



Mary Taylor, CPA
Auditor of State

**SOLID WASTE DISTRICT OF BUTLER COUNTY
BUTLER COUNTY**

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Mary Taylor, CPA

Auditor of State

Solid Waste District of Butler County
Butler County
130 High Street
Hamilton, Ohio 45011

To the Policy Committee:

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.

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Mary Taylor, CPA
Auditor of State

February 13, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Solid Waste District of Butler County
Butler County
130 High Street
Hamilton, Ohio 45011

To the Policy Committee:

We have audited the accompanying financial statements of the Solid Waste District of Butler County, Ohio (the District), as of and for the years ended December 31, 2005 and 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 1A, the financial statements of the District are intended to present the cash basis financial position and activity of the District. They do not purport to, and do not, present the cash basis financial position and activity of Butler County.

As described more fully in Note 1A, 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 years ended December 31, 2005 and 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 2004 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, 2005 and 2004, 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 Solid Waste District of Butler County, Ohio, as of December 31, 2005 and 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 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 February 13, 2007, 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.



Mary Taylor, CPA
Auditor of State

February 13, 2007

**SOLID WASTE DISTRICT OF BUTLER COUNTY
BUTLER 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**

| | <u>General</u> | <u>Special Revenue</u> | <u>Totals (Memorandum Only)</u> |
|--|-------------------------|----------------------------|---|
| Cash Receipts: | | | |
| Intergovernmental | \$0 | \$472,540 | \$472,540 |
| Landfill Fees | 505,217 | | 505,217 |
| Miscellaneous | 3,320 | | 3,320 |
| | <u>508,537</u> | <u>472,540</u> | <u>981,077</u> |
| Cash Disbursements: | | | |
| Current: | | | |
| Salaries | 164,748 | | 164,748 |
| Public Employee's Retirement | 204,392 | | 204,392 |
| Worker's Compensation | 1,598 | | 1,598 |
| Medical Health Insurance | 2,302 | | 2,302 |
| Group Health Insurance | 27,715 | | 27,715 |
| Office Supplies | 2,532 | | 2,532 |
| Postage | 2,092 | | 2,092 |
| Equipment | 3,046 | | 3,046 |
| Capital Equipment | 0 | 164,543 | 164,543 |
| Professional Development | 2,931 | | 2,931 |
| Professional Services | 77,542 | | 77,542 |
| Travel and Training Expenses | 1,177 | | 1,177 |
| Other Contract Services | 312,882 | 52,000 | 364,882 |
| Other | 7,290 | | 7,290 |
| Grants | 11,761 | | 11,761 |
| | <u>822,008</u> | <u>216,543</u> | <u>1,038,551</u> |
| Total Receipts Over/(Under) Disbursements | <u>(313,471)</u> | <u>255,997</u> | <u>(57,474)</u> |
| Excess of Cash Receipts Over/(Under) Cash Disbursements | (313,471) | 255,997 | (57,474) |
| Fund Cash Balances, January 1 | <u>754,319</u> | <u>0</u> | <u>754,319</u> |
| Fund Cash Balances, December 31 | <u>\$440,848</u> | <u>\$255,997</u> | <u>\$696,845</u> |
| Reserve for Encumbrances, December 31 | <u>\$25,808</u> | <u>\$0</u> | <u>\$25,808</u> |

The notes to the financial statements are an integral part of this statement.

