



**GEAUGA-TRUMBULL SOLID WASTE MANAGEMENT DISTRICT
GEAUGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2003 & 2002



**Auditor of State
Betty Montgomery**

**GEAUGA-TRUMBULL SOLID WASTE MANAGEMENT DISTRICT
GEAUGA COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Geauga-Trumbull Solid Waste Management District
Geauga County
2931 Youngstown Road
Warren, Ohio 44884

To the Board of Directors:

We have audited the accompanying financial statements of the Geauga-Trumbull Solid Waste Management District, Geauga 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 described 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 Geauga-Trumbull Solid Waste Management District, Geauga County, as of December 31, 2003 and December 31, 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 9, 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.

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 Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 9, 2004

**GEAUGA-TRUMBULL SOLID WASTE MANAGEMENT DISTRICT
GEAUGA 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**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$38,268	\$212,247	\$250,515
Charges for services	1,105,535		1,105,535
Interest Income	13,779		13,779
Litigation Settlement	12,000		12,000
Miscellaneous	585		585
	<hr/>	<hr/>	<hr/>
Total cash receipts	1,170,167	212,247	1,382,414
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries	141,450	83,373	224,823
Supplies and Materials	6,005	179	6,184
Contracts - Services	1,033,701	40,305	1,074,006
Public Employee's Retirement	19,837	13,593	33,430
Legal Fees	34,592		34,592
Worker's Compensation	538	367	905
Travel	13,713	6,347	20,060
Hospitalization	24,430	22,173	46,603
Other	25,539	45,408	70,947
	<hr/>	<hr/>	<hr/>
Total Disbursements	1,299,805	211,745	1,511,550
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(129,638)	502	(129,136)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1, 2003	1,258,874	25,039	1,283,913
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31, 2003	<u>\$1,129,236</u>	<u>\$25,541</u>	<u>\$1,154,777</u>
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31, 2003	\$92,139	\$2,066	\$94,205
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The notes to the financial statements are an integral part of this statement.

**GEAUGA-TRUMBULL SOLID WASTE MANAGEMENT DISTRICT
GEAUGA 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**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$0	\$191,335	\$191,335
Charges for services	1,200,007		1,200,007
Interest Income	23,687		23,687
Litigation Settlement	55,000		55,000
Miscellaneous	3,197	273	3,470
	<u>1,281,891</u>	<u>191,608</u>	<u>1,473,499</u>
Total cash receipts			
	<u>1,281,891</u>	<u>191,608</u>	<u>1,473,499</u>
Cash Disbursements:			
Current:			
Salaries	120,400	82,117	202,517
Supplies and Materials	7,196	355	7,551
Contracts - Services	1,063,491	29,374	1,092,865
Public Employee's Retirement	15,809	10,321	26,130
Legal Fees	27,089		27,089
Worker's Compensation	412	273	685
Travel	13,113	6,406	19,519
Hospitalization	21,987	25,861	47,848
Other	27,896	40,106	68,002
	<u>1,297,393</u>	<u>194,813</u>	<u>1,492,206</u>
Total Disbursements			
	<u>1,297,393</u>	<u>194,813</u>	<u>1,492,206</u>
Total Receipts Over/(Under) Disbursements	<u>(15,502)</u>	<u>(3,205)</u>	<u>(18,707)</u>
Fund Cash Balances, January 1, 2002	<u>1,274,376</u>	<u>28,244</u>	<u>1,302,620</u>
Fund Cash Balances, December 31, 2002	<u>\$1,258,874</u>	<u>\$25,039</u>	<u>\$1,283,913</u>
Reserve for Encumbrances, December 31, 2002	<u>\$123,709</u>	<u>\$14,776</u>	<u>\$138,485</u>

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

**GEAUGA-TRUMBULL SOLID WASTE MANAGEMENT DISTRICT
GEAUGA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Geauga-Trumbull Solid Waste Management District, Geauga 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 Geauga and Trumbull 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 Geauga 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 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

This fund is used to account for proceeds from specific source (other than from trusts or for capital projects) that is restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

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

**GEAUGA-TRUMBULL SOLID WASTE MANAGEMENT DISTRICT
GEAUGA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

2. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,115,750	\$1,170,167	\$54,417
Special Revenue	212,247	212,247	0
Total	\$1,327,997	\$1,382,414	\$54,417

**GEAUGA-TRUMBULL SOLID WASTE MANAGEMENT DISTRICT
GEAUGA COUNTY**

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

2. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,301,909	\$1,391,944	\$909,965
Special Revenue	224,207	213,811	10,396
Total	\$2,526,116	\$1,605,755	\$920,361

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,128,600	\$1,281,891	\$153,291
Special Revenue	191,335	191,608	273
Total	\$1,319,935	\$1,473,499	\$153,564

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,225,172	\$1,421,102	\$804,070
Special Revenue	215,322	209,589	5,733
Total	\$2,440,494	\$1,630,691	\$809,803

3. RETIREMENT SYSTEMS

OPERS is a cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries from January 1, 2002 through December 31, 2003. The Township has paid all contributions required through December 31, 2003.

4. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

5. SUBSEQUENT EVENT

On April 14, 2004, the District issued \$1,000,000 in notes. The new notes have an interest rate of 6% and mature on 2025.

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Auditor of State Betty Montgomery

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

Geauga-Trumbull Solid Waste Management District
Geauga County
2931 Youngstown Road
Warren, Ohio 44884

To the Board of Directors:

We have audited the financial statements of the Geauga-Trumbull Solid Waste Management District, Geauga 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 September 9, 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 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 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2003-001.

Geauga-Trumbull Solid Waste Management District
Geauga County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
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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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the District's management in a separate letter dated September 9, 2004.

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.



Betty Montgomery
Auditor of State

September 9, 2004

**GEAUGA-TRUMBULL SOLID WASTE MANAGEMENT DISTRICT
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Reportable Condition

FINDING NUMBER	2003-001
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The District receives income based on the disposal of waste in Geauga and Trumbull Counties. The disposal services report the waste transported and the calculation of the funds owed to the District. There were two disposal services that under reported the amount and type of waste collected and therefore, did not remit the proper funds to the District. The District estimated that one disposal service owed the District \$355,380 for disposal fees, however the District settled for \$55,000. The District estimated that another disposal service owed the District \$145,124, yet the District settled for \$36,000. Due to the nature of the industry, the District is unable to verify the volume and type of waste disposed, especially after a period of time has lapsed.

The District should review the funds collected from each disposal service on a monthly, quarterly, or annual basis and investigate any unusual fluctuations (comparisons) in amounts and types of waste reported. In addition, the District needs to be observant of disposal service companies operating within the District, which are not paying fees to the District. When a disposal service has been detected for under reporting, the District should collect the full amount owed.



**Auditor of State
Betty Montgomery**

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GEAUGA-TRUMBULL SOLID WASTE MANAGEMENT DISTRICT

GEAUGA 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 18, 2004**