STARK-TUSCARAWAS-WAYNE JOINT SOLID WASTE MANAGEMENT DISTRICT

TUSCARAWAS COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2015

Charles E. Harris & Associates
certified public accountants & government consultants

Dave Yost • Auditor of State

Board of Directors
Stark-Tuscarawas-Wayne Joint Solid Waste Management District
9918 Wilkshire Boulevard, NE
Bolivar, Ohio 44612

We have reviewed the *Independent Auditor's Report* of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2015 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Stark-Tuscarawas-Wayne Joint Solid Waste Management District is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

July 25, 2016

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Stark-Tuscarawas-Wayne Joint Solid Waste Management District
Tuscarawas County

For the Year Ended December 31, 2015

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Stark-Tuscarawas-Wayne Joint Solid Waste Management District
Tuscarawas County
9918 Wilkshire Blvd NE
Bolivar, Ohio 44612

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, Ohio (the District), as of and for the years ended December 31, 2015 and 2014, 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 accounting principles generally accepted in the United States of America; this includes 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 financial position of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, as of December 31, 2015 and 2014, and the changes in its financial position and its cash flows thereof, for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended December 31, 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2016, 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.

Charles E. Harris Associates

Charles E. Harris & Associates, Inc.
May 30, 2016

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This discussion and analysis of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District's (the District) financial performance provides an overall review of the District's financial activities for the years ended December 31, 2015 and 2014. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Overview of the Financial Statements

The District's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standard Board (GASB). The financial information of the District is accounted for in a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets greater than or equal to $5,000 for all items except equipment and furniture and greater than or equal to $2,500 for equipment and furniture, are capitalized and are depreciated over their useful lives. See the notes to the financial statements for a summary of the District's significant accounting policies.

Following this management's discussion and analysis are the basic financial statements of the District together with the notes, which are essential to a full understanding of the data contained in the financial statements. Included in the financial statements for the District are the following:

- Statement of Net Position – This statement presents information on all of the District's assets and deferred outflows of resources and all of the District's liabilities and deferred inflows of resources, with the difference between the two reported as net position.
- Statement of Revenues, Expenses and Changes in Net Position - This statement includes all operating and nonoperating revenues and expenses for the District and shows the change in the District's net position during the most recent year.
- Statement of Cash Flows — This statement reports cash and cash equivalent activities for the year resulting from operating, capital and investing activities. A reconciliation of operating income with cash provided from operations is included.

Financial Highlights

The District recognized its fifth year of growth in net position since regaining control over its Plan Update on January 27, 2011. Prior to that, the District had been operating under an Ohio EPA Plan Update since December 2006 which required the District to implement all programs as described in the Plan Update to their fullest extent in accordance to the Cost of Plan Implementation schedule. That coupled with significantly reduced tipping fee revenue resulted in the District spending down its net position from $10,113,636 in 2007 to $3,980,713 in 2010 under the Ohio EPA Plan Update. The District has successfully balanced its budget while still satisfying its main goals and objectives.

Maintaining all core recycling programs essential to meeting the Ohio State Plan Goals of providing sufficient access to recycling programs or achieving the waste reduction and recycling rates remain the District's focus. All other plan strategies were re-evaluated to determine priority service to the public while meeting budget shortfalls. Although the District no longer holds annual appliance and household hazardous waste collections, which cost approximately $1,000,000 to operate, it continues to distribute annual newsletters to every household and provides updated information on its website that provide year round solutions for most of the materials previously collected. The District also works with communities and private businesses to help facilitate local collections and identify new outlets for hazardous and electronic waste.

Financial Position

The analysis below focuses on the District's financial position and the results of operations for 2015 compared to 2014:

	2015	2014
Assets		
Current and Other Assets	$7,198,923	$7,209,717
Capital Assets, Net	1,570,800	1,028,004
Total Assets	8,769,723	8,237,721
Deferred Outflows of Resources	97,564	0
Liabilities	928,481	263,435
Deferred Inflows of Resources	8,533	0
Net Position		
Investment in Capital Assets	1,570,800	1,028,004
Restricted for:		
Other Purposes	5,518,195	6,427,867
Unrestricted	841,278	518,415
Total Net Position	$7,930,273	$7,974,286
Revenues		
Operating Revenues	$3,997,871	$4,205,291
Non-operating Revenues	72,590	23,922
Total Revenues	4,070,461	4,229,213
Expenses	3,698,992	3,075,177
Change in Net Position	371,469	1,154,036
Net Position, Beginning of Year	7,558,804	6,820,250
Net Position, End of Year	$7,930,273	$7,974,286

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net* *pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service

2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, from $7,974,286 to $7,558,804.

