



Dave Yost • Auditor of State

**OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT
SANDUSKY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Ottawa-Sandusky-Seneca Joint Solid Waste Management District
Sandusky County
1875 East State Street
Fremont, Ohio 43420-2534

To the Board of Directors:

We have audited the accompanying basic financial statements of Ottawa-Sandusky-Seneca Joint Solid Waste Management District, Sandusky County, Ohio (the District), as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash financial position of Ottawa-Sandusky-Seneca Joint Solid Waste Management District, Sandusky County, Ohio, as of December 31, 2011, and the changes in cash financial position and its cash flows for the year then ended in conformity with the basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 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.

We conducted our audit to opine on the District's financial statements taken as a whole. Management's Discussion and Analysis includes tables of net assets and changes in net assets. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

October 25, 2012

**OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

The discussion and analysis of the Ottawa-Sandusky-Seneca Joint Solid Waste Management District, (the "District") financial performance provides an overall review of the District's financial activities for the year ended December 31, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the Notes to the Financial Statements and the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

The District saw a decrease in July when we renegotiated a contract with Sunny Farms Landfill in Fostoria, Ohio. The contract retracted a \$1.50 contract fee we were receiving on each ton of out of state waste. This result in a revenue reduction in the second half of the year. We also received the first half payment for a Recycling Market Development Grant for Roppe Rubber in Fostoria for \$95,750.

The District did not have any unusual expenses in 2011 other than a Ford F350 truck that will be utilized for recycling. All other expenses were relatively the same as the previous year.

Using this Annual Financial Report.

The annual report consists of three parts, the Management's Discussion and Analysis, the Financial Statements and the Notes to the Financial Statements. The Financial Statements include a Statement of Net Assets, a Statement of Receipts, Disbursements and Changes in Net Assets and a Statement of Cash Flow.

The following schedule provides a summary of the District's Statement of Net Assets for the years ended December 31, 2011 and 2010:

Assets	Net Assets	
	2011	2010
Total Assets	<u>\$ 4,459,828</u>	<u>\$ 4,043,922</u>
Net Assets		
Total Net Assets	<u>\$ 4,459,828</u>	<u>\$ 4,043,922</u>

Net assets increased by \$415,906. There was an increase in revenue from Sunny Farms landfill because they have increased the amount of out of state waste they are accepting at the facility which results in more fees being collected for the District.

Statement of Receipts, Disbursements and Changes in Net Assets

The Statement of Receipts, Disbursements and Changes in Net Assets report operating activities for the year ended December 31, 2011.

**OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

The following schedule provides a summary of the District's Statement of Receipts, Disbursements, and Changes in Net Assets for the years ended December 31, 2011 and 2010:

	Change In Net Assets	
	2011	2010
Receipts		
Grants	\$ 95,750	\$ 50,000
Charges for Services	1,718,905	2,525,427
Interest Income	65,485	33,821
Other	29,598	66,732
Total Receipts	1,909,738	2,675,980
 Disbursements		
Personal Services	279,054	291,375
Fringe Benefits	81,452	81,228
Materials and Supplies	100,395	205,781
Contract Services	838,567	811,219
Grants		50,000
Equipment	1,195	58,724
Travel	8,136	8,547
Other	185,033	91,123
Total Disbursement	1,493,832	1,597,997
 Change in Net Assets	\$ 415,906	\$ 1,077,983

Contacting the District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the District's cash basis finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. William L. Farrell, County Auditor at Sandusky County, 100 North Park Avenue, Suite 228, Fremont, Ohio 43420-2534.

**OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT
SANDUSKY COUNTY**

*Statement of Net Assets - Cash Basis
December 31, 2011*

	<u>Enterprise Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 4,459,828</u>
Net Assets	
Restricted for:	
Other Purposes	95,750
Unrestricted	<u>4,364,078</u>
Total Net Assets	<u>\$ 4,459,828</u>

See accompanying notes to the basic financial statements

**OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT
SANDUSKY COUNTY**

*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Fund
For the Fiscal Year Ended December 31, 2011*

	<u>Enterprise Fund</u>
Operating Receipts	
Charges for Services	<u>\$ 1,718,905</u>
Operating Disbursements	
Personal Services	279,054
Fringe Benefits	81,452
Materials and Supplies	100,395
Contractual Services	838,567
Travel	8,136
Equipment	1,195
Other	<u>185,033</u>
<i>Total Operating Disbursements</i>	<u>1,493,832</u>
<i>Operating Income</i>	<u>225,073</u>
Non-Operating Receipts	
Interest	65,485
Reimbursements and Rebates	29,598
Grant	<u>95,750</u>
<i>Total Non-Operating Receipts</i>	<u>190,833</u>
<i>Change in Net Assets</i>	415,906
<i>Net Assets Beginning of Year</i>	<u>4,043,922</u>
<i>Net Assets End of Year</i>	<u><u>\$ 4,459,828</u></u>

