



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

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

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REPORT OF INDEPENDENT ACCOUNTANTS

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 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, 2000 and 1999. 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 generally accepted auditing standards 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 discussed in 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 North Central Ohio Solid Waste Management District of Allen, Champaign, Hardin, Madison, Shelby and Union Counties, as of December 31, 2000 and 1999, 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 May 4, 2001, 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 the audit committee, management, the Board of Directors and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 4, 2001

**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, 2000**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental		\$15,260	\$15,260
Charges for Services	1,439,025		1,439,025
Miscellaneous	145,998		145,998
 Total Cash Receipts	 1,585,023	 15,260	 1,600,283
Cash Disbursements:			
Current:			
Salaries	107,959		107,959
Supplies and Materials	12,315		12,315
Equipment	40,615		40,615
Contracts - Services	78,473		78,473
Public Employee's Retirement	12,554		12,554
Worker's Compensation	58		58
Other	74,703		74,703
Grants	890,136	5,920	896,056
 Total Cash Disbursements	 1,216,813	 5,920	 1,222,733
 Total Cash Receipts Over Cash Disbursements	 368,210	 9,340	 377,550
 Fund Cash Balances, January 1	 1,285,236	 (9,340)	 1,275,896
 Fund Cash Balances, December 31	 <u>\$1,653,446</u>	 <u>\$0</u>	 <u>\$1,653,446</u>
 Reserve for Encumbrances, December 31	 <u>\$30,836</u>	 <u>\$0</u>	 <u>\$30,836</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 TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental		\$69,306	\$69,306
Charges for Services	1,197,315		1,197,315
Miscellaneous	65,036		65,036
Total Cash Receipts	1,262,351	69,306	1,331,657
Cash Disbursements:			
Current:			
Salaries	74,288		74,288
Supplies and Materials	10,156		10,156
Equipment	2,045		2,045
Contracts - Services	68,320		68,320
Public Employee's Retirement	9,690		9,690
Worker's Compensation	341		341
Other	55,468		55,468
Grants	905,441	137,359	1,042,800
Total Cash Disbursements	1,125,749	137,359	1,263,108
Total Cash Receipts Over/(Under) Cash Disbursements	136,602	(68,053)	68,549
Fund Cash Balances, January 1 - Restated Note 2	1,148,634	58,713	1,207,347
Fund Cash Balances, December 31	<u>\$1,285,236</u>	<u>(\$9,340)</u>	<u>\$1,275,896</u>
Reserve for Encumbrances, December 31	<u>\$80,860</u>	<u>\$0</u>	<u>\$80,860</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, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The North Central Ohio Solid Waste Management District of Allen, Champaign, Hardin, Madison, Shelby and Union Counties, (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 an eighteen-member Board, which are the elected commissioners from the six counties. The District provides solid waste disposal, recycling opportunities, and other waste management services to these counties.

The Board maintains direct fiscal control over all fund cash balances which are maintained by the Allen County Treasurer with the Allen County Auditor serving as fiscal officer.

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 District's cash is held and invested by the Allen County Treasurer, who acts as custodian for District monies. The District's assets 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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1998 Focus Grant Fund - This fund receives grant monies to be used for the implementation of a local recycling, waste reduction, and/or litter prevention program.

1999 Recycling Market Development Grant Fund - This fund receives grant monies to be used for the implementation of a local recycling market development program.

1999 Market Improvement Grant Fund - This fund receives grant monies to be used for the implementation of a local recycling market improvement program.

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 and account level of control and appropriations may not exceed estimated resources. The Board must annually adopt an operating budget (appropriations) and subsequent amendments. The budget must include a statement of all expenses that are anticipated to occur. Unencumbered appropriations lapse at year end.

2. Estimated Resources

The Board must annually adopt an operating budget that includes an estimate of receipts from all sources, plus unencumbered cash, for the ensuing fiscal year.

