

Athens-Hocking Joint Solid Waste Management District  
Athens County

Regular Audit

For the Years Ended December 31, 2003 – 2002





**Auditor of State  
Betty Montgomery**

Board of Directors  
Athens-Hocking Joint Solid Waste Management District

We have reviewed the Independent Auditor's Report of the Athens-Hocking Joint Solid Waste Management District, Athens County, prepared by Perry & Associates, CPAs, A.C. for the audit period January 1, 2002 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Athens-Hocking Joint Solid Waste Management District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

October 29, 2004

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Athens-Hocking Joint Solid Waste Management District  
Athens County

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# *Perry & Associates*

Certified Public Accountants, A.C.

PARKERSBURG

1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA

428 Second Street  
Marietta, Ohio 45750  
(740) 373-0056

Report of Independent Accountants

Athens-Hocking Joint Solid Waste Management District  
Athens County  
P.O. Box 2607  
Athens, Ohio 45701

To the Board of Directors:

We have audited the accompanying financial statements of Athens-Hocking Joint Solid Waste Management District, Athens County, Ohio (the District), as of and for the years ended December 31, 2003 and 2002. 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 *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.

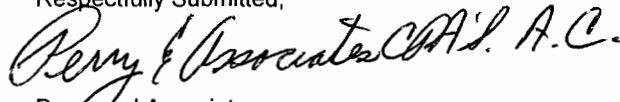
As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Athens-Hocking Joint Solid Waste Management District, Athens County, as of December 31, 2003 and 2002, and its combined 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 September 29, 2004, 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. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, 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.

Respectfully Submitted,



Perry and Associates,  
Certified Public Accountants, A.C.

Athens- Hocking Joint Solid Waste Management District  
Athens County

Combined Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balances  
All Governmental Fund Types  
For the Year Ended December 31, 2003

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
<b>Cash Receipts:</b>				
Intergovernmental	\$10,000			\$10,000
Tipping Fees	197,803			197,803
Curbside Fees	66,222	66,222		132,444
Other Fees		66,955		66,955
Recycling Fees		1,089,077		1,089,077
Sales		240,141		240,141
Reimbursements	764,665			764,665
Miscellaneous	2,788	38,161	101,730	142,679
<b>Total Cash Receipts</b>	<b>1,041,478</b>	<b>1,500,556</b>	<b>101,730</b>	<b>2,643,764</b>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Salaries	587,082	506,816		1,093,898
Fringe Benefits	276,969	262,243		539,212
Supplies and Materials	1,802	11,028		12,830
Repair and Maintenance		113,868		113,868
Equipment		145,008		145,008
Contracts-Services	36,548	231,775		268,323
Travel and Transportation	1,419	50,610		52,029
Utilities		11,817		11,817
Reimbursements	76,222			76,222
Cleanup				0
Other	12,996	44,306		57,302
<b>Debt Service:</b>				
Redemption of Principal			93,275	93,275
Interest			8,455	8,455
Other Debt Service		101,732		101,732
Capital Outlay				0
<b>Total Cash Disbursement</b>	<b>993,038</b>	<b>1,479,203</b>	<b>101,730</b>	<b>2,573,971</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>48,440</b>	<b>21,353</b>	<b>0</b>	<b>69,793</b>
<b>Fund Cash Balances, January 1</b>	<b>90,292</b>	<b>38,382</b>	<b>0</b>	<b>128,674</b>
<b>Fund Cash Balances, December 31</b>	<b>\$138,732</b>	<b>\$59,735</b>	<b>\$0</b>	<b>\$198,467</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$698</b>	<b>\$7,420</b>	<b>\$0</b>	<b>\$8,118</b>

The accompanying notes are integral part of these financial statements.



Athens- Hocking Joint Solid Waste Management District  
Athens County

Combined Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balances  
All Governmental Fund Types  
For the Year Ended December 31, 2002

