STARK-TUSCARAWAS-WAYNE-JOINT SOLID WASTE MANAGEMENT DISTRICT
TUSCARAWAS COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2009

Mary Taylor, CPA
Auditor of State

STARK-TUSCARAWAS-WAYNE JOINT SOLID WASTE MANAGEMENT DISTRICT
TUSCARAWAS COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Stark-Tuscarawas-Wayne Joint Solid Waste Management District
Tuscarawas County
9918 Wilkshire Blvd, NE
Bolivar, Ohio 44612

To the Board of Directors:

We have audited the accompanying financial statements of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, Ohio (the District), as of and for the years ended December 31, 2009 and 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, Ohio, as of December 31, 2009 and 2008, and the changes in its financial position and its cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2010, 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. We previously issued a report dated July 8, 2009, 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 for the year ended December 31, 2008. While we did not opine on the internal control over financial reporting or on compliance, those reports describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read them in conjunction with this report in assessing the results of our audit.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 9, 2010

This discussion and analysis of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District's (the District) financial performance provides an overall review of the District's financial activities for the years ended December 31, 2009 and 2008. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Overview of the Financial Statements

The District's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standard Board (GASB). The financial information of the District is accounted for in a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets greater than or equal to $5,000 for all items except equipment and furniture and greater than or equal to $2,500 for equipment and furniture, are capitalized and are depreciated over their useful lives. See the notes to the financial statements for a summary of the District's significant accounting policies.

Following this management's discussion and analysis are the basic financial statements of the District together with the notes, which are essential to a full understanding of the data contained in the financial statements. Included in the financial statements for the District are the following:

- Statement of Net Assets – This statement presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets.
- Statement of Revenues, Expenses and Changes in Net Assets - This statement includes all operating and nonoperating revenues and expenses for the District and shows the change in the District's net assets during the most recent year.
- Statement of Cash Flows — This statement reports cash and cash equivalent activities for the year resulting from operating, capital and investing activities. A reconciliation of operating income with cash provided from operations is included.

Financial Highlights

The District completed its third year under the current Ohio EPA Plan Update which required the District to implement all programs as described in the Plan Update to their fullest extent in accordance to the Cost of Plan Implementation schedule. The District submitted a draft solid waste management plan update to the Ohio EPA on September 14, 2009 for a non-binding advisory opinion and is currently in the ratification process to get its own plan update in place. Once the District regains control over its Plan, it will have more flexibility to realign revenues and expenses.

Several grant initiatives were implemented in 2009, including the District securing a $350,000 scrap tire recycling grant for Liberty Tire Services through the Ohio Department of Natural Resources which will allow the company to expand its tire shredding capabilities to larger volume tires thus increasing tons recycled. In accordance with the Ohio EPA Plan Update, the District phased out transition funding for the Recycling Makes Sense and Composting Makes Sense Grant programs resulting in savings of $173,112 and $123,259, respectively. These programs now reward political subdivisions equally based on tons recycled at a rate determined by the type of recycling program offered, number of eligible items collected, frequency of collection, average pounds per resident collected and education provided to residents. The first food diversion program in the District was initiated by Paradise Composting Company with a $50,000 composting infrastructure grant to purchase scales.

Financial Position

The analysis below focuses on the District's financial position and the results of operations for 2009 compared to 2008 and 2007:

	2009	2008	2007
Assets			
Current and Other Assets	$4,351,073	$7,329,922	$10,467,103
Capital Assets, Net	721,860	596,575	441,907
Total Assets	5,072,933	7,926,497	10,909,010
Liabilities	420,897	1,100,801	775,374
Net Assets			
Invested in Capital Assets	721,860	596,575	441,907
Restricted for:			
Landfill Closure	208,941	429,871	1,500,000
Other Purposes	2,005,101	2,082,708	4,000,154
Unrestricted	1,716,134	3,716,542	4,191,575
Total Net Assets	$4,652,036	$6,825,696	$10,133,636
Revenues			
Operating Revenue	$4,095,565	$4,749,259	$5,295,940
Non-operating Revenue	76,908	221,389	508,342
Total Revenue	4,172,473	4,970,648	5,804,282
Expenses	6,346,133	8,278,588	5,529,817
Income Before Capital Contributions	(2,173,660)	(3,307,940)	274,465
Capital Contributions	0	0	46,027
Change in Net Assets	(2,173,660)	(3,307,940)	320,492
Net Assets, Beginning of Year	6,825,696	10,133,636	9,813,144
Net Assets, End of Year	$4,652,036	$6,825,696	$10,133,636

The assets of the District exceeded its liabilities at the close of the most recent fiscal year by $4,652,036 (net assets) which is a decrease of $2,173,660. Of this amount, $2,214,042 of restricted net assets, including $208,941 set aside for the Newcomerstown Landfill Closure, is available for plan implementation of the 10 allowable expenses according to H.B. 592 and pursuant to the Ohio Revised Code 3734.57, Section (G). Restricted net assets decreased from the prior year by $298,537 or 11.9 percent due to the outlay of funds for the Village of Newcomerstown Landfill Closure and other grant programs required to be implemented under the Ohio EPA Plan Update.

Unrestricted net assets decreased significantly from the prior year, decreasing $2,000,408, or 53.8 percent which can be mainly attributed to spending $1,270,666 to help fund Plan Update expenses. These unrestricted assets represent the accumulated interest income earned over time which may be used to fund expenses outside of the scope of the Plan Update or any proper purpose of the District.

A portion of the District's net assets ($721,860 or 15.5 percent and $596,575 or 8.7 at December 31, 2009 and 2008, respectively, for a net increase of $125,285 or 21.0 percent) represents the District's investment in its capital assets. The increase in the District's investment in its capital assets is due to the purchase of a new recycling truck in 2009 for the District operated recycling drop-off program which continues to grow in volume of tons recycled.

The District's expenses exceeded its revenues by $2,173,660. Since the District is under an Ohio EPA Plan Update, it does not have the flexibility to adjust program expenses to be in alignment with declining revenues. The District is expected to implement all programs as described in the Plan Update to their fullest extent. The District is currently in the ratification process to get its own plan update in place for 2011.

The District's revenues decreased $798,175, or 16.06 percent and expenses decreased $1,932,455, or 23.34 percent. The decrease in revenue was mainly due to the declining out-of-district tipping fees collected as a result of the displacement of waste to facilities outside the District. This displacement was caused by the sale of the Harvard Road Transfer Station in Cuyahoga County and Noble Road Landfill in Richland County and the transfer of collection operations, from Republic Services to Rumpke during the summer of 2009, as required in the merger of Republic Services and Allied Waste. The City of Cleveland trash contract being awarded to Rumpke, rather than to Republic Services, displaced waste from Countywide Landfill to Noble Road Landfill, which is not served by the District. The District continues to also see the effects of the economic recession and declining interest earned on investments. The decrease in expenses was mainly due to the completion of the implementation of the City of Canton Curbside Recycling Program which cost $820,603 in 2008 and decreased funding for the Village of Newcomerstown Landfill Closure which is in the final stages of completion.

The District's primary revenues are tipping fees. These receipts represent 84.15 percent of the total revenues received during the year. Tipping fee revenues for 2009 decreased by $876,223 compared to 2008. The majority of the decrease in tipping fee revenue was seen in the out-of-district fees collected which dropped by $588,922.

The District's primary expenses are grants to various municipalities and county government agencies to assist with recycling/composting, waste reduction and safe and sanitary disposal of waste in the landfills. These expenses represent 35.41 percent of the total expenses incurred during the year. Grants to others for 2009 totaled $2,247,066 which is a decrease of $1,205,363 compared to 2008. This included funding for the approved health departments, sheriff litter grants, Recycling and Composting Makes Sense programs, reuse/donation centers, a scrap tire recycling grant and the Village of Newcomerstown landfill cap and closure. The Household Hazardous Waste/Electronics Collection remained the largest direct District expense at $902,519, increasing by $55,837 from the prior year.