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of $59,249 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of $52,836. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	$3,698,992
Pension expense under GASB 68	(52,836)
2015 contractually required contribution	71,648
Adjusted 2015 program expenses	3,717,804
Total 2014 program expenses under GASB 27	3,075,177
Increase in program expenses not related to pension	$642,627

The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $7,930,273 (net position) which is an increase of $371,469. Of this amount, $5,518,195 of restricted net position is available for plan implementation of the 10 allowable expenses according to H.B. 592 and pursuant to the Ohio Revised Code 3734.57, Section (G). Restricted net position decreased from the prior year by $494,190 or 8.22 percent due mainly to the District crediting its recyclable income as unrestricted revenue compared to restricted revenue as in past years and the return of certain grant programs and payment for yard waste collection which increased expenses.

Unrestricted net position increased significantly from the prior year, increasing $322,863 or 62.28 percent, which can be attributed to the District crediting its recyclable income as unrestricted revenue starting in 2015 compared to restricted revenue as in past years. This change was done as a result of an Ohio Attorney General opinion 2013-044 stating joint solid waste management districts may use revenue derived from its recycling program for purposes other than those listed in Ohio Revised Code 3734.57, Section (G). These unrestricted assets represent the accumulated interest income earned over time, in addition to the recycling income now also included, which may be used to fund expenses outside of the scope of the Plan Update or any proper purpose of the District.

A portion of the District's net position ($1,570,800 or 19.81 percent and $1,028,004 or 12.89 percent at December 31, 2015 and 2014, respectively, for a net increase of $542,796 or 52.80 percent) represents the District's investment in its capital assets. The increase in the District's investment in its capital assets is due to the purchase of two recycling trucks, improvements to the District office parking lot, and improvements to the garage leased from Stark County by the District.

The District's revenues exceeded its expenses by $371,469. Since the District regained control over its Plan Update when it was approved by the Director of the Ohio EPA January 27, 2011 and is no longer under an Ohio EPA Plan Update, it has the flexibility to adjust program expenses to be in alignment with revenues. The increased growth over the last five years is also due to an upswing in the tipping fee revenue and recyclable income received by the District that is outpacing the consistent expenses for the same time period.

The District's revenues decreased $158,752, or 3.75 percent, and expenses increased $623,815, or 20.29 percent. The decrease in revenue can be attributed to decreased tipping fees and recyclable income. The increase in expenses was mainly due to the District reinstating the Program Start-Up and Compost and

Recycling Infrastructure Enhancement grants and paying for yard waste collection after a no cost contract expired. Since the District regained control over its Plan Update approved by the Ohio EPA Director on January 27, 2011 following an Ohio EPA Plan that was effective from 2007 through 2010, the District has balanced its budget and made the necessary changes to further align expenses with revenues. With the District's current Plan Update going into effect in 2015 and increased fund balance, the District has re-evaluated certain programs and returned or increased funding to key areas required to meet state goals previously eliminated or reduced based on budgetary restrictions. The District will continue to make adjustments while keeping a close eye on our overall financial position as it begins working on the next Plan Update in the fall of 2016.

The District's primary revenues are tipping fees. These receipts represented 90.60 percent of the total revenues received during the year. Tipping fee revenues for 2015 decreased by $195,830 as compared to 2014. The decrease in tipping fee revenue was seen in outside district and outside State tipping fees, while inside district tipping fees increased by $60,475. This was the first time since 2010 the District saw a decrease in tipping fees. In 2006, tipping fee revenue totaled $5,524,941 but was then reduced almost by half, as a result of the displacement of waste to facilities outside the District, and it is not anticipated they will return to that historical level in the near future. However, the tipping fees had been steadily rebounding since 2010 and now appear to be leveling off.

