



**Auditor of State
Betty Montgomery**

**COSHOCTON, FAIRFIELD, LICKING, PERRY SOLID WASTE DISTRICT
LICKING COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Coshocton, Fairfield, Licking, Perry
Solid Waste District
Licking County
675 Price Road
Newark, Ohio 43055

To the Board of Directors:

We have audited the accompanying financial statements of Coshocton, Fairfield, Licking, Perry Solid Waste District, Licking County, Ohio, (the District) as of and for the years ended December 31, 2003, and December 31, 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 fund cash balances and reserves for encumbrances of the District as of December 31, 2003, and December 31, 2002, 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 22, 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 *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Coshocton, Fairfield, Licking, Perry
Solid Waste District
Licking County
Independent Accountants' Report
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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.

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Betty Montgomery
Auditor of State

March 22, 2004

**COSHOCTON, FAIRFIELD, LICKING, PERRY SOLID WASTE DISTRICT
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCE
ENTERPRISE FUND
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	2003	2002
Operating Cash Receipts:		
Charges for Services	\$1,222,312	\$1,425,495
Reimbursements from Grantees	70,263	189,685
Miscellaneous	8,228	274
	<u>1,300,803</u>	<u>1,615,454</u>
Operating Cash Disbursements:		
Personal Services	96,997	93,797
Other Contractual Services	1,756,305	1,722,713
Office Supplies and Materials	34,409	51,286
	<u>1,887,711</u>	<u>1,867,796</u>
Operating (Loss)	<u>(586,908)</u>	<u>(252,342)</u>
Non-Operating Cash Receipts:		
Intergovernmental Revenues	65,090	98,473
	<u>65,090</u>	<u>98,473</u>
Non-Operating Cash Disbursements:		
Other Non-Operating Cash Disbursements	39,100	786
	<u>39,100</u>	<u>786</u>
Net Receipts (Under) Disbursements	(560,918)	(154,655)
Cash Balance, January 1	<u>5,650,749</u>	<u>5,805,404</u>
Cash Balance, December 31	<u>\$5,089,831</u>	<u>\$5,650,749</u>
Reserve for Encumbrances, December 31	<u>\$652,572</u>	<u>\$726,541</u>

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

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**COSHOCTON, FAIRFIELD, LICKING, PERRY SOLID WASTE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Coshocton, Fairfield, Licking, Perry Solid Waste District, Licking 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 12 -member Board of Directors comprised of the three County Commissioners of Coshocton, Fairfield, Licking, and Perry 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

In accordance with Ohio Revised Code, the Licking 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.

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

Enterprise Funds account 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. The District had the following significant Enterprise Fund:

Solid Waste Fund - This fund receives monies from disposal permits issued to various companies and organizations operating landfills in the affected counties.

**COSHOCTON, FAIRFIELD, LICKING, PERRY SOLID WASTE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

Under House Bill 262, the District is required to follow most of the Ohio Rev Code 5705 budgetary requirements; however, they need not seek approval of a county budget commission for any budgetary actions.

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 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.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

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 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.

**COSHOCTON, FAIRFIELD, LICKING, PERRY SOLID WASTE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Enterprise	<u>\$1,428,174</u>	<u>\$1,365,893</u>	<u>(\$62,281)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Enterprise	<u>\$3,109,628</u>	<u>\$2,579,383</u>	<u>\$530,245</u>

2002 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Enterprise	<u>\$1,628,174</u>	<u>\$1,713,927</u>	<u>\$85,753</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Enterprise	<u>\$6,521,631</u>	<u>\$2,595,123</u>	<u>\$3,926,508</u>

3. RETIREMENT SYSTEM

The District's 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. The District has paid all contributions required through December 31, 2003.

**COSHOCTON, FAIRFIELD, LICKING, PERRY SOLID WASTE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;

The District (through Licking County) also provides health insurance and dental coverage to full-time employees through a private carrier.

The District employees are also covered by a blanket bond maintained by Licking County for errors and omissions.

5. SUBSEQUENT EVENTS

The Auditor of State of Ohio completed a special audit of one of the District's grant projects and issued findings for recovery on August 28, 2002. As a result of this audit, suit was brought against a grantee by the Licking County Prosecutor's Office for "securing writings by deception". The suit was not resolved by December 31, 2003.

6. RELATED PARTY TRANSACTIONS

The Board of Directors approves grant awards to governmental agencies located within the counties they represent.

7. ENVIRONMENTAL GRANTS/EQUIPMENT

All equipment purchased by grantees with District grant funds become property of the grantee as long as it continues to be used for the original purposes of recycling, composting, or waste management as approved in the grant agreement. Upon termination of the grant activity, the grantee must notify the District in writing of intent to dispose of equipment, estimate the fair market value of the equipment, and gain approval by the Board of Directors prior to taking action. If disposed, the grantee must reimburse the District the amount received in the sale.



Auditor of State Betty Montgomery

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

Coshocton, Fairfield, Licking, Perry
Solid Waste District
Licking County
675 Price Road
Newark, Ohio 43055

To the Board of Directors:

We have audited the accompanying financial statements of Coshocton, Fairfield, Licking, Perry Solid Waste District, Licking County, Ohio, (the District) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated March 22, 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. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 22, 2004.

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Coshocton, Fairfield, Licking, Perry
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Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 22, 2004



**Auditor of State
Betty Montgomery**

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COSHOCTON, FAIRFIELD, LICKING AND PERRY SOLID WASTE DISTRICT

LICKING 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 11, 2004**