



Mary Taylor, CPA  
Auditor of State



**NORTH CENTRAL OHIO SOLID WASTE MANAGEMENT DISTRICT  
ALLEN, CHAMPAIGN, HARDIN, MADISON, SHELBY AND UNION COUNTIES**

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# Mary Taylor, CPA

Auditor of State

North Central Ohio Solid Waste Management District  
Allen, Champaign, Hardin, Madison, Shelby and Union Counties  
212 North Elizabeth Street, Suite 301  
Lima, Ohio 45801

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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**Mary Taylor, CPA**  
Auditor of State

October 9, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

North Central Ohio Solid Waste Management District  
Allen, Champaign, Hardin, Madison, Shelby, and Union Counties  
212 North Elizabeth Street, Suite 301  
Lima, Ohio 45801

To the Board of Directors:

We have audited the accompanying financial statements of North Central Ohio Solid Waste Management District of Allen, Champaign, Hardin, Madison, Shelby and Union Counties, (the District), as of and for the years ended December 31, 2006 and 2005. 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 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 opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the fund the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, 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 North Central Ohio Solid Waste Management District of Allen, Champaign, Hardin, Madison, Shelby, and Union Counties, as of December 31, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2007, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

October 9, 2007



**NORTH CENTRAL OHIO SOLID WASTE MANAGEMENT DISTRICT  
ALLEN, CHAMPAIGN, HARDIN, MADISON, SHELBY AND UNION COUNTIES**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
GOVERNMENTAL FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>Governmental Fund Type</b>
	<b>General</b>
<b>Cash Receipts:</b>	
Landfill Fees	\$1,334,862
Intergovernmental	45,599
Interest	56,772
Miscellaneous	2,236
Total Cash Receipts	1,439,469
<b>Cash Disbursements:</b>	
<b>Current:</b>	
Salaries	182,458
Supplies and Materials	8,031
Equipment	32,679
Contracts - Services	108,222
Rental - Facilities	16,702
Travel Expenses	23,200
Public Employee's Retirement	24,825
Worker's Compensation	2,407
Group Insurance	41,282
Other	27,369
Plan Implementation	920,702
Total Cash Disbursements	1,387,877
Total Receipts Over/(Under) Disbursements	51,592
<b>Other Financing Receipts</b>	
Reimbursements	160
Total Other Financing Receipts/(Disbursements)	160
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	51,752
Fund Cash Balance, January 1	1,428,581
<b>Fund Cash Balance, December 31</b>	<b>\$1,480,333</b>
Reserve for Encumbrances, December 31	\$12,124

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

**NORTH CENTRAL OHIO SOLID WASTE MANAGEMENT DISTRICT  
ALLEN, CHAMPAIGN, HARDIN, MADISON, SHELBY AND UNION COUNTIES**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
GOVERNMENTAL FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>Governmental Fund Type</b>
	<b>General</b>
<b>Cash Receipts:</b>	
Landfill Fees	\$1,341,403
Intergovernmental	2,000
Interest	30,801
Miscellaneous	1,693
Total Cash Receipts	1,375,897
<b>Cash Disbursements:</b>	
Current:	
Salaries	174,543
Supplies and Materials	4,693
Equipment	42,280
Contracts - Services	1,840
Rental - Facilities	17,477
Travel Expense	19,589
Public Employee's Retirement	23,690
Worker's Compensation	1,996
Group Insurance	40,433
Other	33,734
Plan Implementation	880,669
Total Cash Disbursements	1,240,944
Total Receipts Over/(Under) Disbursements	134,953
Excess of Cash Receipts Over/(Under) Cash Disbursements	134,953
Fund Cash Balance, January 1	1,293,628
<b>Fund Cash Balance, December 31</b>	<b>\$1,428,581</b>
Reserve for Encumbrances, December 31	\$91,808

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

**NORTH CENTRAL OHIO SOLID WASTE MANAGEMENT DISTRICT  
ALLEN, CHAMPAIGN, HARDIN, MADISON, SHELBY, AND UNION COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the North Central Ohio Solid Waste Management District of Allen, Champaign, Hardin, Madison, Shelby, and Union Counties, (the District) as a body corporate and politic. The District is directed by an eighteen-member Board of Directors. The three Commissioners of Allen, Champaign, Hardin, Madison, Shelby, and Union Counties govern the District. 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of state prescribes or permits.

**C. Cash and Investments**

The Allen County Treasurer is custodian for the District's monies. The County holds the District's cash and investments in its cash and investment pool, 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:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**E. Budgetary Process**

The Ohio Revised Code requires the District to budget its fund annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and account 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.

**NORTH CENTRAL OHIO SOLID WASTE MANAGEMENT DISTRICT  
ALLEN, CHAMPAIGN, HARDIN, MADISON, SHELBY, AND UNION COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(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.

**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 2006 and 2005 budgetary activity appears in Note 2.

**F. Property, Plant, and Equipment**

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

<b>2006 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$1,230,000	\$1,439,629	\$209,629

<b>2006 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$2,730,000	\$1,400,001	\$1,329,999

<b>2005 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$1,230,000	\$1,375,897	\$145,897

<b>2005 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$2,130,000	\$1,332,752	\$797,248

**NORTH CENTRAL OHIO SOLID WASTE MANAGEMENT DISTRICT  
ALLEN, CHAMPAIGN, HARDIN, MADISON, SHELBY, AND UNION COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**3. RETIREMENT SYSTEMS**

The District's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9 percent of their gross salaries in 2006 and 8.5 percent of their gross salaries in 2005. The District contributed an amount equal to 13.70 percent of participants' gross salaries in 2006 and 13.55 percent of participants' gross salaries in 2005. The District has paid all contributions required through December 31, 2006.

**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.

The District also provides health insurance to full-time employees through the Allen County health plan.

**5. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor agencies. Any disallowed costs may require refunding to the grantor. Management cannot presently determine amounts which may be disallowed, if any. However, based on prior experience, management believes any refunds would be immaterial.

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# Mary Taylor, CPA

Auditor of State

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

North Central Ohio Solid Waste Management District  
Allen, Champaign, Hardin, Madison, Shelby, and Union Counties  
212 North Elizabeth Street, Suite 301  
Lima, Ohio 45801

To the Board of Directors:

We have audited the financial statements of the North Central Ohio Solid Waste Management District of Allen, Champaign, Hardin, Madison, Shelby and Union Counties, (the District), as of and for the years ended December 31, 2006 and 2005 and have issued our report thereon dated October 9, 2007, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

We noted a certain matter that we reported to the District's management in a separate letter dated October 9, 2007.

### **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 the management and Board of Directors. We intend it for no one other than these specified parties.

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**Mary Taylor, CPA**  
Auditor of State

October 9, 2007





**Mary Taylor, CPA**  
Auditor of State

**NORTH CENTRAL OHIO SOLID WASTE MANAGEMENT DISTRICT**  
**ALLEN 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 8, 2007**