



**SOLID WASTE MANAGEMENT DISTRICT  
JACKSON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Solid Waste Management District  
Jackson County  
2156 South New Hampshire Ave.  
Wellston, Ohio 45692

To the Board of Directors:

We have audited the accompanying financial statements of the Solid Waste Management District, Jackson County, Ohio, (the District) as of and for the years ended December 31, 1999 and 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.

As discussed in Note 1, the District prepares 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 our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balance and reserves for encumbrances of the Solid Waste Management District, Jackson County, as of December 31, 1999 and 1998, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 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". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

March 9, 2000

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 1999**

|  |                                |
|--|--------------------------------|
| <b>Cash Receipts:</b>                                      |                                |
| Fees   | \$810,049                      |
| Grants   | 88,900                         |
| Recycling  | 83,839                         |
| Miscellaneous  | <u>16,757</u>                  |
| Total Cash Receipts  | <u>999,545</u>                 |
| <b>Cash Disbursements:</b>                                 |                                |
| Salaries   | 232,989                        |
| Supplies   | 7,155                          |
| Equipment  | 9,486                          |
| Contracts Services   | 435,338                        |
| Travel/Expenses  | 12,037                         |
| Advertising/Printing                                       | 1,530                          |
| Fringes  | 55,841                         |
| Other  | 192,140                        |
| Capital Outlay   | <u>163,181</u>                 |
| Total Cash Disbursements                                   | <u>1,109,697</u>               |
| Excess of Cash Receipts Over/(Under)<br>Cash Disbursements | <u>(110,152)</u>               |
| Cash Balance, January 1                                    | <u>657,276</u>                 |
| <b>Cash Balance, December 31</b>                           | <b><u><u>\$547,124</u></u></b> |
| Reserve for Encumbrances, December 31                      | <u><u>\$66,274</u></u>         |

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 1998**

|  |                                |
|--|--------------------------------|
| <b>Cash Receipts:</b>                                      |                                |
| Fees   | \$1,109,551                    |
| Grants   | 89,035                         |
| Miscellaneous  | <u>705,829</u>                 |
| Total Cash Receipts  | <u>1,904,415</u>               |
| <b>Cash Disbursements:</b>                                 |                                |
| Salaries   | 196,664                        |
| Supplies   | 3,442                          |
| Equipment  | 247,248                        |
| Rentals  | 6,120                          |
| Contracts Services   | 622,019                        |
| Travel/Expenses  | 8,067                          |
| Advertising/Printing                                       | 3,038                          |
| Fringes  | 53,694                         |
| Other  | 196,010                        |
| Capital Outlay   | <u>309,510</u>                 |
| Total Cash Disbursements                                   | <u>1,645,812</u>               |
| Excess of Cash Receipts Over/(Under)<br>Cash Disbursements | <u>258,603</u>                 |
| Cash Balance, January 1                                    | <u>398,673</u>                 |
| <b>Cash Balance, December 31</b>                           | <b><u><u>\$657,276</u></u></b> |
| Reserve for Encumbrances, December 31                      | <u><u>\$257,993</u></u>        |

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



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Solid Waste Management District, Jackson County, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a twelve-member Board of Directors comprised of the three County Commissioners of Gallia, Jackson, Meigs and Vinton Counties. The District provides solid waste disposal, recycling opportunities, and other waste management services to these counties.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash and Investments**

Certificates of deposit and U.S. Treasury Notes are valued at cost.

**D. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations and appropriations may not exceed estimated resources. The 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.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process (Continued)**

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**E. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH**

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

|                                | <u>1999</u>             | <u>1998</u>             |
|--------------------------------|-------------------------|-------------------------|
| Demand deposits                | \$283,112               | \$647,077               |
| Certificates of deposit        | <u>264,012</u>          | <u>10,199</u>           |
| Total deposits and investments | <u><u>\$547,124</u></u> | <u><u>\$657,276</u></u> |

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

| 1999 Budgeted vs. Actual Receipts |                    |                 |
|-----------------------------------|--------------------|-----------------|
| Budgeted<br>Receipts              | Actual<br>Receipts | Variance        |
| <u>\$981,921</u>                  | <u>\$999,545</u>   | <u>\$17,624</u> |

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

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Appropriation<br/>Authority</u> | <u>Budgetary<br/>Expenditures</u> | <u>Variance</u>  |
|------------------------------------|-----------------------------------|------------------|
| <u>\$1,639,197</u>                 | <u>\$1,175,971</u>                | <u>\$463,226</u> |

1998 Budgeted vs. Actual Receipts

| <u>Budgeted<br/>Receipts</u> | <u>Actual<br/>Receipts</u> | <u>Variance</u>  |
|------------------------------|----------------------------|------------------|
| <u>\$1,746,773</u>           | <u>\$1,904,415</u>         | <u>\$157,642</u> |

1998 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Appropriation<br/>Authority</u> | <u>Budgetary<br/>Expenditures</u> | <u>Variance</u>  |
|------------------------------------|-----------------------------------|------------------|
| <u>\$2,194,721</u>                 | <u>\$1,903,805</u>                | <u>\$290,916</u> |

**4. LONG TERM PAYABLES 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, 1999, were as follows:

|                | <u>Principal</u> | <u>Interest<br/>Rate</u> |
|----------------|------------------|--------------------------|
| Gallia County  | \$310,000        | 4.95%                    |
| Jackson County | <u>310,000</u>   | 4.95%                    |
| Total          | <u>\$620,000</u> |                          |

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

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

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

| Year ending<br>December 31: | Gallia<br>County | Jackson<br>County |
|-----------------------------|------------------|-------------------|
| 2000                        | \$35,345         | \$35,345          |
| 2001                        | 34,355           | 34,355            |
| 2002                        | 33,366           | 33,366            |
| 2003                        | 32,375           | 32,375            |
| 2004                        | 31,385           | 31,385            |
| Subsequent                  | 259,496          | 259,496           |
| Total                       | <u>\$426,322</u> | <u>\$426,322</u>  |

**5. RETIREMENT SYSTEMS**

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.

**6. RISK MANAGEMENT**

The District has obtained commercial insurance for the following risks:

- General Liability and Casualty
- Public Officials' Liability
- Vehicle
- Property

The District also provides health insurance and dental and vision coverage to full-time employees through a private carrier.



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

Solid Waste Management District  
Jackson County  
2156 South New Hampshire Ave.  
Wellston, Ohio 45692

To the Board of Directors:

We have audited the accompanying financial statements of the Solid Waste Management District, Jackson County, Ohio (the District), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 9, 2000. 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 Solid Waste Management 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated March 9, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Solid Waste Management 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 March 9, 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". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

March 9, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370

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**SOLID WASTE MANAGEMENT DISTRICT**

**JACKSON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 18, 2000**