Capital Assets

As of December 31, 2009, the District had $721,860 invested in land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. The table below shows 2009 balances compared to 2008 and 2007:

	2009	2008	2007
Land Improvements	$34,540	$39,523	$44,506
Buildings and Improvements	326,160	328,293	330,090
Furniture, Fixtures and Equipment	26,811	38,919	39,085
Vehicles	334,349	189,840	28,226
Totals	$721,860	$596,575	$441,907

All capital assets are reported net of depreciation. For additional information on capital assets, see Note 7.

Current Known Fact and Conditions

The challenge for all governments is to provide quality services while staying within the restrictions imposed by limited funding. The District relies heavily on tipping fees.

In February 2004, the District agreed to provide grant funding to the Village of Newcomerstown for future costs associated with the closure of the Newcomerstown landfill estimated at $3,000,000. The landfill is owned by the Village and stopped accepting waste in 1984. The Village has been working with the Ohio Environmental Protection Agency to resolve the closure and post-closure issues at the landfill but has not had the funding to cap the landfill properly.

On June 6, 2008, the District entered into a grant agreement with the Village of Newcomerstown for the landfill closure costs for an amount not to exceed $1,500,000. On July 10, 2009, the District approved an additional funding request from the Village of Newcomerstown of $52,200 for projected cost overruns to complete the Newcomerstown Landfill Cap. The remaining balance of this grant is $208,941. No determination has been made concerning the post-closure costs.

Contacting the District's Management

This financial report is designed to provide our citizens and creditors with a general overview of the District's finances and to demonstrate accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Erica R. Wright, Treasurer, at Stark-Tuscarawas-Wayne Joint Solid Waste Management District, 9918 Wilkshire Blvd NE, Bolivar, Ohio 44612 or email at erica@timetorecycle.org.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Comparative Statement of Fund Net Assets

December 31, 2009 and 2008

	2009	2008
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	$3,919,485	$6,777,976
Tire Recycling Grant Receivable	175,000	0
Tipping Fee Receivable	224,485	479,682
Recyclable Income Receivable	20,841	31,809
Intergovernmental Receivable	11,262	40,455
Total Current Assets	4,351,073	7,329,922
Noncurrent Assets:		
Depreciable Capital Assets, Net	721,860	596,575
Total Assets	5,072,933	7,926,497
Liabilities		
Current Liabilities:		
Accounts Payable	82,523	158,407
Accrued Wages	14,575	35,338
Intergovernmental Payable	278,835	844,846
Compensated Absences Payable	27,367	37,697
Total Current Liabilities	403,300	1,076,288
Long-Term Liabilities:		
Compensated Absences Payable (net of current portion)	17,597	24,513
Total Liabilities	420,897	1,100,801
Net Assets		
Invested in Capital Assets	721,860	596,575
Restricted for Landfill Closure	208,941	429,871
Restricted for Other Purposes	2,005,101	2,082,708
Unrestricted	1,716,134	3,716,542
Total Net Assets	$4,652,036	$6,825,696

See accompanying notes to the basic financial statements

Stark-Tuscarawas-Wayne Joint Solid Waste Management District
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Assets
For the Years Ended December 31, 2009 and 2008