The District's primary expenses are grants to various municipalities and county government agencies to assist with recycling, waste reduction and safe and sanitary disposal of waste in the landfills. These expenses represent 35.22 percent of the total expenses incurred during the year. Grants to others for 2015 totaled $1,302,922 which is an increase of $388,978 compared to 2014. The increase is due to higher incentive-based Recycling Makes Sense Grant payments to municipalities with curbside or drop-off recycling programs that are funded based on the volume of recyclables collected, as well as the return of the Program Start-Up and Compost and Recycling Infrastructure Enhancement grants. Grants also include funding for approved health departments, sheriff litter grants, and host community cleanup grants.

Capital Assets

As of December 31, 2015, the District had $1,570,800 invested in land improvements, building and improvements, leasehold improvements, furniture, fixtures and equipment, and vehicles. The table below shows 2015 balances compared to 2014:

	2015	2014
Land Improvements	$60,075	$9,625
Building and Improvements	252,762	264,995
Leasehold Improvements	318,076	0
Furniture, Fixtures and Equipment	17,396	16,389
Vehicles	922,491	736,995
Totals	$1,570,800	$1,028,004

All capital assets are reported net of depreciation. In 2015, capital assets increased significantly. This was primarily due to the addition of two new recycling trucks, improvements to the District office parking lot, and improvements made to a garage leased from Stark County. For additional information on capital assets, see Note 9.

Current Known Facts and Conditions

The challenge for all governments is to provide quality services while staying within the restrictions imposed by limited funding. The District relies heavily on tipping fees.

The District's ratified plan update was approved by the Ohio EPA on December 24, 2014 and is in full implementation for 2015. Throughout the planning process the District re-evaluated its goals and objectives along with its current financial position to determine how best to re-align revenues and expenses. Some grant programs were reinstated along with increased education and marketing to continue to increase recycling rates and opportunities for the community.

Contacting the District's Management

This financial report is designed to provide our citizens and creditors with a general overview of the District's finances and to demonstrate accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Erica R. Wright, Finance Director, at Stark-Tuscarawas-Wayne Joint Solid Waste Management District, 9918 Wilkshire Blvd NE, Bolivar, Ohio 44612 or email at erica@timetorecycle.org.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Statement of Net Position

December 31, 2015 and 2014

	2015	2014
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	$6,587,365	$6,740,761
Accrued Interest Receivable	578	388
Settlement Receivable	88,961	103,861
Tipping Fee Receivable	447,210	330,293
Recyclable Income Receivable	29,180	34,414
Insurance Claim Receivable	45,629	0
Total Current Assets	7,198,923	7,209,717
Noncurrent Assets:		
Depreciable Capital Assets, Net	1,570,800	1,028,004
Total Assets	8,769,723	8,237,721
Deferred Outflows of Resources		
Pension	97,564	0
Liabilities		
Current Liabilities:		
Accounts Payable	105,154	64,181
Accrued Wages	34,762	29,610
Contracts Payable	48,774	0
Intergovernmental Payable	225,291	133,204
Compensated Absences Payable	21,827	28,447
Total Current Liabilities	435,808	255,442
Long-Term Liabilities:		
Compensated Absences Payable (net of current portion)	6,972	7,993
Net Pension Liability	485,701	0
Total Long-Term Liabilities	492,673	7,993
Total Liabilities	928,481	263,435
Deferred Inflows of Resources		
Pension	8,533	0
Net Position		
Investment in Capital Assets	1,570,800	1,028,004
Restricted for Other Purposes	5,518,195	6,427,867
Unrestricted	841,278	518,415
Total Net Position	$7,930,273	$7,974,286

