



Dave Yost • Auditor of State

**FOUR COUNTY SOLID WASTE DISTRICT
DEFIANCE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Four County Solid Waste District
Defiance County
500 Court Street, Suite E
Defiance, Ohio 43512-2171

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Four County Solid Waste District, Defiance County, Ohio (the District), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 1 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and the major fund of Four County Solid Waste District, Defiance County, Ohio, as of December 31, 2014 and 2013, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 1.

Accounting Basis

We draw attention to Note 1 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the District's financial statements that collectively comprise its basic financial statements.

Management's Discussion and Analysis includes tables of net position, changes in net position, and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Columbus, Ohio

March 31, 2015

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**FOUR COUNTY SOLID WASTE DISTRICT
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
UNAUDITED**

This discussion and analysis of the Four County Solid Waste District's (the District) financial performance provides an overall review of the District's financial activities for the years ended December 31, 2014 and 2013, within the limitations of the District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Highlights

Key highlights for 2014 and 2013 are as follows:

- In 2014, net position of governmental activities increased \$112,810, or 38.15 percent. In 2013, net position of governmental activities decreased \$117,416, or 28.42 percent.
- The District's program receipts are primarily charges for services for tipping fees. These receipts in 2014 and 2013 represented 70.11 and 99.90 percent, respectively of the total cash received for governmental activities during the year.
- All activities of the District remained consistent in 2014 and 2013 as compared to prior years.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**FOUR COUNTY SOLID WASTE DISTRICT
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
UNAUDITED
(Continued)**

Reporting the District as a Whole

This annual report includes all activities for which the District is fiscally responsible. These activities, defined as the District's reporting entity, are operated within separate legal entities that make up the primary government. The primary government consists of the Four County Solid Waste District.

The statement of net position and the statement of activities reflect how the District did financially during 2014 and 2013, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the District at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other nonfinancial factors as well such as the condition of the District's capital assets and infrastructure, and the reliance on non-local financial resources for operations.

In the statement of net position and the statement of activities, we report governmental activities which include all of the District's basic services and are reported here. Tipping fees finance most of these activities.

Reporting the District's Most Significant Funds

Fund financial statements provide detailed information about the General Fund, which is the only fund of the District. The General Fund of the District is classified in governmental funds.

The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The programs reported in governmental funds are the same as those reported in the governmental activities section of the entity-wide statements.

The District as a Whole

Table 1 provides a summary of the District's net position for 2014 compared to 2013 and 2013 compared to 2012 on a cash basis:

**FOUR COUNTY SOLID WASTE DISTRICT
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
UNAUDITED
(Continued)**

(Table 1)
Net Position

| | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---------------------------|-----------------------------|-----------------------------|-----------------------------|
| Assets: | | | |
| Cash and cash equivalents | \$ 408,481 | \$ 295,671 | \$ 413,087 |
| | <u> </u> | <u> </u> | <u> </u> |
| Net Position: | | | |
| Unrestricted | \$ 408,481 | \$ 295,671 | \$ 413,087 |
| | <u> </u> | <u> </u> | <u> </u> |

Net position of governmental activities increased \$112,810 or 38.15 percent during 2014. The primary reason contributing to the increase is the District received a \$125,000 OEPA Market Development Grant that has not yet been expended.

Net position of governmental activities decreased \$117,416 or 28.42 percent during 2013 due to disbursements continuing to exceed receipts and lower investment income.

Table 2 reflects the changes in net position from 2014 to 2013 and 2013 to 2012.

(Table 2)
Changes in Net Position

| | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|----------------------------------|-------------------|-------------------|-------------------|
| Receipts: | | | |
| Program Receipts: | | | |
| Charges for services and sales | \$ 295,578 | \$ 211,601 | \$ 226,643 |
| Capital grants and contributions | 125,000 | | 10,000 |
| Total Program Receipts | <u>420,578</u> | <u>211,601</u> | <u>236,643</u> |
| General Receipts: | | | |
| Interest | <u>980</u> | <u>210</u> | <u>448</u> |
| Total Receipts | <u>421,558</u> | <u>211,811</u> | <u>237,091</u> |
| Disbursements: | | | |
| Current: | | | |
| General government | 68,748 | 49,227 | 29,160 |
| Conservation | 240,000 | 280,000 | 389,900 |
| Total Disbursements | <u>308,748</u> | <u>329,227</u> | <u>419,060</u> |
| Increase in Net Position | 112,810 | (117,416) | (181,969) |
| Net Position, January 1 | <u>295,671</u> | <u>413,087</u> | <u>595,056</u> |
| Net Position, December 31 | <u>\$ 408,481</u> | <u>\$ 295,671</u> | <u>\$ 413,087</u> |

**FOUR COUNTY SOLID WASTE DISTRICT
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
UNAUDITED
(Continued)**

Program receipts represent 99.77 and 99.90 percent of total receipts in 2014 and 2013 and are comprised of restricted intergovernmental receipts such as state grants as well as tipping fees. Program receipts increased by \$208,977 (98.76%) in 2014 due to the increase in tipping fees, collection of a newly enacted contract fee, and receipt of \$125,000 in grant revenue. Program Receipts decreased by \$25,042 (10.58%) in 2013 due to the decrease in landfill revenues as well as not receiving any grant revenue.

