



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 County
212 North Elizabeth Street, Suite 301
Lima, Ohio 45801

To the District 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.

Mary Taylor

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June 4, 2009

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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 District Board of Directors:

We have audited the accompanying 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, 2008 and 2007. 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.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. 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, 2008 and 2007 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, 2008 and 2007, 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 combined fund cash balances and reserves for encumbrances of the North Central Ohio Solid Waste Management District, Allen, Champaign, Hardin, Madison, Shelby, and Union Counties, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 June 4, 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. 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.

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

Mary Taylor, CPA
Auditor of State

June 4, 2009

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Landfill Fees	\$1,187,043		\$1,187,043
Intergovernmental		\$149,446	149,446
Interest	27,152		27,152
Miscellaneous	37,539		37,539
Total cash receipts	<u>1,251,734</u>	<u>149,446</u>	<u>1,401,180</u>
Cash Disbursements:			
Current:			
Salaries	187,274		187,274
Supplies and Materials	8,967		8,967
Equipment	32,472		32,472
Contracts - Services	108,941	149,364	258,305
Rental - Facilities	19,030		19,030
Travel Expenses	28,864		28,864
Public Employee's Retirement	26,541		26,541
Worker's Compensation	2,878		2,878
Group Insurance	39,309		39,309
Other	32,015		32,015
Implementation Plan	1,176,993		1,176,993
Total Disbursements	<u>1,663,284</u>	<u>149,364</u>	<u>1,812,648</u>
Total Receipts Over/(Under) Disbursements	<u>(411,550)</u>	<u>82</u>	<u>(411,468)</u>
Fund Cash Balances, January 1	<u>1,485,312</u>	<u>727</u>	<u>1,486,039</u>
Fund Cash Balances, December 31	<u>\$1,073,762</u>	<u>\$809</u>	<u>\$1,074,571</u>
Reserve for Encumbrances, December 31	<u>\$5,455</u>	<u>\$0</u>	<u>\$5,455</u>

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**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Landfill Fees	\$1,286,026		\$1,286,026
Intergovernmental		\$25,662	25,662
Interest	59,896		59,896
Miscellaneous	7,084		7,084
Total cash receipts	<u>1,353,006</u>	<u>25,662</u>	<u>1,378,668</u>
Cash Disbursements:			
Current:			
Salaries	194,437		194,437
Supplies and Materials	6,241	18,282	24,523
Equipment	30,179		30,179
Contracts - Services	132,803	6,653	139,456
Rental - Facilities	17,490		17,490
Travel Expense	21,222		21,222
Public Employee's Retirement	25,594		25,594
Worker's Compensation	3,167		3,167
Group Insurance	37,609		37,609
Other	27,236		27,236
Implementation Plan	927,193		927,193
Total Disbursements	<u>1,423,171</u>	<u>24,935</u>	<u>1,448,106</u>
Total Receipts Over/(Under) Disbursements	<u>(70,165)</u>	<u>727</u>	<u>(69,438)</u>
Other Financing Receipts:			
Refund of Prior Year Expenditures	75,145		75,145
Total Other Financing Receipts / (Disbursements)	<u>75,145</u>		<u>75,145</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	4,980	727	5,707
Fund Cash Balances, January 1	<u>1,480,332</u>		<u>1,480,332</u>
Fund Cash Balances, December 31	<u>\$1,485,312</u>	<u>\$727</u>	<u>\$1,486,039</u>
Reserve for Encumbrances, December 31	<u>\$317,569</u>	<u>\$0</u>	<u>\$317,569</u>

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, 2008 AND 2007**

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 comprised of the Commissioners of Allen, Champaign, Hardin, Madison, Shelby, and Union 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. Accounting Basis

These financial statements follow the accounting basis 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 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. Deposit and Investments

As the Ohio Revised Code permits, the Allen County Treasurer holds the District's deposits as the District's custodian. The County holds the District's assets in its 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 funds into the following types:

1. General Fund

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

2. Special Revenue Funds

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Community Development Grant Fund - This fund receives grant monies to be used for the implementation of recycling and litter collection projects.

Scrap Tire Grant Fund - This fund receives grant monies to be used for projects that are designed to create or strengthen scrap tire markets in Ohio.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(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. The District 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2008 and 2007 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 [End of Years Audited] follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,474,876	\$1,251,734	(\$223,142)
Special Revenue	149,446	149,446	
Total	\$1,624,322	\$1,401,180	(\$223,142)

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,913,535	\$1,668,739	\$244,796
Special Revenue	149,446	149,364	82
Total	<u>\$2,062,981</u>	<u>\$1,818,103</u>	<u>\$244,878</u>

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,543,320	\$1,428,151	(\$115,169)
Special Revenue	26,375	25,662	(713)
Total	<u>\$1,569,695</u>	<u>\$1,453,813</u>	<u>(\$115,882)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,451,386	\$1,740,740	\$710,646
Special Revenue	26,375	24,935	1,440
Total	<u>\$2,477,761</u>	<u>\$1,765,675</u>	<u>\$712,086</u>

3. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5 percent, respectively, of their gross salaries and the District contributed an amount equaling 14 and 13.85 percent, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2008.

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.

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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 District Board of Directors:

We have audited the financial statements of the North Central Ohio Solid Waste Management District, Allen, Champaign, Hardin, Madison, Shelby, and Union Counties, (the District), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 4, 2009, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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.

We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

**Internal Control Over Financial Reporting
(Continued)**

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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above as finding number 2008-001 is a material weakness.

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 that we must report under *Government Auditing Standards*.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

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.



Mary Taylor, CPA
Auditor of State

June 4, 2009

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Material Weakness - Reporting Revenues and Expenditures

All transactions were posted to the general ledger; however, all funds were not properly reported in the District's financial statements. The following grants were not properly reported during 2008 and 2007:

- The 2007 Community Development Grant from Ohio Department of Natural Resources with receipts in the amount of \$25,662 and disbursements in the amount of \$24,935 were omitted from the financial statements.
- The 2008 Scrap Tire Grant from Ohio Department of Natural Resources with receipts in the amount of \$149,446 and disbursements in the amount of \$149,365 were omitted from the financial statements.

The failure to properly report these grants could result in a material misstatement of the financial statements of the District. The accompanying financial statements include the required adjustments to correctly state the District's special revenue fund revenue, expenditures and fund balances for the years 2008 and 2007.

The District should review the financial statements prepared by the County Auditor's office, on their behalf, to determine all District funds are properly reported.

Officials Response:

We have been made aware that we need to report all funding in the District's financial statements; they will be included in the future.



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
JUNE 30, 2009**