	2009	2008
Operating Revenues		
Tipping Fees		
Inside District	$686,327	$861,728
Outside District	2,723,272	3,312,194
Outside State	101,807	213,707
Recyclable Income	232,957	358,887
Tire Recycling Grant	350,000	0
Other	1,202	2,743
Total Operating Revenues	4,095,565	4,749,259
Operating Expenses		
Wages and Benefits	824,938	762,827
Early Retirement Incentive Program	198,988	0
Grants to Others:		
Financial Assistance to City/County Boards of Health	538,400	635,913
Community Recycling Grants	564,200	1,690,302
Yard Waste Grants	486,111	491,029
County Sheriff's Grants	483,355	479,645
Tire Recycling Grant	175,000	0
Other District Grant Programs	0	155,540
Recycling Collection	394,476	279,490
Yard Waste Collection	532,168	605,895
Household Hazardous Waste/Electronics Collection	902,519	846,682
Appliance Collections	62,722	77,850
Education and Awareness	194,104	254,935
Road Repairs Around District Landfills	0	37,471
Tire Collection	45,059	46,590
Newcomerstown Landfill Closure	273,130	1,070,129
Professional Fees	412,113	299,869
Administrative Office Supplies and Vehicle Expense	20,707	43,892
Utilities	13,651	11,899
Computer and Website	13,780	6,630
Postage and Delivery	4,086	6,881
Printing and Brochures	2,648	4,992
Administrative Travel and Expenses	3,585	9,180
Advertising	373	1,521
Cleaning and Maintenance	16,037	13,498
Insurance	25,381	24,477
Field Office Supplies and Vehicle Expenses	14,787	294,077
Field Office Stipend	40,056	41,719
Depreciation Expense	103,759	85,655
Total Operating Expenses	6,346,133	8,278,588
Operating Loss	(2,250,568)	(3,529,329)
Non-Operating Revenues		
Return of Non-used Grant Funds	51,717	0
Interest	25,191	221,389
Total Non-Operating Revenues	76,908	221,389
Change in Net Assets	(2,173,660)	(3,307,940)
Net Assets Beginning of Year	6,825,696	10,133,636
Net Assets End of Year	$4,652,036	$6,825,696

See accompanying notes to the basic financial statements

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Comparative Statement of Cash Flows

For the Years Ended December 31, 2009 and 2008

	2009	2008
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash Received from Tipping Fees	$3,766,603	$4,338,976
Cash Received from Recycling Income	243,925	367,442
Cash Received from Transactions		
For Outside Organizations	175,000	0
Other Cash Receipts	1,202	32,931
Cash Payments to Employees for Services	(1,040,233)	(757,586)
Cash Payments for Goods and Services	(1,436,851)	(1,532,308)
Cash Payments for Grants to Others	(2,390,649)	(3,677,538)
Cash Payments for Recyclable Material Collections	(2,014,090)	(1,940,529)
Net Cash Used in Operating Activities	(2,695,093)	(3,168,612)
Cash Flows from Noncapital Financing Activities		
Return of Grant Reciepts	40,455	0
Cash Flows from Capital Activities		
Acquisition of Capital Assets	(229,044)	(240,323)
Cash Flows from Investing Activities		
Interest on Investments	25,191	221,389
Net Decrease in Cash and Cash Equivalents	(2,858,491)	(3,187,546)
Cash and Cash Equivalents Beginning of Year	6,777,976	9,965,522
Cash and Cash Equivalents End of Year	$3,919,485	$6,777,976
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating Loss	($2,250,568)	($3,529,329)
Adjustments:		
Depreciation	103,759	85,655
(Increase) Decrease in Assets:		
Tipping Fees Receivable	255,197	(48,653)
Recyclable Income Receivable	10,968	8,555
Intergovernmental Receivable	40,455	(10,267)
Tire Grant Receivable	(175,000)	0
Increase (Decrease) in Liabilities:		
Accounts Payable	(75,884)	(135,781)
Accrued Wages	(20,763)	763
Intergovernmental Payable	(566,011)	471,862
Compensated Absences Payable	(17,246)	(11,417)
Net Cash Used in Operating Activities	($2,695,093)	($3,168,612)

See accompanying notes to the basic financial statements

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Note 1 - Description of the Entity

The Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas 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 was formed on November 28, 1988 pursuant to Chapters 343 and 3734 of the Ohio Revised Code. The District is directed by a 9-member Board of Directors comprised of the three County Commissioners of Stark, Tuscarawas, and Wayne Counties and is a jointly governed organization of the three Counties. The District provides solid waste disposal, recycling opportunities, and other waste management services to these counties.