General receipts represent .23 and .10 percent of the District's total receipts in 2014 and 2013. General receipts increased \$770 (366.67%) due to higher interest earnings in 2014 and decreased by \$238 (53.13%) due to lower interest earnings on a lower cash balance in 2013.

Disbursements for general government represent the overhead costs of running the District and the support services provided for the other government activities. These include administration costs and local program cost allocations.

Conservation disbursements represent the monies disbursed to other local governments to run recycling programs.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The major program disbursement for governmental activities is conservation, which accounts for 77.73 and 85.05 percent of all governmental disbursements in 2014 and 2013, respectively. General government represents the remaining disbursements. The next two columns of the Statement entitled Program Receipts identify amounts received for charges for services and amounts paid by grants received by the District that must be used to provide a specific service. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)
Governmental Activities

| | Total Cost Of Services 2014 | Net Cost of Services 2014 | Total Cost Of Services 2013 | Net Cost of Services 2013 | Total Cost Of Services 2012 | Net Cost of Services 2012 |
|-----------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| General Government | \$68,748 | \$13,170 | \$49,227 | \$49,227 | \$29,160 | \$29,160 |
| Conservation | 240,000 | (125,000) | 280,000 | 68,399 | 389,900 | 153,257 |
| Total Expenses | \$308,748 | (\$111,830) | \$329,227 | \$117,626 | \$419,060 | \$182,417 |

The dependence on Tipping Fees is apparent as all Governmental activities are supported through these program receipts.

**FOUR COUNTY SOLID WASTE DISTRICT
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
UNAUDITED
(Continued)**

The District's Fund

In 2014 and 2013, total governmental funds had receipts of \$421,558 and \$211,811 and disbursements of \$308,748 and \$329,227, respectively. The fund balance of the General Fund increased \$112,810 in 2014 and decreased by \$117,416 in 2013.

General Fund receipts exceeded disbursements by \$112,810 in 2014. General Fund disbursements exceeded receipts by \$117,416 in 2013.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The District has only one fund, the General Fund.

Actual receipts exceeded final budgeted receipts in 2014 due to collection of newly enacted contract fees as well as higher than anticipated tipping fee revenue. Actual receipts were under final budgeted receipts due to lower than anticipated tipping fees.

In 2014, final disbursements were budgeted at \$455,590 while actual disbursements were \$449,876. In 2013, final disbursements were budgeted at \$367,120 while actual disbursements were \$351,982. These differences are attributed to the District's conservative method in budgeting funds.

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

Debt

At December 31, 2014 and 2013, the District had no outstanding debt.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The District relies heavily on tipping fees.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Deborah S. Nester, Williams County Auditor, One Courthouse Square, Bryan, Ohio 43506.

FOUR COUNTY SOLID WASTE DISTRICT
DEFIANCE COUNTY

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2014

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets: | |
| Equity in pooled cash and cash equivalents | <u><u>\$408,481</u></u> |
| Net Position: | |
| Unrestricted | <u><u>\$408,481</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FOUR COUNTY SOLID WASTE DISTRICT
DEFIANCE COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

| | | Program Cash Receipts | | Net Disbursements and Changes in Net Position |
|--------------------------------------|-----------------------|--------------------------------------|--|---|
| | Cash Disbursements | Charges for Services and Sales | Capital Grants and Contributions | Total |
| Governmental Activities: | | | | |
| General Government | \$68,748 | \$55,578 | | (\$13,170) |
| Conservation | 240,000 | 240,000 | \$125,000 | 125,000 |
| <i>Total Governmental Activities</i> | <u>\$308,748</u> | <u>\$295,578</u> | <u>\$125,000</u> | <u>111,830</u> |
| | | General Receipts: | | |
| | | Interest | | 980 |
| | | <i>Change in Net Position</i> | | 112,810 |
| | | Net Position, January 1 | | 295,671 |
| | | <i>Net Position, December 31</i> | | <u>\$408,481</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FOUR COUNTY SOLID WASTE DISTRICT
DEFIANCE COUNTY

