilities	452,055	420,897
Net Assets		
Invested in Capital Assets	649,451	721,860
Restricted for Landfill Closure	178,079	208,941
Restricted for Other Purposes	1,865,954	2,005,101
Unrestricted	1,287,229	1,716,134
Total Net Assets	$3,980,713	$4,652,036

See accompanying notes to the basic financial statements

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Comparative Statement of Revenues,

Expenses and Changes in Fund Net Assets

For the Years Ended December 31, 2010 and 2009

	2010	2009
Operating Revenues		
Tipping Fees		
Inside District	$731,591	$686,327
Outside District	1,946,533	2,723,272
Outside State	67,989	101,807
Recyclable Income	216,502	232,957
Tire Recycling Grant	0	350,000
Other	20	1,202
Total Operating Revenues	2,962,635	4,095,565
Operating Expenses		
Wages and Benefits	707,165	824,938
Early Retirement Incentive Program	0	198,988
Grants to Others:		
Financial Assistance to City/County Boards of Health	484,560	538,400
Community Recycling Grants	389,873	564,200
Yard Waste Grants	193,757	486,111
County Sheriff's Grants	430,200	483,355
Tire Recycling Grant	0	175,000
Recycling Collection	531,512	394,476
Yard Waste Collection	23,697	532,168
Household Hazardous Waste/Electronics Collection	0	902,519
Appliance Collections	0	62,722
Education and Awareness	168,796	194,104
Tire Collection	38,544	45,059
Newcomerstown Landfill Closure	30,862	273,130
Professional Fees	457,430	412,113
Administrative Office Supplies and Vehicle Expense	26,157	20,707
Utilities	12,425	13,651
Computer and Website	13,432	13,780
Postage and Delivery	6,001	4,086
Printing and Brochures	2,526	2,648
Administrative Travel and Expenses	1,825	3,585
Advertising	20	373
Cleaning and Maintenance	12,541	16,037
Insurance	23,120	25,381
Field Office Supplies and Vehicle Expenses	3,355	14,787
Field Office Stipend	13,111	40,056
Depreciation Expense	72,409	103,759
Total Operating Expenses	3,643,318	6,346,133
Operating Loss	(680,683)	(2,250,568)
Non-Operating Revenues		
Return of Non-used Grant Funds	0	51,717
Interest	9,360	25,191
Total Non-Operating Revenues	9,360	76,908
Change in Net Assets	(671,323)	(2,173,660)
Net Assets Beginning of Year	4,652,036	6,825,696
Net Assets End of Year	$3,980,713	$4,652,036

See accompanying notes to the basic financial statements

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Comparative Statement of Cash Flows

For the Years Ended December 31, 2010 and 2009

	2010	2009
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash Received from Tipping Fees	$2,781,120	$3,766,603
Cash Received from Recycling Income	217,506	243,925
Cash Received from Transactions		
For Outside Organizations	0	175,000
Other Cash Receipts	20	1,202
Cash Payments to Employees for Services	(717,848)	(1,040,233)
Cash Payments for Goods and Services	(712,962)	(1,436,851)
Cash Payments for Grants to Others	(1,501,082)	(2,390,649)
Cash Payments for Recyclable Material Collections	(607,859)	(2,014,090)
Net Cash Used in Operating Activities	(541,105)	(2,695,093)
Cash Flows from Noncapital Financing Activities		
Return of Grant Reciepts	11,262	40,455
Cash Flows from Capital Activities		
Acquisition of Capital Assets	0	(229,044)
Cash Flows from Investing Activities		
Interest on Investments	9,360	25,191
Net Decrease in Cash and Cash Equivalents	(520,483)	(2,858,491)
Cash and Cash Equivalents Beginning of Year	3,919,485	6,777,976
Cash and Cash Equivalents End of Year	$3,399,002	$3,919,485
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating Loss	($680,683)	($2,250,568)
Adjustments:		
Depreciation	72,409	103,759
(Increase) Decrease in Assets:		
Tipping Fees Receivable	35,007	255,197
Recyclable Income Receivable	1,004	10,968
Intergovernmental Receivable	0	40,455
Tire Grant Receivable	0	(175,000)
Increase (Decrease) in Liabilities:		
Accounts Payable	42,371	(75,884)
Accrued Wages	133	(20,763)
Intergovernmental Payable	(13,272)	(566,011)
Compensated Absences Payable	1,926	(17,246)
Net Cash Used in Operating Activities	($541,105)	($2,695,093)

See accompanying notes to the basic financial statements

Note 1 - 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 and is a jointly governed organization of the three 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 accompanying financial statements include all funds and activities over which the District is financially accountable.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also apples Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The District has elected not to apply FASB Pronouncements and Interpretations issued after November 30, 1989. The more significant of the District's accounting policies are described below.