In accordance with the Statements of the Governmental Accounting Standards Board, including GASB No. 14, the accompanying financial statements include all funds and activities over which the District is financially accountable.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also apples Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The District has elected not to apply FASB Pronouncements and Interpretations issued after November 30, 1989. The more significant of the District's accounting policies are described below.

Basis of Presentation

The District's basic financial statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

The District uses enterprise accounting to maintain its financial records during the year. Enterprise accounting focuses on the determination of operating income, change in net assets, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

The District uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its enterprise activity.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District's financial statements are prepared using the accrual basis of accounting. On the accrual basis, revenue is recorded on exchange transactions when the exchange takes place. Nonexchange transactions, in which the District receives value without directly giving equal value in return, include capital contributions. Expenses are recognized at the time they are incurred.

Cash and Investments

During 2009, investments were limited to federal home loan bank bonds, federal home loan mortgage corporation notes, First American Funds Government Obligations Mutual Fund and STAROhio.

Investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost. The fair value of the mutual funds is determined by the fund's December 31, 2009, share price. Any increase or decrease in fair value is reported as a component of interest income.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2009.

Capital Assets

Capitalized assets utilized by the District are reported on the statement of net assets. The District maintains a capitalization threshold of $5,000 for all capital assets except for furniture and fixtures which have a capitalization threshold of $2,500. Property and equipment are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. The cost of maintenance and repairs is expensed as incurred; significant betterments are generally capitalized. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. Donated capital assets are recorded at fair market values as of the date received. Depreciation of property and equipment is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	10-40 years
Buildings and Improvements	10-40 years
Furniture and Fixtures	5-10 years
Vehicles	5-10 years

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are for tipping fees and recyclable income. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the District. All revenues and expenses not meeting these definitions are reported as non-operating.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. For 2009, the District had restricted net assets in the amount of $2,214,042, $208,941 of which was restricted by enabling legislation. Net assets restricted for other purposes includes tipping fees which are available for plan implementation of the 10 allowable expenses according to H.B. 592 and pursuant to the Ohio Revised Code 3734.57, Section (G). Net assets invested in capital assets consists of capital assets less accumulated depreciation.

Note 3 – Change in Accounting Principles

For fiscal year 2009, the District has implemented Governmental Accounting Standard Board (GASB) Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", Statement No. 53, " Accounting and Financial Reporting for Derivative Instruments", Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards", Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. The implementation of this statement did not result in any change in the District's financial statements.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements. The implementation of this statement did not result in any change in the District's financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change in the District's financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' and auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The statement's guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change in the District's financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the District's financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the District's financial statements.

Note 4 – Deposits and Investments

State statutes require the classification of monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Directors has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool stabled by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be invested or deposited in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any obligation guaranteed as to principal or interest by the United States;

2. Bonds, notes, debenture, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed 30 days;

4. Bonds and other obligations of the State of Ohio or Ohio local governments;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasury Asset Reserve of Ohio (STAROhio);

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and

8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage of short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. These securities must be obligation of or guaranteed by the United States and mature or be redeemable within 5 year of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the District's name.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of December 31, 2009, the carrying amount of the District's deposits was $843,511 and the bank balance was $890,769. Of the bank balance $600,000 was covered by Federal depository insurance and $290,769 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institutions' trust department or agent. As of December 31, 2008, the carrying amount of the District's deposits was $1,218,801 and the bank balance was $1,247,614. Of the bank balance $750,000 was covered by Federal depository insurance and $497,614 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institutions' trust department or agent. Although the securities were held by the pledging financial institution's trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2009, the District had the following investments:

Investment Type	Fair Value	Average Maturity
Federal Home Loan Bank Bonds	$1,178,549	287 days
Federal Home Loan Mortgage Corporation Notes	349,172	464 days
First American Funds Government Obligations Mutual Fund	11,066	45 days
STAROhio	1,537,187	61 days
Total Investments	$3,075,974	