See accompanying notes to the basic financial statements

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Statement of Revenues,

Expenses and Changes in Net Position

For the Years Ended December 31, 2015 and 2014

	2015	2014
Operating Revenues		
Tipping Fees		
Inside District	$786,604	$726,129
Outside District	2,885,720	3,098,195
Outside State	15,569	59,399
Recyclable Income	298,439	317,171
Other	11,539	4,397
Total Operating Revenues	3,997,871	4,205,291
Operating Expenses		
Wages and Benefits	808,736	698,472
Grants to Others:		
Financial Assistance to City/County Boards of Health	325,000	285,000
Community Recycling Grants	555,455	373,944
Yard Waste Grants	137,467	0
County Sheriff's Grants	285,000	255,000
Recycling Collection	496,066	554,340
Yard Waste Collection	392,959	0
Household Hazardous Waste/Electronics Collection	15,540	4,573
Education and Awareness	206,611	126,051
Road Repairs Around District Landfills	1	380,527
Tire Collection	57,810	53,423
Professional Fees	21,755	16,500
Administrative Office Supplies and Vehicle Expense	42,863	52,477
Utilities	13,019	13,142
Computer and Website	21,365	13,098
Postage and Delivery	4,055	4,003
Printing and Brochures	3,018	3,779
Administrative Travel and Expenses	582	938
Advertising	26	0
Cleaning and Maintenance	16,099	18,173
Insurance	23,820	20,250
American Landfill	16,361	12,500
Depreciation Expense	255,384	188,987
Total Operating Expenses	3,698,992	3,075,177
Operating Income	298,879	1,130,114
Non-Operating Revenues		
Bureau of Workers' Compensation Safety Grant	0	2,895
Interest	23,100	16,216
Landfill Settlement	3,861	0
Insurance Claim	45,629	4,811
Total Non-Operating Revenues	72,590	23,922
Change in Net Position	371,469	1,154,036
Net Position Beginning of Year - Restated (See Note 3)	7,558,804	6,820,250
Net Position End of Year	$7,930,273	$7,974,286

See accompanying notes to the basic financial statements

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Statement of Cash Flows

For the Years Ended December 31, 2015 and 2014

	2015	2014
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash Received from Tipping Fees	$3,570,976	$3,825,103
Cash Received from Recycling Income	303,673	308,470
Other Cash Receipts	11,539	4,397
Cash Payments to Employees for Services	(829,779)	(701,285)
Cash Payments for Goods and Services	(332,179)	(723,129)
Cash Payments for Grants to Others	(1,265,295)	(912,139)
Cash Payments for Recyclable Material Collections	(841,581)	(601,202)
Net Cash Provided by Operating Activities	617,354	1,200,215
Cash Flows from Noncapital Financing Activities		
Landfill Settlement	2,400	12,500
Grant	0	2,895
Net Cash Provided by Noncapital Financing Activities	2,400	15,395
Cash Flows from Capital Activities		
Acquisition of Capital Assets	(801,843)	(287,951)
Disposal of Capital Assets	3,663	1,739
Insurance Claim	2,120	4,811
Net Cash Used in Capital Activities	(796,060)	(281,401)
Cash Flows from Investing Activities		
Interest on Investments	22,910	16,353
Net Increase (Decrease) in Cash and Cash Equivalents	(153,396)	950,562
Cash and Cash Equivalents Beginning of Year	6,740,761	5,790,199
Cash and Cash Equivalents End of Year	$6,587,365	$6,740,761
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	$298,879	$1,130,114
Adjustments:		
Depreciation	255,384	188,987
(Increase) Decrease in Assets:		
Tipping Fees Receivable	(116,917)	(58,620)
Recyclable Income Receivable	5,234	(8,701)
Settlement Receivable	2,400	(3,861)
Decrease in Deferred Inflows of Resources - Pension	5,920	0
Increase (Decrease) in Liabilities:		
Accounts Payable	40,973	(49,219)
Accrued Wages	5,152	6,067
Contracts Payable	48,774	0
Intergovernmental Payable	92,087	7,247
Compensated Absences Payable	(7,641)	(11,799)
Net Pension Liability	(8,954)	0
Decrease in Deferred Outflows of Resources - Pension	(3,937)	0
Net Cash Provided by Operating Activities	$617,354	$1,200,215

See accompanying notes to the basic financial statements

Note 1 - Description of the Entity

The Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas 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 formed on November 28, 1988 pursuant to Chapters 343 and 3734 of the Ohio Revised Code. The District is directed by a 9-member Board of Directors comprised of the three County Commissioners of Stark, Tuscarawas, and Wayne Counties and is a jointly governed organization of the three Counties. The District provides solid waste disposal, recycling opportunities, and other waste management services to these counties.