Basis of Presentation

The District's basic financial statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

The District uses enterprise accounting to maintain its financial records during the year. Enterprise accounting focuses on the determination of operating income, change in net assets, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

The District uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) 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.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District's financial statements are prepared using the accrual basis of accounting. On the accrual basis, revenue is recorded on exchange transactions when the exchange takes place. Nonexchange transactions, in which the District receives value without directly giving equal value in return, include capital contributions. Expenses are recognized at the time they are incurred.

Cash and Investments

During 2010, investments were limited to Federal Home Loan Bank Notes, Federal Farm Credit Corporation Notes, Federal Home Loan Mortgage Corporation Notes, First American Funds Government Obligations Mutual Fund and STAROhio.

Investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost. The fair value of the mutual funds is determined by the fund's December 31, 2010, share price. Any increase or decrease in fair value is reported as a component of interest income.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2010.

Capital Assets

Capitalized assets utilized by the District are reported on the statement of net assets. The District maintains a capitalization threshold of $5,000 for all capital assets except for furniture and fixtures which have a capitalization threshold of $2,500. Property and equipment are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. The cost of maintenance and repairs is expensed as incurred; significant 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
Land Improvements	10-40 years
Buildings and Improvements	10-40 years
Furniture and Fixtures	5-10 years
Vehicles	5-10 years

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are for tipping fees and recyclable income. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the District. All revenues and expenses not meeting these definitions are reported as non-operating.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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. For 2010, the District had restricted net assets in the amount of $2,044,033, $178,079 of which was restricted by enabling legislation. Net assets restricted for other purposes includes tipping fees which are available for plan implementation of the 10 allowable expenses according to H.B. 592 and pursuant to the Ohio Revised Code 3734.57, Section (G). Net assets invested in capital assets consists of capital assets less accumulated depreciation.

Note 3 – Change in Accounting Principles

For fiscal year 2010, the District has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, "Accounting and Reporting for Intangible Assets". GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the District's financial statements.

Note 4 – Deposits and Investments

State statutes 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 monies 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. 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 percent 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 or Ohio local governments;

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 (STAROhio);

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25 percent 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.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, the carrying amount of the District's deposits was $1,288,802 and the bank balance was $1,436,302. Of the bank balance $551,653 was covered by Federal depository insurance and the remaining balance of $884,649 was covered by pledged collateral with securities held by the pledging financial institution's trust department or agent. Although the securities were held by the pledging financial institution's trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2010, the District had the following investments:

Investment Type	Fair Value	Average Maturity
Federal Home Loan Bank Bonds	$679,558	465 days
Federal Farm Credit Corporation Notes	199,854	595 days
Federal Home Loan Mortgage Corporation Notes	654,054	732 days
First American Funds Government Obligations Mutual Fund	10,317	49 days
STAROhio	566,415	58 days
Total Investments	$2,110,198	

As of December 31, 2009, the District had the following investments:

Investment Type	Fair Value	Average Maturity
Federal Home Loan Bank Bonds	$1,178,549	287 days
Federal Home Loan Mortgage Corporation Notes	349,172	464 days
First American Funds Government Obligations Mutual Fund	11,066	45 days
STAROhio	1,537,187	61 days
Total Investments	$3,075,974	

Interest Rate Risk State statute requires that an investment mature within five years 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. State statute limits investments in repurchase agreements to 30 days and the market value of the securities must exceed the principal value of the agreement by 2 percent and be marked to market daily. The District had no investment policy that would further limit investment choices.

Credit Risk Moody has assigned Aaa ratings to the Federal Home Loan Bank Bonds, Federal Farm Credit Corporation Notes, Federal Home Loan Mortgage Corporation Notes and First American Funds Government Obligations Mutual Fund. Standard & Poor's has assigned STAROhio an AAAm rating. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy that addresses credit risk.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The Federal Home Loan Bank Bonds, Federal Farm Credit Corporation Notes, Federal Home Loan Mortgage Corporation Notes, and First American Funds Government Obligations Mutual Fund are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial credit risk beyond the requirements in State statute that requires securities shall be delivered into the custody of the treasurer or governing board or an agent designated by the treasurer or governing board.

Concentration of Credit Risk The District places no limit on the amount it may invest in any one issuer. The following is the District's allocation as of December 31, 2010:

Investment Issuer	Percentage of Investments
Federal Home Loan Bank Bonds	32.20 %
Federal Farm Credit Corporation Notes	9.47
Federal Home Loan Mortgage Corporation Notes	30.99

The following is the District's allocation as of December 31, 2009:

Investment Issuer	Percentage of Investments
Federal Home Loan Bank Bonds	38.31 %
Federal Home Loan Mortgage Notes	11.35

Note 5 – Defined Benefit Pension Plan

Plan Description – The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll. For 2010, member and employer contribution rates were consistent across all three plans.

The District's 2010 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The District's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were $49,348, $51,613, and $41,421, respectively. For 2010, 96.35 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008. There were no contributions to the Member-Directed Plan for 2010 made by the District or plan members.

Note 6 - Postemployment Benefits

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which 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.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were $27,963, $37,321, and $41,421, respectively. For 2010, 96.40 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Note 7 – 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.