**SOLID WASTE DISTRICT OF BUTLER COUNTY
BUTLER COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

| | |
|--|-------------------------|
| Cash Receipts: | |
| Intergovernmental | \$49,600 |
| Landfill Fees | 529,064 |
| Miscellaneous | <u>4,006</u> |
| Total cash receipts | <u>582,670</u> |
| Cash Disbursements: | |
| Current: | |
| Salaries | 158,629 |
| Public Employee's Retirement | 18,752 |
| Worker's Compensation | 954 |
| Medical Health Insurance | 2,243 |
| Group Health Insurance | 20,586 |
| Office Supplies | 834 |
| Equipment | 5,087 |
| Professional Development | 4,211 |
| Professional Services | 63,464 |
| Travel and Training Expenses | 1,625 |
| Other Contract Services | 189,483 |
| Other | 126 |
| Grants | <u>6,200</u> |
| Total Disbursements | <u>472,194</u> |
| Total Receipts Over Disbursements | <u>110,476</u> |
| Excess of Cash Receipts Over Cash Disbursements | 110,476 |
| Fund Cash Balances, January 1 | <u>643,843</u> |
| Fund Cash Balances, December 31 | <u>\$754,319</u> |
| Reserve for Encumbrances, December 31 | <u>\$26,746</u> |

The notes to the financial statements are an integral part of this statement.

**SOLID WASTE DISTRICT OF BUTLER COUNTY
BUTLER COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Solid Waste District of Butler County, Ohio (the District), was established under Ohio Revised Code Section 343.01(A) (1). The District is considered part of the Butler County primary government because it is not legally separate from the County. The financial information for the District is included in the County's financial statements. The accompanying financial statements are intended to present only the cash basis year end combined fund cash balances and reserve for encumbrances and the combined cash receipts and disbursements for those years; they are not intended to present the financial information of the County as a whole.

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 Butler 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 Funds

These funds account 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 Funds:

Market Development Grant Fund - This fund receives grant monies to be used for the implementation of a local recycling market development program, including the purchase of certain equipment.

**SOLID WASTE DISTRICT OF BUTLER COUNTY
BUTLER COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Assistance Grant Fund - This fund receives grant monies to be used for the recycling program, including the purchase of scrap processing equipment.

- E. Budgetary Process** Note: Under HB 262, effective for fiscal years ending 12/00 and subsequent, Solid Waste Districts that do not levy property taxes must follow most of the 5705 budget requirements, but need not seek approval of a county budget commission for any budgetary actions.

The Ohio Revised Code requires the District to budget each fund annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations and appropriations may not exceed estimated resources. The appropriation authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The District's budget is approved by the Butler County Board of Commissioners (the Commissioners) at the fund, program, department, and object level of control. The Commissioners 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 3.

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.

**SOLID WASTE DISTRICT OF BUTLER COUNTY
BUTLER COUNTY**

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

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

| 2005 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$465,072 | \$508,537 | \$43,465 |
| Special Revenue | 472,540 | 472,540 | 0 |
| Total | \$937,612 | \$981,077 | \$43,465 |

| 2005 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$878,547 | \$847,816 | \$30,731 |
| Special Revenue | 461,200 | 216,543 | 244,657 |
| Total | \$1,339,747 | \$1,064,359 | \$275,388 |

| 2004 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$549,915 | \$582,670 | \$32,755 |
| Total | \$549,915 | \$582,670 | \$32,755 |

| 2004 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$727,272 | \$498,940 | \$228,332 |
| Total | \$727,272 | \$498,940 | \$228,332 |

3. 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.

**SOLID WASTE DISTRICT OF BUTLER COUNTY
BUTLER COUNTY**

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

4. RISK MANAGEMENT

Commercial Insurance

The District is included in Butler County's commercial insurance policies for the following risks:

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



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*

Solid Waste District of Butler County
Butler County
130 High Street
Hamilton, Ohio 45011

To the Policy Committee:

We have audited the financial statements of the Solid Waste District of Butler County, Ohio (the District), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated February 13, 2007, 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 February 13, 2007, we reported another matter involving internal control over financial reporting we did not deem a reportable condition.

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*. In a separate letter to the District's management dated February 13, 2007, we reported other matters related to noncompliance we deemed immaterial.

Solid Waste District of Butler County
Butler 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 Policy Committee. It is not intended for anyone other than these specified parties.

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

February 13, 2007



Mary Taylor, CPA
Auditor of State

SOLID WASTE DISTRICT OF BUTLER COUNTY

BUTLER 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
MARCH 1, 2007**