



**DKMM SOLID WASTE DISTRICT
MARION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**DKMM SOLID WASTE DISTRICT
MARION COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

DKMM Solid Waste District
Marion County
203 South Prospect Street
Marion, Ohio 43302

To the Board of Directors:

We have audited the accompanying financial statements of the DKMM Solid Waste District, Marion County, Ohio, (the District) as of and for the years ended December 31, 1999 and December 31, 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balance of the District as of December 31, 1999 and December 31, 1998, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

Prior to 1998, the District reported under generally accepted accounting principles. As discussed in Notes 1 and 4, commencing in 1998 the District adopted a policy of preparing its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2000, 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.

This report is intended solely for the information and use of management, the Board of Directors, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

August 1, 2000

**DKMM SOLID WASTE DISTRICT
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
ENTERPRISE FUND
FOR THE YEARS ENDED DECEMBER 31, 1999 AND DECEMBER 31, 1998**

	1999	1998
Operating Cash Receipts:		
Charges for Services	\$862,407	\$856,195
Miscellaneous	21,129	7,221
	883,536	863,416
Total Operating Cash Receipts	883,536	863,416
Operating Cash Disbursements:		
Personal Services	84,233	81,538
Contractual Services	792,362	730,945
Supplies and Materials	3,388	7,078
Other	97,169	64,757
	977,152	884,318
Total Operating Cash Disbursements	977,152	884,318
Excess of Operating Receipts Over/(Under) Operating Disbursements	(93,616)	(20,902)
Fund Cash Balance, January 1	315,167	336,069
	315,167	336,069
Fund Cash Balance, December 31	\$221,551	\$315,167

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

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**DKMM SOLID WASTE DISTRICT
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The DKMM Solid Waste District, Marion 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 is directed by a twelve-member Board of Directors comprised of the three County Commissioners of Delaware, Knox, Marion, and Morrow Counties (i.e., DKMM). The District provides solid waste disposal, recycling opportunities, and other waste management services to these counties.

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

B. Basis of Accounting

In 1998 the District adopted a policy of preparing its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

In accordance with the Ohio Revised Code, the District's cash is held and invested by the Marion County Treasurer, who acts as custodian for District monies. The District's assets are held in the County's cash and investment pool and are valued at the County's reported carrying amount.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its fund into the following type:

Enterprise Fund

This fund accounts 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.

E. Budgetary Process

The District adopts an annual budget which includes an estimate of receipts and disbursements for the year.

F. Property, Plant, and Equipment

Acquisitions of property, plant, and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**DKMM SOLID WASTE DISTRICT
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the District.

2. RETIREMENT SYSTEM

The District's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare and survivor and disability benefits, to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 1999.

3. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

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

4. CHANGE IN ACCOUNTING PRINCIPLE

The District's equity at January 1, 1998 was restated as follows:

Equity under GAAP at 12/31/97	\$ 229,460
Net change necessary to eliminate effects of accrued assets and liabilities	<u>106,609</u>
Restated equity under AOS basis at 1/1/98	<u><u>\$ 336,069</u></u>

This restatement was due to the District preparing its 1997 financial statements on a GAAP basis and its 1998 and 1999 financial statements on the basis prescribed or permitted by the Auditor of State.



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

DKMM Solid Waste District
Marion County
203 South Prospect Street
Marion, Ohio 43302

To the Board of Directors:

We have audited the financial statements of the DKMM Solid Waste District, Marion County, Ohio (the District), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated August 1, 2000, wherein we noted the District changed to a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated August 1, 2000.

This report is intended for the information and use of management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

JIM PETRO
Auditor of State

August 1, 2000



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DKMM SOLID WASTE DISTRICT

MARION 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 5, 2000