In accordance with the Statements of the Governmental Accounting Standards Board, including GASB No. 14, the accompanying financial statements include all funds and activities over which the District is financially accountable.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Basis of Presentation

The District's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

The District uses enterprise accounting to maintain its financial records during the year. Enterprise accounting focuses on the determination of operating income, change in net position, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

The District uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its enterprise activity.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District's financial statements are prepared using the accrual basis of accounting. On the accrual basis, revenue is recorded on exchange transactions when the exchange takes place. Nonexchange transactions, in which the District receives value without directly giving equal value in return, include capital contributions. Expenses are recognized at the time they are incurred.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources includes pension reported in the government-wide statement of net position. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the District, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (See Note 6).

Cash and Investments

During 2015, investments were limited to federal home loan bank notes, federal national mortgage association notes, federal home loan mortgage corporation notes, federal farm credit bank notes, first American funds government obligations mutual fund and STAR Ohio.

Investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost. The fair value of the mutual funds is determined by the fund's December 31, 2015, share price. Any increase or decrease in fair value is reported as a component of interest income.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold for on December 31, 2015.

Capital Assets

Capitalized assets utilized by the District are reported on the statement of net position. The District maintains a capitalization threshold of $5,000 for all capital assets except for furniture and fixtures which have a capitalization threshold of $2,500. Property and equipment are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. The cost of maintenance and repairs is expensed as incurred; significant betterments are generally capitalized. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. Donated capital assets are recorded at fair market values as of the date received. Depreciation of property and equipment is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	10-40 years
Buildings and Improvements	10-40 years
Furniture and Fixtures	5-10 years
Vehicles	5-10 years

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for employees with at least 25 years of current service with the District or other political subdivision of the State of Ohio, or 15 years of service and 45 years of age, or 5 years of service and 60 years of age.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are for tipping fees and recyclable income. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the District. All revenues and expenses not meeting these definitions are reported as non-operating.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. For 2015, the District had restricted net position in the amount of $5,518,195. Net position restricted for other purposes includes tipping fees which are available for plan implementation of the 10 allowable expenses according to H.B. 592 and pursuant to the Ohio Revised Code 3734.57, Section (G). Investment in capital assets consists of capital assets less accumulated depreciation.

Note 3 – Change in Accounting Principle and Restatement of Net Position

For 2015, the District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. A net position restatement is required in order to implement GASB Statements No. 68 and 71. The net position at January 1, 2015 has been restated as follows:

Net Position As Previously Reported	$7,974,286
Adjustments:	
Net Pension Liability	(474,731)
Deferred Outflow - Payments Subsequent to Measurement Date	59,249
Restated Net Position January 1, 2015	$7,558,804

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

Note 4 – Deposits and Investments

State statutes require the classification of monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Directors has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

Interim monies may be invested or deposited in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any obligation guaranteed as to principal or interest by the United States;

2. Bonds, notes, debenture, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed 30 days;

4. Bonds and other obligations of the State of Ohio or Ohio local governments;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasury Asset Reserve of Ohio (STAROhio);

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and

8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool stabled by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage of short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. These securities must be obligation of or guaranteed by the United States and mature or be redeemable within 5 year of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the District's name.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2015, the carrying amount of the District's deposits was $4,634,484 and the bank balance was $4,670,275. Of the bank balance $2,506,633 was covered by Federal depository insurance and the remaining balance of $2,163,642 was covered by pledged collateral with securities held by the pledging financial institution's trust department or agent. At December 31, 2014, the carrying amount of the District's deposits was $4,603,677 and the bank balance was $4,662,673. Of the bank balance $1,351,192 was covered by Federal depository insurance and the remaining balance of $3,311,481 was covered by pledged collateral with securities held by the pledging financial institution's trust department or agent. Although the securities were held by the pledging financial institution's trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2015, the District had the following investments:

Investment Type	Fair Value	Average Maturity
Federal Home Loan Bank Notes	$164,793	176 days
Federal National Mortgage Association Notes	641,667	1,011 days
Federal Home Loan Mortgage Corporation Notes	765,085	955 days
Federal Farm Credit Bank Bonds	300,395	1,306 days
First American Funds Government Obligations Mutual Fund	14,120	51 days
STAROhio	66,821	49 days
Total Investments	$1,952,881	

As of December 31, 2014, the District had the following investments:

Investment Type	Fair Value	Average Maturity
Federal Home Loan Bank Notes	$457,307	436 days
Federal National Mortgage Association Notes	640,345	728 days
Federal Home Loan Mortgage Corporation Notes	923,730	768 days
US Treasury Notes and Bills	45,016	304 days
First American Funds Government Obligations Mutual Fund	3,936	51 days
STAROhio	66,750	53 days
Total Investments	$2,137,084	

Interest Rate Risk State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in repurchase agreements to 30 days and the market value of the securities must exceed the principal value of the agreement by 2 percent and be marked to market daily. The District had no investment policy that would further limit investment choices.