STATEMENT OF ASSETS AND FUND BALANCE - CASH BASIS
GOVERNMENTAL FUND
DECEMBER 31, 2014

| | <u>General</u> |
|--|------------------|
| Assets: | |
| Equity in pooled cash and cash equivalents | <u>\$408,481</u> |
| Fund Balance: | |
| Assigned | \$141,128 |
| Unrestricted | <u>267,353</u> |
| Total Fund Balance | <u>\$408,481</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FOUR COUNTY SOLID WASTE DISTRICT
DEFIANCE COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE - CASH BASIS
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>General</u> |
|---------------------------------------|-------------------------|
| Receipts: | |
| Tipping Fees | \$246,845 |
| Intergovernmental | 125,000 |
| Investment Income | 980 |
| Contract Fees | 48,733 |
| <i>Total Receipts</i> | <u>421,558</u> |
| Disbursements: | |
| Current: | |
| General government | 68,748 |
| Conservation | 240,000 |
| <i>Total Disbursements</i> | <u>308,748</u> |
| <i>Net Change in Fund Balance</i> | 112,810 |
| Fund Cash Balance, January 1 | <u>295,671</u> |
| <i>Fund Cash Balance, December 31</i> | <u><u>\$408,481</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FOUR COUNTY SOLID WASTE DISTRICT
DEFIANCE COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------------|-------------------------|---|
| | Original | Final | | |
| Receipts: | | | | |
| Charge for Services | \$201,611 | \$201,611 | \$246,845 | \$45,234 |
| Intergovernmental | | 125,000 | 125,000 | |
| Investment Income | 800 | 800 | 980 | 180 |
| Contract Fees | | | 48,733 | 48,733 |
| <i>Total Receipts</i> | <u>202,411</u> | <u>327,411</u> | <u>421,558</u> | <u>94,147</u> |
| Disbursements: | | | | |
| Current: | | | | |
| General government: | 53,440 | 90,590 | 84,876 | 5,714 |
| Conservation | <u>240,000</u> | <u>365,000</u> | <u>365,000</u> | |
| <i>Total Disbursements</i> | <u>293,440</u> | <u>455,590</u> | <u>449,876</u> | <u>5,714</u> |
| <i>Net Change in Fund Balance</i> | <u>(91,029)</u> | <u>(128,179)</u> | <u>(28,318)</u> | <u>99,861</u> |
| Unencumbered Fund Cash Balance, January 1 | 272,916 | 272,916 | 272,916 | |
| Prior Year Encumbrances Appropriated | <u>22,755</u> | <u>22,755</u> | <u>22,755</u> | |
| <i>Unencumbered Fund Cash Balance, December 31</i> | <u><u>\$204,642</u></u> | <u><u>\$167,492</u></u> | <u><u>\$267,353</u></u> | <u><u>\$99,861</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FOUR COUNTY SOLID WASTE DISTRICT
DEFIANCE COUNTY

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2013

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets: | |
| Equity in pooled cash and cash equivalents | <u>\$295,671</u> |
| Net Positon: | |
| Total Net Position | <u>\$295,671</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FOUR COUNTY SOLID WASTE DISTRICT
DEFIANCE COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

| | Cash Disbursements | Program Cash Receipts Charges for Services and Sales | Net Disbursements and Changes in Net Position Total |
|--------------------------------------|-----------------------|--|--|
| Governmental Activities: | | | |
| General Government | \$49,227 | | (\$49,227) |
| Conservation | 280,000 | \$211,601 | (68,399) |
| <i>Total Governmental Activities</i> | \$329,227 | \$211,601 | (117,626) |
| | | General Receipts: | |
| | | Interest | 210 |
| | | <i>Change in Net Position</i> | (117,416) |
| | | Net Position, January 1 | 413,087 |
| | | <i>Net Position, December 31</i> | \$295,671 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FOUR COUNTY SOLID WASTE DISTRICT
DEFIANCE COUNTY

STATEMENT OF ASSETS AND FUND BALANCE - CASH BASIS
GOVERNMENTAL FUND
DECEMBER 31, 2013

| | <u>General</u> |
|--|-------------------------|
| Assets: | |
| Equity in pooled cash and cash equivalents | <u>\$295,671</u> |
| Fund Balance: | |
| Assigned | \$22,755 |
| Unrestricted | <u>272,916</u> |
| Total Fund Balance | <u><u>\$295,671</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FOUR COUNTY SOLID WASTE DISTRICT
DEFIANCE COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE - CASH BASIS
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