As of December 31, 2008, the District had the following investments:

Investment Type	Fair Value	Average Maturity
Federal National Mortgage Association Notes	$679,919	253 days
Federal Home Loan Bank Bonds	326,266	235 days
Federal Home Loan Mortgage Corporation Notes	511,781	294 days
First American Funds Government Obligations Mutual Fund	12,322	48 days
STAROhio	4,028,887	55 days
Total Investments	$5,559,175	

Interest Rate Risk State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in repurchase agreements to 30 days and the market value of the securities must exceed the principal value of the agreement by 2 percent and be marked to market daily. The District had no investment policy that would further limit investment choices.

Credit Risk Moody has assigned Aaa ratings to the Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Notes and First American Funds Government Obligations Mutual Fund. Standard & Poor's has assigned STAROhio an AAAm rating. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy that addresses credit risk.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Notes, and First American Funds Government Obligations Mutual Fund are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial credit risk beyond the requirements in State statute that requires securities shall be delivered into the custody of the treasurer or governing board or an agent designated by the treasurer or governing board.

Concentration of Credit Risk The District places no limit on the amount it may invest in any one issuer. The following is the District's allocation as of December 31, 2009:

Investment Issuer	Percentage of Investments
Federal Home Loan Bank Bonds	38.31 %
Federal Home Loan Mortgage Notes	11.35

The following is the District's allocation as of December 31, 2008:

Investment Issuer	Percentage of Investments
Federal National Mortgage Association Notes	12.23 %
Federal Home Loan Bank Bonds	5.87
Federal Home Loan Mortgage Notes	9.21

Note 5 – Defined Benefit Pension Plan

Plan Description – The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability and survivor benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10.0 percent of covered payroll while public safety and law enforcement members contributed 10.1 percent.

The District's 2009 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the District's contribution was 17.63 percent of covered payroll. For the period January 1 through March 31, a portion of the District's contribution equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the District of 14.0 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The District's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2009, 2008, and 2007 were $51,613, $41,421, and $42,577, respectively; 98.00 percent has been contributed for 2009 and 100 percent for 2008 and 2007. There were no contributions to the Member-Directed Plan for 2009 made by the District or plan members.

Note 6 - Postemployment Benefits

Plan Description – Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). State Statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.63 percent. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The amount of employer contributions which were allocated to fund post-employment health care was 7.0 percent from January 1 through March 31, 2009, and 5.5 percent from April 1 through December 31, 2009.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007 were $37,321, $41,421, and $27,550, respectively; 98.00 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Note 7 – Capital Assets

Capital asset activity for the fiscal year ended December 31, 2009 was as follows:

	Balance 12/31/2008	Additions	Deductions	Balance 12/31/2009
Capital Assets being depreciated:				
Land Improvements	$99,651	$0	$0	$99,651
Building and Improvements	472,496	10,100	0	482,596
Furniture, Fixtures and Equipment	96,581	0	(2,038)	94,543
Vehicles	295,968	218,944	0	514,912
Total Capital Assets being depreciated	964,696	229,044	(2,038)	1,191,702
Less Accumulated Depreciation				
Land Improvements	(60,128)	(4,983)	0	(65,111)
Building and Improvements	(144,203)	(12,233)	0	(156,436)
Furniture, Fixtures and Equipment	(57,662)	(12,108)	2,038	(67,732)
Vehicles	(106,128)	(74,435)	0	(180,563)
Total Accumulated Depreciation	(368,121)	(103,759)	2,038	(469,842)
Total Capital Assets being Depreciated, net	$596,575	$125,285	$0	$721,860

Capital asset activity for the fiscal year ended December 31, 2008 was as follows:

	Balance 12/31/2007	Additions	Deductions	Balance 12/31/2008
Capital Assets being depreciated:				
Land Improvements	$99,651	$0	$0	$99,651
Building and Improvements	462,396	10,100	0	472,496
Furniture, Fixtures and Equipment	93,611	12,960	(9,990)	96,581
Vehicles	85,799	217,263	(7,094)	295,968
Total Capital Assets being depreciated	741,457	240,323	(17,084)	964,696
Less Accumulated Depreciation				
Land Improvements	(55,145)	(4,983)	0	(60,128)
Building and Improvements	(132,306)	(11,897)	0	(144,203)
Furniture, Fixtures and Equipment	(54,526)	(13,126)	9,990	(57,662)
Vehicles	(57,573)	(55,649)	7,094	(106,128)
Total Accumulated Depreciation	(299,550)	(85,655)	17,084	(368,121)
Total Capital Assets being Depreciated, net	$441,907	$154,668	$0	$596,575

Note 8 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters.

During 2008 and 2009, the District obtained commercial insurance through Wichert Insurance Services, Inc. for the following risks:

Coverage	Limit
Property	$811,200
Automobile	1,000,000
General Liability	2,000,000
Public Officials	1,000,000
Umbrella	2,000,000

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has not been a significant reduction in coverage from the prior year.

Workers' compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 9 – Employee Benefits

Insurance Benefits

The District provides medical/surgical insurance, prescription drug, vision, life and dental insurance through the Stark County Schools Council of Governments to all eligible employees. Employees have the option of choosing a traditional comprehensive plan with 80 percent co-payment of major medical expenses after deductibles or a P.P.O. plan with a 90 percent co-pay of major medical expenses after deductibles.

Early Retirement Incentive

On July 10, 2009, the District adopted an Early Retirement Incentive Plan for a period of one year commencing on September 10, 2009 and terminating September 9, 2010. Participation in the Plan shall be available to ten percent of the employees of the District who are employed at its offices and are members of the Ohio Public Employees' Retirement System (OPERS) on September 10, 2009. Service credit for each participating employee shall be purchased by the District in an amount equal to the lesser of the following: (1) Three and two tenths years of service credit or (2) An amount of service credit equal to one-fifth of the total service credit of record credited to the participating employee in the OPERS, exclusive of the service credit purchased under this Plan. During 2009, there was only one employee eligible for the buyout who retired as of December 31, 2009. The buyout cost $198,988 and is projected to save the District approximately $338,858 over five years.

Note 10 – Commitment Contingencies

During 2004, the District set aside $3,000,000 to cover the future costs associated with the closure of the Newcomerstown landfill. The landfill is owned by the Village of Newcomerstown and stopped accepting waste in 1984. The Village has been working with the Ohio Environmental Protection Agency to resolve the closure and post-closure of the landfill but did not have the funds to pay for closure or post-closure.

On June 6, 2008 the District entered into a grant agreement with the Village of Newcomerstown for the landfill closure costs for an amount not to exceed $1,500,000. This amount was determined from closure cost estimates provided by the Village. On July 10, 2009, the District approved an additional funding request from the Village of $52,200 for projected cost overruns to complete the Newcomerstown Landfill Cap. Landfill closure costs incurred during 2009 totaled $237,130, leaving a remaining balance of $208,941. No determination has been made concerning the post-closure costs. $208,941 is shown as restricted net assets on the statement of net assets. Although the District has agreed to provide grant funds, the liability for the closure and post-closure of the landfill is the responsibility of the Village.

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

Stark-Tuscarawas-Wayne Joint Solid Waste Management District
Tuscarawas County
9918 Wilkshire Blvd, NE
Bolivar, Ohio 44612

To the Board of Directors:

We have audited the financial statements of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, Ohio, (the District) as of and for the years ended December 31, 2009 and 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 9, 2010. 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 District'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 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 9, 2010

STARK-TUSCARAWAS-WAYNE JOINT SOLID WASTE MANAGEMENT DISTRICT

TUSCARAWAS 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
OCTOBER 5, 2010

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