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 2000 and 1999 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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the District.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. RESTATEMENT OF CASH FUND BALANCES

The fund balances of the General and Special Revenue fund types have been restated because State grant monies were reported in the General Fund in 1998.

The restatements had the following effect on fund balances previously reported at December 31, 1998: General Fund (\$58,713); Special Revenue Fund \$58,713. The restated fund balances as of January 1, 1999, for the General Fund and Special Revenue Fund are \$1,148,634 and \$58,713, respectively.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,111,000	\$1,585,023	\$474,023
Special Revenue	0	15,260	15,260
Total	<u>\$1,111,000</u>	<u>\$1,600,283</u>	<u>\$489,283</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,387,000	\$1,247,649	\$1,139,351
Special Revenue	0	5,920	(5,920)
Total	<u>\$2,387,000</u>	<u>\$1,253,569</u>	<u>\$1,133,431</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,020,000	\$1,262,351	\$242,351
Special Revenue	0	69,306	69,306
Total	<u>\$1,020,000</u>	<u>\$1,331,657</u>	<u>\$311,657</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,270,000	\$1,206,609	\$1,063,391
Special Revenue	0	137,359	(137,359)
Total	<u>\$2,270,000</u>	<u>\$1,343,968</u>	<u>\$926,032</u>

For both the years 1999 and 2000, the District did not estimate the receipts, or make appropriations for the expenditures of the Special Revenue funds.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. RETIREMENT SYSTEMS

The District's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For both years, 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries from January 1999 through June 2000, and an amount equal to 8.13% of participants' gross salaries for July through December 2000. The District has paid all contributions required through December 31, 2000.

5. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

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



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL 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, 2000 and 1999, and have issued our report thereon dated May 4, 2001. We conducted our audit in accordance with generally accepted auditing standards 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 have a direct and material effect on 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-60202-001 through 2000-60202-003. We also noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated May 4, 2001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated May 4, 2001.

North Central Ohio Solid Waste Management District
Allen, Champaign, Hardin, Madison, Shelby and Union Counties
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, management and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 4, 2001

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-60202-001	Noncompliance
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Ohio Rev. Code Section 5705.28(B)(2)(a), states that a taxing authority of a taxing unit that does not levy a tax is not required to adopt a tax budget. Instead, on or before the fifteenth day of July each year, such taxing authority shall adopt an operating budget for the taxing unit for the next ensuing fiscal year. The operating budget shall include an estimate of receipts from all sources, and a statement of all taxing unit expenses that are anticipated to occur.

For both the years 2000 and 1999, the operating budget was not adopted until October, and did not include an estimate of receipts, or expenses for the special revenue funds.

The District should adopt an operating budget, by the required date, which includes all funds.

FINDING NUMBER 2000-60202-002	Noncompliance
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Ohio Rev. Code Section 5705.36, states on or about the first day of each fiscal year, the fiscal officers of subdivisions are to address the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

For both 1999 and 2000, the Board did not include the estimated resources for the Special Revenue funds in the operating budget.

The lack of inclusion of all sources of revenue for all funds allows for the expenditure of revenues without authorization and the possibility of misunderstandings and questions to arise as to the intent of Board for the use of such revenues.

The Board should include estimated revenues and unencumbered balances in developing an operating budget for the General and each Special Revenue fund.

FINDING NUMBER 2000-60202-003	Noncompliance
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Ohio Rev. Code Section 5705.38, states that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the fiscal agent based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1st.

For both the years 1999 and 2000, the Board did not officially adopt the annual appropriation measure submitted to the fiscal agent, nor did it include appropriations for the Special Revenue funds.

The Board's lack of approval over budgetary items allows for the expenditure of money without authorization and the possibility of misunderstandings and questions to arise as to the intent of Board regarding proper expenditures.

The Board should approve annual appropriations for the General and each Special Revenue fund. The annual appropriation measure should be adopted at the account level as specified in the budgetary expenditure report that is provided by the fiscal agent.



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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 21, 2001**