



Dave Yost • Auditor of State



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

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balance For the Year Ended December 31, 2011 .....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balance For the Year Ended December 31, 2010 .....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13

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# Dave Yost • Auditor of State

Gallia, Jackson, Meigs, Vinton Solid Waste Management District  
Jackson County  
1056 South New Hampshire Avenue  
Wellston, Ohio 45692

To the Board of Directors:

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

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

April 25, 2012

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Gallia, Jackson, Meigs, Vinton Solid Waste Management District  
Jackson County  
1056 South New Hampshire Avenue  
Wellston, Ohio 45692

To the Board of Directors:

We have audited the accompanying financial statements of the Gallia, Jackson, Meigs, Vinton Solid Waste Management District, Jackson County, Ohio (the District), as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the District's larger (i.e., major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance as of December 31, 2011 and 2010 of the Gallia, Jackson, Meigs, Vinton Solid Waste Management District, Jackson County, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1E, during 2010 the Gallia, Jackson, Meigs, Vinton Solid Waste Management District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Dave Yost**  
Auditor of State

April 25, 2012



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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

<b>Cash Receipts:</b>	
Fees	\$1,317,843
Recycling	304,541
Interest	29,112
Miscellaneous	886
Tire Disposal	<u>247</u>
 Total Cash Receipts	 <u>1,652,629</u>
<b>Cash Disbursements:</b>	
Salaries	311,777
Fringe Benefits	209,424
Materials and Supplies	21,121
Equipment	1,996
Buyback	78,385
Contracts - Services	689,814
Advertising, Postage and Printing	3,615
Travel	27,298
Other	693
Maintenance	41,286
Utilities	18,770
Insurance	9,477
Projects	265,000
Debt Service:	
Redemption of Principal	60,000
Interest and Other Fiscal Charges	<u>5,940</u>
 Total Cash Disbursements	 <u>1,744,596</u>
 Total Cash Receipts Over/(Under) Cash Disbursements	 <u>(91,967)</u>
 Cash Balance, January 1	 <u>1,210,702</u>
 <b>Cash Balance, December 31</b>	 <b><u>\$1,118,735</u></b>
 Assigned	 \$51,469
Unassigned (Deficit)	<u>1,067,266</u>
 <i>Cash Balance, December 31</i>	 <u><u>\$1,118,735</u></u>

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

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2010**

<b>Cash Receipts:</b>	
Fees	\$1,601,502
Intergovernmental	15,000
Recycling	215,305
Interest	32,633
Miscellaneous	6,205
Tire Disposal	<u>295</u>
 Total Cash Receipts	 <u>1,870,940</u>
<b>Cash Disbursements:</b>	
Salaries	337,590
Fringe Benefits	198,000
Materials and Supplies	7,480
Equipment	3,899
Buyback	58,066
Contracts - Services	951,117
Advertising, Postage and Printing	1,229
Travel	26,407
Other	5,834
Maintenance	70,393
Utilities	19,890
Insurance	10,571
Grant	45,000
Projects	201,703
Debt Service:	
Redemption of Principal	60,000
Interest and Other Fiscal Charges	<u>8,910</u>
 Total Cash Disbursements	 <u>2,006,089</u>
 Total Cash Receipts Over/(Under) Cash Disbursements	 <u>(135,149)</u>
 Cash Balance, January 1	 <u>1,345,851</u>
 <b>Cash Balance, December 31</b>	 <b><u><u>\$1,210,702</u></u></b>
 Assigned	 \$153,969
Unassigned (Deficit)	<u>1,056,733</u>
 <i>Cash Balance, December 31</i>	 <u><u>\$1,210,702</u></u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Gallia, Jackson, Meigs, Vinton Solid Waste Management District, Jackson County (the District), as a body corporate and politic. The three Commissioners of Gallia, Jackson, Meigs, and Vinton Counties govern the District. The District provides solid waste disposal, recycling opportunities, and other waste management services to these counties.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposit and Investments**

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Certificates of deposits are valued at cost.

**D. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Budgetary Process (Continued)**

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**E. Fund Balance**

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Commissioners can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Commissioners amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Commissioners or a District official delegated that authority by resolution, or by State Statute.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Fund Balance (Continued)**

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**F. Property, Plant, and Equipment**

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. Equity in Pooled Deposits and Investments**

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

	2011	2010
Demand deposits	\$241,377	\$358,902
Certificates of deposit	877,358	851,800
Total deposits and investments	\$1,118,735	\$1,210,702

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the District.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts		
Budgeted	Actual	
Receipts	Receipts	Variance
\$1,578,664	\$1,652,629	\$73,965

2011 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation	Budgetary	
Authority	Expenditures	Variance
\$2,738,747	\$1,796,065	\$942,682

2010 Budgeted vs. Actual Receipts		
Budgeted	Actual	
Receipts	Receipts	Variance
\$1,520,622	\$1,870,940	\$350,318

2010 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation	Budgetary	
Authority	Expenditures	Variance
\$2,805,340	\$2,160,058	\$645,282

**4. Long-Term Payable to Gallia and Jackson Counties**

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

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

Long term Payables outstanding at December 31, 2011 were as follows:

	Principal	Interest Rate
Gallia County	\$30,000	4.95%
Jackson County	30,000	4.95%
Total	\$60,000	

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**4. Long-Term Payable to Gallia and Jackson Counties (Continued)**

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

Year ending December 31:	Gallia County	Jackson County
2013	\$31,485	\$31,485

**5. Retirement Systems**

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10%, respectively, of their gross salaries and the District contributed an amount equaling 14%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2011.

**6. Risk Management**

**Risk Pool Membership**

Prior to 2009, the District belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The District participates in this coverage.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**6. Risk Management (Continued)**

**Risk Pool Membership (Continued)**

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The District participates in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC:

	<b>2010</b>		<b>2009</b>	
	<b>OPRM</b>	<b>OPHC</b>	<b>OPRM</b>	<b>OPHC</b>
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members’ Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).





# Dave Yost • Auditor of State

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

Gallia, Jackson, Meigs, Vinton Solid Waste Management District  
Jackson County  
1056 South New Hampshire Avenue  
Wellston, Ohio 45692

To the Board of Directors:

We have audited the financial statements of the Gallia, Jackson, Meigs, Vinton Solid Waste Management District, Jackson County, Ohio (the District), as of and for the years ended December 31, 2011 and 2010 and have issued our report thereon dated April 25, 2012 wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the District has adopted Governmental Accounting Standards Board Statement No. 54. 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 Government'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 District'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 did note a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated April 25, 2012.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

April 25, 2012.



# Dave Yost • Auditor of State

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

**JACKSON COUNTY**

## **CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 10, 2012**