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
<b>Cash Receipts:</b>				
Intergovernmental	\$13,000			\$13,000
Tipping Fees	184,424			184,424
Curbside Fees	64,105	64,105		128,210
Other Fees		58,982		58,982
Recycling Fees		884,019		884,019
Sales		246,956		246,956
Reimbursements	738,000			738,000
Miscellaneous	38,334	27,948	87,495	153,777
<b>Total Cash Receipts</b>	<b>1,037,863</b>	<b>1,282,010</b>	<b>87,495</b>	<b>2,407,368</b>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Salaries	607,843	541,244		1,149,087
Fringe Benefits	261,812	196,765		458,577
Supplies and Materials	1,380	7,852		9,232
Repair and Maintenance		102,945		102,945
Equipment	1,544	34,425		35,969
Contracts-Services	42,545	211,802		254,347
Travel and Transportation	1,622	45,358		46,980
Utilities		10,264		10,264
Reimbursements	74,105			74,105
Cleanup	16,301			16,301
Other	12,283	23,737		36,020
<b>Debt Service:</b>				
Redemption of Principal			82,819	82,819
Interest			4,564	4,564
Other Debt Service		87,495	112	87,607
Capital Outlay	200,000			200,000
<b>Total Cash Disbursement</b>	<b>1,219,435</b>	<b>1,261,887</b>	<b>87,495</b>	<b>2,568,817</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(181,572)</b>	<b>20,123</b>	<b>0</b>	<b>(161,449)</b>
<b>Other Financing Receipts/(Disbursements):</b>				
<b>Proceeds from Sale of Public Debt:</b>				
Sale of Bonds	200,000	0	0	200,000
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>200,000</b>	<b>0</b>	<b>0</b>	<b>200,000</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>18,428</b>	<b>20,123</b>	<b>0</b>	<b>38,551</b>
<b>Fund Cash Balances, January 1</b>	<b>71,864</b>	<b>18,259</b>	<b>0</b>	<b>90,123</b>
<b>Fund Cash Balances, December 31</b>	<b>90,292</b>	<b>\$38,382</b>	<b>\$0</b>	<b>\$128,674</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$6,720</b>	<b>\$14,564</b>	<b>\$4,626</b>	<b>\$25,910</b>

The accompanying notes are an integral part of these financial statements.

Athens-Hocking Joint Solid Waste Management District  
Athens County

Notes to the Financial Statements  
December 31, 2003 and 2002

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Athens-Hocking Joint Solid Waste Management District, Athens 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 six-member Board of Directors comprised of the three County Commissioners of Athens and Hocking Counties. The District provides solid waste disposal, recycling opportunities, and other waste management services to these counties. The financial statements present the district and its component unit, an entity for which the District is considered to be financially accountable. The blended component unit, although a legally separate entity, is, in substance, part of the District's operations and so financial data from this unit is combined with the financial data of the District (primary government). The blended component unit has a December 31 fiscal year end.

Blended Component Unit. The Athens-Hocking County Recycling Centers, Inc., (the Recycling Centers) is governed by a seven-member Board of Trustees made up of the six elected County Commissioners from Athens and Hocking Counties and the appointed Coordinator of the Athens-Hocking Joint Solid Waste Management District. Its sole purpose is to assist and promote recycling and control of solid wastes, to secure the sale of recycling materials collected, to aid the counties in the control problems of solid waste and to contract with the necessary agencies to allow the processing and selling of collected materials. The District provides funding to the Recycling Centers as needed, and issues debt on the recycling Centers' behalf. The Recycling Centers is reported as a Special Revenue Fund.

Complete financial statements for the blended component unit may be obtained at the entity's administrative office:

Athens-Hocking County Recycling Centers, Inc.  
P.O. Box 2607  
Athens, Ohio 45701

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.

Athens-Hocking Joint Solid Waste Management District  
Athens County

Notes to the Financial Statements  
December 31, 2003 and 2002  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

C. Cash and Investments

In accordance with Ohio Revised Code, the Athens County Treasurer is custodian for the District's monies. The District's cash and investments are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

The Recycling Centers' cash is held and invested by the Manager with approval of the Board of Trustees. The Recycling Centers' assets are held in its cash and investment pool and are valued at the Recycling Centers' 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 funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following Special Revenue Funds:

*Recycle Ohio Grant Fund* – This fund receives grant monies to be used for the implementation of solid waste reduction, recycling, and litter prevention programs.

*Recycling Center Fund* – This fund accounts for the financial activity of the Athens-Hocking Recycling Centers, Inc.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The District had the following Debt Service Fund:

*Solid Waste Debt Service Fund* – This fund receives money from the Recycling Centers for the payment of bond indebtedness issued by the District on the Recycling Centers' behalf.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. Appropriation authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end. Although the Recycling Centers is not subject to the budgetary requirements of the Ohio Revised Code, annual budgets are prepared and approved and included within the budgetary information for the Special Revenue Fund.

Athens-Hocking Joint Solid Waste Management District  
Athens County

Notes to the Financial Statements  
December 31, 2003 and 2002  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. Although the Recycling Centers is not subject to the budgetary requirements of the Ohio Revised Code, estimates of revenue are prepared and included within the budgetary information for the Special Revenue Fund.

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. The Recycling Centers is not subject to the budgetary requirements of the Ohio Revised Code and, accordingly, does not prepare or approve encumbrances.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's basis of accounting.