| | <u>General</u> |
|---------------------------------------|-------------------------|
| Receipts: | |
| Tipping Fees | \$211,601 |
| Investment Income | 210 |
| <i>Total Receipts</i> | <u>211,811</u> |
| Disbursements: | |
| Current: | |
| General government | 49,227 |
| Conservation | 280,000 |
| <i>Total Disbursements</i> | <u>329,227</u> |
| <i>Net Change in Fund Balance</i> | (117,416) |
| Fund Cash Balance, January 1 | <u>413,087</u> |
| <i>Fund Cash Balance, December 31</i> | <u><u>\$295,671</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FOUR COUNTY SOLID WASTE DISTRICT
DEFIANCE COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------------|-------------------------|---|
| | Original | Final | | |
| Receipts: | | | | |
| Charge for Services | \$240,659 | \$240,659 | \$211,601 | (\$29,058) |
| Investment Income | 425 | 425 | 210 | (215) |
| <i>Total Receipts</i> | <u>241,084</u> | <u>241,084</u> | <u>211,811</u> | <u>(29,273)</u> |
| Disbursements: | | | | |
| Current: | | | | |
| General government: | 80,120 | 87,120 | 71,982 | 15,138 |
| Conservation | <u>280,000</u> | <u>280,000</u> | <u>280,000</u> | |
| <i>Total Disbursements</i> | <u>360,120</u> | <u>367,120</u> | <u>351,982</u> | <u>15,138</u> |
| <i>Net Change in Fund Balance</i> | <u>(119,036)</u> | <u>(126,036)</u> | <u>(140,171)</u> | <u>(14,135)</u> |
| Unencumbered Fund Cash Balance, January 1 | 377,452 | 377,452 | 377,452 | |
| Prior year encumbrances appropriated | <u>35,635</u> | <u>35,635</u> | <u>35,635</u> | |
| <i>Unencumbered Fund Cash Balance, December 31</i> | <u><u>\$294,051</u></u> | <u><u>\$287,051</u></u> | <u><u>\$272,916</u></u> | <u><u>(\$14,135)</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**FOUR COUNTY SOLID WASTE DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Four County Solid Waste District, Defiance 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 was created under Chapter 343 and 3734.52 and 3734.57 of the Ohio Revised Code. The District is directed by a twelve member Board of Directors comprised of three County Commissioners of Defiance, Fulton, Paulding, and Williams Counties. The District is required to have a plan to manage waste that is generated within the District in an environmentally protective way. The Plan details waste disposal facilities, recycling opportunities, and other waste management services through the funding of grants to the District's Counties.

A reporting entity is comprised of the primary government, component units and other organizations included ensuring that the basic financial statements are not misleading. The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are grouped into the governmental category.

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. The difference between governmental fund assets and cash disbursements is reported as fund balance.

The General Fund reports all financial resources except those required to be accounted for in another fund. The General fund balance is available for any purpose provided it is disbursed or transferred according to Ohio law.

C. Basis of Presentation

The District has implemented the provisions of Governmental Auditing Standards Board (GASB) Number 34 for financial reporting on a cash basis, which is a basis of accounting other than accounting principles generally accepted in the United State of America. The District's basic financial statements consist of government-wide statements, including a statement of net cash assets and a statement of activities, and the fund statements that provide a more detailed level of financial information.

D. Government – wide Financial Statements

The statement of net cash assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

**FOUR COUNTY SOLID WASTE DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of net position – cash basis presents the cash basis financial condition of governmental activities of the District at year end. The statement of activities – cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the District's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipients of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the District. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental function is self – financing or draws from the general cash receipts of the District.

E. Basis of Accounting

These financial statements follow the cash basis of accounting. Under the cash 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, in accordance with the basis of accounting described in the preceding paragraph.

F. 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 level of control, and appropriations may not exceed estimated resources. 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 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.

G. Cash and Investments

In accordance with Ohio Revised Code, the Williams County Treasurer is custodian for the District's monies. The District's cash and investments are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

**FOUR COUNTY SOLID WASTE DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

The Board of Directors can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

I. 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.

**FOUR COUNTY SOLID WASTE DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Inventory and Prepaid Items

On the cash basis of accounting, inventories of supplies items are reported as disbursements when purchased.

K. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

L. Net Position

The statements report restricted net position when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

The District first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

2. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, cash disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end 2014 and 2013 (budgetary basis) amounted to \$141,128 and \$22,755, respectively for the general fund.



Dave Yost • Auditor of State

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

Four County Solid Waste District
Defiance County
500 Court Street, Suite E
Defiance, Ohio 43512-2171

To the Board of Directors:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and the major fund of Four County Solid Waste District, Defiance County, Ohio (the District) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 31, 2015, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining on compliance with those provisions was not an objective of our

Four County Solid Waste District
Defiance County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Columbus, Ohio

March 31, 2015



Dave Yost • Auditor of State

FOUR COUNTY SOLID WASTE DISTRICT

DEFIANCE 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
APRIL 14, 2015**