



**GEAUGA-TRUMBULL SOLID WASTE MANAGEMENT DISTRICT
GEAUGA COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2005 & 2004**



**Auditor of State
Betty Montgomery**

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

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

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

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 a February 2, 2005 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 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

September 29, 2006

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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, 2005 and December 31, 2004. 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 combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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, 2005 and December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Geauga-Trumbull Solid Waste Management District, Geauga County, Ohio, as of December 31, 2005 and December 31, 2004, or its changes in financial position for the years then ended.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361
www.auditor.state.oh.us

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 Geauga-Trumbull Solid Waste Management District, Geauga County, Ohio, as of December 31, 2005 and December 31, 2004, and its combined 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, 2005 and December 31, 2004. 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 September 29, 2006, 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.



Betty Montgomery
Auditor of State

September 29, 2006

**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, 2005**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Project	
Cash Receipts:					
Intergovernmental	\$0	\$174,884	\$0	\$0	\$174,884
Charges for services	\$1,126,250	0	0	0	1,126,250
Interest Income	12,325	0	0	\$1,211	13,536
Miscellaneous	19,546	0	0	0	19,546
Total cash receipts	1,158,121	174,884	0	1,211	1,334,216
Cash Disbursements:					
Current:					
Salaries	123,065	59,057	0	0	182,122
Supplies and Materials	4,504	2,987	0	0	7,491
Contracts - Services	964,924	51,831	0	594,146	1,610,901
Public Employee's Retirement	16,458	7,797	0	0	24,255
Legal Fees	38,441	0	0	0	38,441
Worker's Compensation	1,639	759	0	0	2,398
Travel	12,222	4,858	0	0	17,080
Hospitalization	27,797	12,343	0	0	40,140
Other	3,085	50,691	0	0	53,776
Debt Service:					
Redemption of Principal	0	0	1,000,000	0	1,000,000
Interest and Fiscal Charges	19,090	0	910	0	20,000
Total Disbursements	1,211,225	190,323	1,000,910	594,146	2,996,604
Total Receipts Over/(Under) Disbursements	(53,104)	(15,439)	(1,000,910)	(592,935)	(1,662,388)
Other Financing Receipts/(Disbursements):					
Note Proceeds	0	0	1,000,330	0	1,000,330
Transfers-In	0	0	0	169,917	169,917
Transfers-Out	(169,917)	0	0	0	(169,917)
Total Other Financing Receipts/(Disbursements)	(169,917)	0	1,000,330	169,917	1,000,330
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(223,021)	(15,439)	(580)	(423,018)	(662,058)
Fund Cash Balances, January 1, 2005	573,415	26,698	910	424,314	1,025,337
Fund Cash Balances, December 31, 2005	\$350,394	\$11,259	\$330	\$1,296	\$363,279
Reserve for Encumbrances, December 31, 2005	\$69,928	\$6,246	\$0	\$0	\$76,174

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, 2004**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Project	
Cash Receipts:					
Intergovernmental	\$0	\$192,944	\$0	\$0	\$192,944
Charges for services	\$1,152,361	0	0	0	1,152,361
Interest Income	8,078	0	0	0	8,078
Miscellaneous	5,212	0	0	0	5,212
Total cash receipts	1,165,651	192,944	0	0	1,358,595
Cash Disbursements:					
Current:					
Salaries	118,720	54,991	0	0	173,711
Supplies and Materials	4,427	2,241	0	0	6,668
Contracts - Services	981,562	61,814	0	1,075,686	2,119,062
Public Employee's Retirement	15,877	7,354	0	0	23,231
Legal Fees	46,953	0	0	0	46,953
Worker's Compensation	1,290	761	0	0	2,051
Travel	11,269	4,087	0	0	15,356
Hospitalization	23,534	15,282	0	0	38,816
Other	17,840	45,257	0	0	63,097
Total Disbursements	1,221,472	191,787	0	1,075,686	2,488,945
Total Receipts Over/(Under) Disbursements	(55,821)	1,157	0	(1,075,686)	(1,130,350)
Other Financing Receipts/(Disbursements):					
Note Proceeds	0	0	910	1,000,000	1,000,910
Transfers-In	0	0	0	500,000	500,000
Transfers-Out	(500,000)	0	0	0	(500,000)
Total Other Financing Receipts/(Disbursements)	(500,000)	0	910	1,500,000	1,000,910
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(555,821)	1,157	910	424,314	(129,440)
Fund Cash Balances, January 1, 2004	1,129,236	25,541	0	0	1,154,777
Fund Cash Balances, December 31, 2004	\$573,415	\$26,698	\$910	\$424,314	\$1,025,337
Reserve for Encumbrances, December 31, 2004	\$117,032	\$28,260	\$0	\$424,314	\$569,606

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, 2005 AND 2004**

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. 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

In accordance with Ohio Revised Code, the Geauga 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 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 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, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

This fund accounts for resources the District accumulates to pay bond anticipation notes.

4. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects. The District had the following significant Capital Project Fund:

Construction Fund – This fund received note proceeds and transfers from the general fund, for the purpose of paying for a new building.

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 2005 and 2004 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2005 and December 31, 2004 follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,087,988	\$1,158,121	\$70,133
Special Revenue	170,629	174,884	4,255
Debt Service	1,000,000	1,000,330	330
Capital Projects	171,127	171,128	1
Total	<u>\$2,429,744</u>	<u>\$2,504,463</u>	<u>\$74,719</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,645,408	\$1,451,070	\$194,338
Special Revenue	197,327	196,569	758
Debt Service	1,000,910	1,000,910	0
Capital Projects	594,231	594,146	85
Total	<u>\$3,437,876</u>	<u>\$3,242,695</u>	<u>\$195,181</u>

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,162,112	\$1,165,651	\$3,539
Special Revenue	197,070	192,944	(4,126)
Debt Service	0	910	910
Capital Projects	1,500,000	1,500,000	0
Total	<u>\$2,859,182</u>	<u>\$2,859,505</u>	<u>\$323</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,249,239	\$1,838,504	\$410,735
Special Revenue	222,550	220,047	2,503
Capital Projects	1,500,000	1,500,000	0
Total	\$3,971,789	\$3,558,551	\$413,238

3. DEBT

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
Office Facility Note	\$1,000,000	3.55%
Total	\$1,000,000	

In 2004, the District issued a \$1,000,000 bond anticipation note for the construction of a new building. In 2005 the reissued this note for another \$1,000,000.

4. 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 2005 and 2004, OPERS members contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2005.

5. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

6. SUBSEQUENT EVENT

The District issued \$900,000 in notes in May 2006 to refinance the 2005 note.



Auditor of State Betty Montgomery

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

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, 2005 and December 31, 2004, and have issued our report thereon dated September 29, 2006, 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated September 29, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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*.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801

Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361

www.auditor.state.oh.us

Geauga-Trumbull Solid Waste Management District
Geauga County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management and the Board of Directors. It is not intended for 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 29, 2006



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
NOVEMBER 9, 2006**