

**GEAUGA-TRUMBULL SOLID WASTE
MANAGEMENT DISTRICT
GEAUGA COUNTY
Regular Audit
For the Years Ended December 31, 2011 and 2010**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Directors
Geauga Trumbull Solid Waste District
5138 Enterprise Drive NW
Warren, Ohio 44481

We have reviewed the *Independent Accountants' Report* of the Geauga Trumbull Solid Waste District, Geauga County, prepared by Perry & Associates, Certified Public Accountants, A. C., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Geauga Trumbull Solid Waste District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 17, 2012

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

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2011.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	9

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INDEPENDENT ACCOUNTANTS' REPORT

June 14, 2012

Geauga-Trumbull Solid Waste Management District
Geauga County
5138 Enterprise Drive NW
Warren, Ohio 44481

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, 2011 and 2010. 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 require 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, 2011 and 2010 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, 2011 and 2010 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 as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of the Geauga-Trumbull Solid Waste Management District, Geauga County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1F, during 2011 the Geauga-Trumbull Solid Waste Management District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2012, 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.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**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, 2011**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Charges for Services	\$ 1,877,687	\$ -	\$ 1,877,687
Interest Income	1,102	-	1,102
Miscellaneous	2,149	-	2,149
	<u>1,880,938</u>	<u>-</u>	<u>1,880,938</u>
Total Cash Receipts			
	<u>1,880,938</u>	<u>-</u>	<u>1,880,938</u>
Cash Disbursements:			
Current Disbursements:			
Public Health Services:			
Salaries	194,524	-	194,524
Supplies	19,471	-	19,471
Contracts - Services	1,034,749	-	1,034,749
Travel	15,537	-	15,537
Legal Fees	16,294	-	16,294
Public Employee's Retirement	25,794	-	25,794
Worker's Compensation	1,235	-	1,235
Hospitalization	49,311	-	49,311
Other	24,710	-	24,710
	<u>1,381,625</u>	<u>-</u>	<u>1,381,625</u>
Total Cash Disbursements			
	<u>1,381,625</u>	<u>-</u>	<u>1,381,625</u>
Excess of Receipts Over Disbursements	<u>499,313</u>	<u>-</u>	<u>499,313</u>
Fund Cash Balances, January 1, 2011	<u>1,608,776</u>	<u>2,948</u>	<u>1,611,724</u>
Fund Cash Balances, December 31			
Restricted	-	2,948	2,948
Committed	116,013	-	116,013
Unassigned	1,992,076	-	1,992,076
	<u>1,992,076</u>	<u>-</u>	<u>1,992,076</u>
Fund Cash Balances, December 31	<u>\$ 2,108,089</u>	<u>\$ 2,948</u>	<u>\$ 2,111,037</u>

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, 2010**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Charges for Services	\$ 1,883,676	\$ -	\$ 1,883,676
Interest Income	1,359	-	1,359
Miscellaneous	13,608	-	13,608
	<u>1,898,643</u>	<u>-</u>	<u>1,898,643</u>
Total Cash Receipts	<u>1,898,643</u>	<u>-</u>	<u>1,898,643</u>
Cash Disbursements:			
Current Disbursements:			
Public Health Services:			
Salaries	181,232	-	181,232
Supplies	12,772	-	12,772
Contracts - Services	981,472	-	981,472
Travel	15,403	-	15,403
Legal Fees	32,141	-	32,141
Public Employee's Retirement	25,010	-	25,010
Worker's Compensation	1,574	-	1,574
Hospitalization	45,002	-	45,002
Other	23,516	-	23,516
	<u>1,318,122</u>	<u>-</u>	<u>1,318,122</u>
Total Cash Disbursements	<u>1,318,122</u>	<u>-</u>	<u>1,318,122</u>
Excess of Receipts Over Disbursements	<u>580,521</u>	<u>-</u>	<u>580,521</u>
Fund Cash Balances, January 1	<u>1,028,255</u>	<u>2,948</u>	<u>1,031,203</u>
Fund Cash Balances, December 31	<u>\$ 1,608,776</u>	<u>\$ 2,948</u>	<u>\$ 1,611,724</u>
Reserve for Encumbrances, December 31	<u>\$ 120,751</u>	<u>\$ -</u>	<u>\$ 120,751</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
FOR THE YEARS ENDED DECEMBER 31, 2011 AND DECEMBER 31, 2010**

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 Geauga-Trumbull Solid Waste Management District, Geauga County, (the District) as a body corporate and politic. 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. 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 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. Deposit and Investments

As the Ohio Revised Code permits, the Geauga County Treasurer holds the District's cash 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 Fund

This fund accounts for proceeds from specific sources (other than from trusts or for capital projects) that are 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
FOR THE YEARS ENDED DECEMBER 31, 2011 AND DECEMBER 31, 2010
(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 level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 2011 and 2010 budgetary activity appears in Note 2.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Commissioners can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Commissioners amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND DECEMBER 31, 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Commissioners or a District official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

H. 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, 2011 and December 31, 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,486,000	\$ 1,880,938	\$ 394,938
Total	\$ 1,486,000	\$ 1,880,938	\$ 394,938

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND DECEMBER 31, 2010
(Continued)**

2. Budgetary Activity (Continued)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,969,500	\$ 1,497,638	\$ 471,862
Total	\$ 1,969,500	\$ 1,497,638	\$ 471,862

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,374,741	\$ 1,898,643	\$ 523,902
Total	\$ 1,374,741	\$ 1,898,643	\$ 523,902

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,674,741	\$ 1,438,873	\$ 235,868
Total	\$ 1,674,741	\$ 1,438,873	\$ 235,868

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 2011 and 2010, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2011.

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

June 14, 2012

Geauga-Trumbull Solid Waste Management District
Geauga County
5138 Enterprise Drive NW
Warren, Ohio 44481

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, 2011 and 2010, and have issued our report thereon dated June 14, 2012, wherein we noted the District prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America and has adopted Governmental Accounting Standards Board Statement No. 54. 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 the audit committee, management, Board of Directors and others within the District. We intend it for no one other than these specified parties.

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry and Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

GEAUGA TRUMBULL SOLID WASTE 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
SEPTEMBER 27, 2012**