



Dave Yost • Auditor of State

**NORTH CENTRAL OHIO SOLID WASTE MANAGEMENT DISTRICT
ALLEN, CHAMPAIGN, HARDIN, MADISON, SHELBY AND UNION COUNTIES
ALLEN 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, 2010.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009.....	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
Schedule of Prior Audit Findings.....	13

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Dave Yost • Auditor of State

North Central Ohio Solid Waste Management District
Allen, Champaign, Hardin, Madison, Shelby, and Union Counties
Allen County
815 Shawnee Road, Suite D
Lima, Ohio 45805

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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Dave Yost
Auditor of State

June 17, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

North Central Ohio Solid Waste Management District
Allen, Champaign, Hardin, Madison, Shelby, and Union Counties
Allen County
815 Shawnee Road, Suite D
Lima, Ohio 45805

To the Board of Directors:

We have audited the accompanying financial statements of the North Central Ohio Solid Waste Management District, Allen, Champaign, Hardin, Madison, Shelby, and Union Counties, Allen County (the District) as of and for the years ended December 31, 2010 and 2009. 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, 2010 and 2009 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, 2010 and 2009, 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, Allen County, as of December 31, 2010 and 2009, 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 17, 2011, 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 17, 2011

**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, 2010**

	<u>All Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Landfill Fees	\$1,185,270		\$1,185,270
Interest	976		976
Miscellaneous	14,096		14,096
Total Cash Receipts	<u>1,200,342</u>		<u>1,200,342</u>
Cash Disbursements:			
Current Disbursements:			
Salaries	198,071		198,071
Supplies and Materials	6,022		6,022
Equipment	7,992		7,992
Contracts - Services	72,203		72,203
Rental - Facilities - Utilities	19,228		19,228
Travel Expenses	31,054		31,054
Public Employee's Retirement	27,579		27,579
Worker's Compensation	1,180		1,180
Group Insurance	32,708		32,708
Other	28,460		28,460
Implementation Plan	581,583		581,583
Total Cash Disbursements	<u>1,006,080</u>		<u>1,006,080</u>
Total Receipts Over/(Under) Disbursements	<u>194,262</u>		<u>194,262</u>
Fund Cash Balances, January 1	<u>847,740</u>	<u>\$809</u>	<u>848,549</u>
Fund Cash Balances, December 31	<u>1,042,002</u>	<u>809</u>	<u>1,042,811</u>
Reserve for Encumbrances, December 31	<u>\$2,797</u>	<u>\$0</u>	<u>\$2,797</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, 2009**

	<u>All Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Landfill Fees	\$1,051,566		\$1,051,566
Intergovernmental		\$16,145	16,145
Interest	2,927		2,927
Miscellaneous	10,000		10,000
Total Cash Receipts	<u>1,064,493</u>	<u>16,145</u>	<u>1,080,638</u>
Cash Disbursements:			
Current Disbursements:			
Salaries	192,935		192,935
Supplies and Materials	7,373		7,373
Equipment	10,113		10,113
Contracts - Services	65,478		65,478
Rental - Facilities - Utilites	19,027		19,027
Travel Expenses	23,815		23,815
Public Employee's Retirement	27,011		27,011
Worker's Compensation	1,388		1,388
Group Insurance	37,465		37,465
Other	28,401		28,401
Project Fund Expense Implementation Plan	877,508	16,145	877,508
Total Cash Disbursements	<u>1,290,514</u>	<u>16,145</u>	<u>1,306,659</u>
Total Receipts Over/(Under) Disbursements	<u>(226,021)</u>		<u>(226,021)</u>
Fund Cash Balances, January 1	<u>1,073,761</u>	<u>809</u>	<u>1,074,570</u>
Fund Cash Balances, December 31	<u>\$847,740</u>	<u>\$809</u>	<u>\$848,549</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</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
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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, 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 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 Allen County Treasurer holds the District's deposits as the District's custodian. The County holds the District's assets in its deposit 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 Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(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 re-appropriated.

A summary of 2010 and 2009 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, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,009,000	\$1,200,342	\$191,342
Special Revenue			
Total	\$1,009,000	\$1,200,342	\$191,342

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,346,000	\$1,008,877	\$337,123
Special Revenue			
Total	<u>\$1,346,000</u>	<u>\$1,008,877</u>	<u>\$337,123</u>

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,469,919	\$1,064,493	(\$405,426)
Special Revenue	16,145	16,145	
Total	<u>\$1,486,064</u>	<u>\$1,080,638</u>	<u>(\$405,426)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,574,110	\$1,290,514	\$283,596
Special Revenue	16,145	16,145	
Total	<u>\$1,590,255</u>	<u>\$1,306,659</u>	<u>\$283,596</u>

3. RETIREMENT SYSTEM

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 2010 and 2009, 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, 2010.

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.

5. RETURN OF UNSPENT GRANT FUNDS

On April 28, 2011, the District returned unspent funds in the amount of \$727 for the 2007 Community Development Grant and \$82 for the 2008 Scrap Tire Grant to the Ohio Department of Natural Resources.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. SUBSEQUENT EVENT

On March 31, 2011, the Board of Directors of the North Central Ohio Solid Waste District (the District) entered into a lease agreement with the Board of Commissioners of Shelby County for the Shelby County Recycling Facility. Effective April 1, 2011, the District took over the operations of the facility, with monthly rent being paid to Shelby County. The Shelby County Commissioners provided the District with \$100,000 to cover expenses incurred at the beginning of the lease period. The District established a new fund with this \$100,000 to account for the activity of the Shelby County Recycling Center. Under the lease agreement, the four recycling center employees will become employees of the District and all proceeds from the sale of recyclable materials will be remitted to the District. Wages and corresponding benefits and the proceeds from the sale of materials will all be recorded in the new fund. In the event that costs to operate the Shelby County Recycling Facility exceed revenues being brought in, the District may borrow money from the portion of the recycling fund that is still maintained on the financial records of Shelby County. The District is expected to repay the loan as funds become available again. The District is managing the Shelby County Recycling Center for the purpose of offering more services to help meet EPA mandates under House Bill 592.



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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
Allen County
815 Shawnee Road, Suite D
Lima, Ohio 45805

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, 2010 and 2009, and have issued our report thereon dated June 17, 2011 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 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 did note a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 17, 2011.

We intend this report solely for the information and use of management, the District Board of Directors, and others within the District. We intend it for no one other than these specified parties.

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Dave Yost
Auditor of State

June 17, 2011

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Material Weakness – Reporting Revenues and Expenditures	No	Similar comment reported in separate letter to Management.

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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
JULY 26, 2011**