During 2009 and 2010, the District obtained commercial insurance through Wichert Insurance Services, Inc. for the following risks:

Coverage	Limit
Property	$798,221
Automobile	1,000,000
General Liability	2,000,000
Public Officials	1,000,000
Umbrella	3,000,000

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.

Workers' compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 8 – Capital Assets

Capital asset activity for the fiscal year ended December 31, 2010 was as follows:

	Balance 12/31/2009	Additions	Deductions	Balance 12/31/2010
Capital Assets being depreciated:				
Land Improvements	$99,651	$0	$0	$99,651
Building and Improvements	482,596	0	0	482,596
Furniture, Fixtures and Equipment	94,543	0	0	94,543
Vehicles	514,912	0	0	514,912
Total Capital Assets being depreciated	1,191,702	0	0	1,191,702
Less Accumulated Depreciation				
Land Improvements	(65,111)	(4,983)	0	(70,094)
Building and Improvements	(156,436)	(12,233)	0	(168,669)
Furniture, Fixtures and Equipment	(67,732)	(3,882)	0	(71,614)
Vehicles	(180,563)	(51,311)	0	(231,874)
Total Accumulated Depreciation	(469,842)	(72,409)	0	(542,251)
Total Capital Assets being Depreciated, net	$721,860	($72,409)	$0	$649,451

Capital asset activity for the fiscal year ended December 31, 2009 was as follows:

	Balance 12/31/2008	Additions	Deductions	Balance 12/31/2009
Capital Assets being depreciated:				
Land Improvements	$99,651	$0	$0	$99,651
Building and Improvements	472,496	10,100	0	482,596
Furniture, Fixtures and Equipment	96,581	0	(2,038)	94,543
Vehicles	295,968	218,944	0	514,912
Total Capital Assets being depreciated	964,696	229,044	(2,038)	1,191,702
Less Accumulated Depreciation				
Land Improvements	(60,128)	(4,983)	0	(65,111)
Building and Improvements	(144,203)	(12,233)	0	(156,436)
Furniture, Fixtures and Equipment	(57,662)	(12,108)	2,038	(67,732)
Vehicles	(106,128)	(74,435)	0	(180,563)
Total Accumulated Depreciation	(368,121)	(103,759)	2,038	(469,842)
Total Capital Assets being Depreciated, net	$596,575	$125,285	$0	$721,860

Note 9 – Employee Benefits

Insurance Benefits

The District provides medical/surgical insurance, prescription drug, vision, life and dental insurance through the Stark County Schools Council of Governments to all eligible employees. Employees have the option of choosing a traditional comprehensive plan with 80 percent co-payment of major medical expenses after deductibles or a P.P.O. plan with a 90 percent co-pay of major medical expenses after deductibles.

Early Retirement Incentive

On July 10, 2009, the District adopted an Early Retirement Incentive Plan for a period of one year commencing on September 10, 2009 and terminating September 9, 2010. Participation in the Plan shall be available to ten percent of the employees of the District who are employed at its offices and are members of the Ohio Public Employees' Retirement System (OPERS) on September 10, 2009. Service credit for each participating employee shall be purchased by the District in an amount equal to the lesser of the following: (1) Three and two tenths years of service credit or (2) An amount of service credit equal to one-fifth of the total service credit of record credited to the participating employee in the OPERS, exclusive of the service credit purchased under this Plan. During 2009, there was only one employee eligible for the buyout who retired as of December 31, 2009. The buyout cost $198,988 and is projected to save the District approximately $338,858 over five years. No employees were eligible for the buyout in 2010.

Note 10 – Commitment Contingencies

During 2004, the District set aside $3,000,000 to cover the future costs associated with the closure of the Newcomerstown landfill. The landfill is owned by the Village of Newcomerstown and stopped accepting waste in 1984. The Village has been working with the Ohio Environmental Protection Agency to resolve the closure and post-closure of the landfill but did not have the funds to pay for closure or post-closure.

On June 6, 2008 the District entered into a grant agreement with the Village of Newcomerstown for the landfill closure costs for an amount not to exceed $1,500,000. This amount was determined from closure cost estimates provided by the Village. On July 10, 2009, the District approved an additional funding request from the Village of $52,200 for projected cost overruns to complete the Newcomerstown Landfill Cap. Landfill closure costs incurred during 2010 totaled $30,862, leaving a remaining balance of $178,079. No determination has been made concerning the post-closure costs. $178,079 is shown as restricted net assets on the statement of net assets. Although the District has agreed to provide grant funds, the liability for the closure and post-closure of the landfill is the responsibility of the Village.

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, 2010 and December 31, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 8, 2011. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

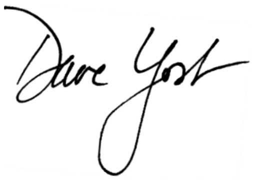
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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*.

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



Dave Yost
Auditor of State

August 8, 2011

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, 2011

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