See accompanying notes to the basic financial statements

**OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT
SANDUSKY COUNTY**

*Statement of Cash Flows - Cash Basis
Proprietary Fund
For the Year Ended December 31, 2011*

Increase in Cash and Cash Equivalents	<u>Enterprise Fund</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 1,718,905
Cash Payments to Employees for Services	(279,054)
Cash Payments for Employee Benefits	(81,452)
Cash Payments for Goods and Services	(948,293)
Other Cash Payments	<u>(185,033)</u>
<i>Net Cash Provided by Operating Activities</i>	<u>225,073</u>
Cash Flows from Noncapital Financing Activities	
Reimbursements and Rebates	29,598
Grants	<u>95,750</u>
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>125,348</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>65,485</u>
<i>Net Increase in Cash and Cash Equivalents</i>	415,906
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>4,043,922</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$ 4,459,828</u></u>

See accompanying notes to the basic financial statements

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**OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 1 - REPORTING ENTITY

The Ottawa-Sandusky-Seneca Joint Solid Waste Management District, Sandusky County, Ohio (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 a nine-member Board of Directors comprised of the three County Commissioners of Ottawa, Sandusky, and Seneca Counties. The Sandusky County Auditor is the fiscal agent. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.B, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The District does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

The District's basic financial statements consist of a statement of net assets, a statement of receipts, disbursements, and changes in net assets, and a statement of cash flows. Enterprise fund reporting focuses on the determination of the change in net assets, financial position, and cash flows.

B. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivables and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

C. Cash and Investments

The District's cash is held and invested by the Sandusky County Treasurer, who acts as custodian for District monies. The District's assets are held in the County Treasurer's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

**OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

The District is not required to follow all of the budgetary provisions set forth in Ohio Revised Code 5705; however, the District voluntarily follows the requirements.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. The Board approves appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Unencumbered appropriation 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 District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated.

E. Inventory and Prepaid Items

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

F. Capital Assets

Acquisitions of capital assets are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

H. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Note 4 and 5, the employer contribution include portions for pension benefits and for postretirement health care benefits.

**OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District had no restricted net assets.

NOTE 3 - DEPOSITS AND INVESTMENTS

The Sandusky County Treasurer maintains a cash pool used by all funds, including those of the District. The Ohio Revised Code prescribes allowable deposits and investments. The District's carrying amount of cash on deposit with the County at December 31, 2011, was \$4,459,828. The Sandusky County Treasurer, as fiscal agent for the District, is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposited accounts.

NOTE 4 - DEFINED BENEFIT PENSION PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description – The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2011, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11.0 percent and 11.6 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2011, member and employer contribution rates were consistent across all three plans.

**OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

NOTE 4 - DEFINED BENEFIT PENSION PLANS (Continued)

The District's 2011 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the District's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2011. Employer contribution rates are actuarially determined.

The District's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009 were \$35,596, \$31,079 and \$22,767 respectively. The full amount has been contributed for 2011, 2010, and 2009.

NOTE 5 - POSTEMPLOYMENT BENEFITS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

**OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

NOTE 5 - POSTEMPLOYMENT BENEFITS (Continued)

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2011.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

OPERS Retirement Board Implements its Health Care Preservation Plan - The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$14,238, \$17,718, and \$16,462, respectively; 100% has been contributed for 2011, 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

NOTE 6 - PUBLIC ENTITY RISK POOLS

A. County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among sixty counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

B. County Commissioners Association of Ohio Service Corporation

The District participates in a group rating plan for workers' compensation as established under Section 4123.39 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as an insurance purchasing pool.

**OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

NOTE 6 - PUBLIC ENTITY RISK POOLS (Continued)

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participants. The group executive committee consists of nine members. Two members are the president and treasurer of CCAOSC: the remaining seven members are representatives of the participants. These seven members are elected for the ensuing year by the participants at a meeting held in December of each year. No participant can have more than one member on the group executive committee in any year, and each elected member shall be a county commissioner.



Dave Yost • Auditor of State

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

Ottawa-Sandusky-Seneca Joint Solid Waste Management District
Sandusky County
1875 East State Street
Fremont, Ohio 43420-2534

To the Board of Directors:

We have audited the basic financial statements of the Ottawa-Sandusky-Seneca Joint Solid Waste Management District, Sandusky County, Ohio (the District), as of and for the year ended December 31, 2011, and have issued our report thereon dated October 25, 2012, wherein we noted the District prepared its financial statements on the cash basis. 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*.

Ottawa-Sandusky-Seneca Joint Solid Waste Management District
Sandusky 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, the audit committee, the Board of Directors, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

October 25, 2012



Dave Yost • Auditor of State

OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT

SANDUSKY 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 20, 2012