2. Equity in Pooled Cash

The Athens County Treasurer maintains a cash pool used by all funds of Athens County government. The deposits of the District's General Fund and Recycle Ohio Grant Fund are held in this pool with other County funds. The Ohio Revised Code prescribes allowable deposits and investments. Additionally, the Recycling Centers maintains a cash pool. The carrying amount of cash and investments at December 31 was as follows:

	<u>2003</u>	<u>2002</u>
Deposits held by County Treasurer	\$138,163	\$ 89,723
Recycling Centers Deposits	<u>\$ 51,936</u>	<u>\$ 30,583</u>
Total deposits	<u>\$190,099</u>	<u>\$120,306</u>

Deposits: Deposits held by the Athens County Treasurer are either insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the District.

Athens-Hocking Joint Solid Waste Management District  
Athens County

Notes to the Financial Statements  
December 31, 2003 and 2002  
(Continued)

3. Budgetary Activity

Budgetary Activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,184,000	\$ 1,041,478	\$ (142,522)
Special Revenue	1,482,200	1,500,556	18,356
Debt Service	121,000	101,730	(19,270)
Total	<u>\$ 2,787,200</u>	<u>\$ 2,643,764</u>	<u>\$ (143,436)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,192,159	\$ 993,736	\$ 198,423
Special Revenue	1,479,364	1,486,623	(7,259)
Debt Service	125,626	101,730	23,896
Total	<u>\$ 2,797,149</u>	<u>\$ 2,582,089</u>	<u>\$ (215,060)</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,064,000	\$ 1,037,863	\$ (26,137)
Special Revenue	1,370,000	1,282,010	\$ (87,990)
Debt Service	89,000	87,495	\$ (1,505)
Total	<u>\$ 2,523,000</u>	<u>\$ 2,407,368</u>	<u>\$ (115,632)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,073,208	\$ 1,026,155	\$ 47,053
Special Revenue	1,373,778	1,276,451	\$ 97,327
Debt Service	89,000	92,121	\$ (3,121)
Total	<u>\$ 2,535,986</u>	<u>\$ 2,394,727</u>	<u>\$ 141,259</u>

Budgetary expenditures exceeded appropriation authority in the Recycling Center for 2003 and in the Debt Service Fund for 2002.

Appropriation authority exceeds budgeted receipts in the General Fund for 2003 and in the General Fund and Recycling Center for 2002.

Athens-Hocking Joint Solid Waste Management District  
Athens County

Notes to the Financial Statements  
December 31, 2003 and 2002  
(Continued)

4. Debt

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Equipment Bonds for Roll-Off Truck & Packer Truck	\$169,677	3.85%

The District issued Equipment Bonds for the purchase of a roll-off truck and a packer truck for use by the Recycling Centers. The bonds were issued on December 16, 2002, for 200,000 and has maturities through December 16, 2008. The bonds will be repaid from the revenues of the Recycling Centers. The District has the taxing authority to levy the necessary taxes for repayment of the debt if other revenue sources are insufficient to retire the debt.

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

<u>Year ending December 31:</u>	<u>Equipment Bonds Roll-Off Truck &amp; Packer Truck</u>
2004	\$37,548
2005	37,548
2006	37,548
2007	37,548
2008	36,532
Total	\$186,724

5. Retirement Systems

The District and Recycling Centers' full-time 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 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The District has paid all contributions required through December 31, 2003.

6. Risk Management

The Athens County Commissioners maintain comprehensive insurance coverage with private carriers for real property, building contents and vehicles owned by the District and Recycling Centers. Vehicle policies include liability coverage for bodily injury and property damage.

Athens-Hocking Joint Solid Waste Management District  
Athens County

For the Years Ended December 31, 2003 – 2002

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

# *Perry & Associates*

Certified Public Accountants, A.C.

PARKERSBURG

1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA

428 Second Street  
Marietta, Ohio 45750  
(740) 373-0056

Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*

September 29, 2004

Athens-Hocking Joint Solid Waste Management District  
Athens County  
P.O. Box 2607  
Athens, Ohio 45701

To the Board of Directors:

We have audited the accompanying financial statements of the Athens-Hocking Joint Solid Waste Management District, Athens County, Ohio (the District), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 29, 2004. 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 *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 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 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.

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

Respectfully submitted,



Perry and Associates,  
Certified Public Accountants, A.C.





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**ATHENS-HOCKING JOINT SOLID WASTE MANAGEMENT DISTRICT**

**ATHENS 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  
NOVEMBER 23, 2004**