Credit Risk Moody has assigned Aaa ratings to the Federal Home Loan Bank Notes, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Farm Credit Bank Bonds, and First American Funds Government Obligations Mutual Fund. Standard & Poor's has assigned STAR Ohio an AAAm rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy that addresses credit risk.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The Federal Home Loan Bank Notes, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Farm Credit Bank Bonds, and First American Funds Government Obligations Mutual Fund are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty. The District has no investment policy dealing with investment custodial credit risk beyond the requirements in State statute that requires securities shall be delivered into the custody of the treasurer or governing board or an agent designated by the treasurer or governing board.

Concentration of Credit Risk The District places no limit on the amount it may invest in any one issuer.

The following is the District's allocation as of December 31, 2015:

Investment Issuer	Percentage of Investments
Federal Home Loan Bank Notes	8.44 %
Federal National Mortgate Association Notes	32.86
Federal Home Loan Mortgage Corporation Notes	39.18
Federal Farm Credit Bank Bonds	15.38

The following is the District's allocation as of December 31, 2014:

Investment Issuer	Percentage of Investments
Federal Home Loan Bank Notes	21.40 %
Federal National Mortgate Association Notes	29.96
Federal Home Loan Mortgage Corporation Notes	43.22

Note 5 – Receivables

Receivables at December 31, 2015, consisted of accrued interest, a legal settlement receivable, tipping fees, and recyclable income. All receivables are deemed collectible in full.

The legal settlement receivable is due to a legal dispute between the District and American Landfill Incorporated (ALI) related to the solid waste disposal and landfill operations at ALI's American Landfill in Stark County. Per the settlement agreement, ALI shall submit ten annual payments to the District in the amount of $12,500 per year, for a total of $125,000. In exchange, the District agreed to dismiss the lawsuit against ALI. The first payment from ALI was received during 2013. Per the settlement agreement, the District will use the funds to monitor groundwater; however, any excess funds may be retained by the District to be used for any proper purpose of the District.

Note 6 – Defined Benefit Pension Plan

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of the pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of the plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on the accrual basis of accounting.

Plan Description

Plan Description - District employees participate 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. District employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	2015	2014
Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0 %
Employee	10.0 %	10.0 %
Actual Contribution Rates		
Employer:		
Pension	12.0 %	12.0 %
Post-employment Health Care Benefits	2.0	2.0
Total Employer	14.0 %	14.0 %
Employee	10.0 %	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The District's contractually required contribution was $71,648 for 2015. Of this amount, $3,856 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportionate Share of the Net Pension Liability	$485,701
Proportion of the Net Pension Liability	0.0040270%
Pension Expense	$52,836

At December 31, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$25,916
District contributions subsequent to the measurement date	71,648
Total Deferred Outflows of Resources	$97,564
Deferred Inflows of Resources	
Differences between expected and actual experience	$8,533

$71,648 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2016	$2,542
2017	2,542
2018	5,820
2019	6,479
Total	$17,383

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the

Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net pension liability	$893,551	$485,701	$142,193

Note 7 - Postemployment Benefits

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional 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 two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a health reimbursement arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml 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 the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5 percent.

Substantially all of the District's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2015, 2014, and 2013 was $11,941, $9,875, and $4,943, respectively. For 2015, 94.62 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2014 and 2013.

Note 8 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters.

During 2014 and 2015, the District obtained commercial insurance through Leonard Insurance, for the following risks:

Coverage	Limit
Property	$908,120
Automobile	1,000,000
General Liability	1,000,000
Public Officials	1,000,000
Umbrella	3,000,000

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 9 – Capital Assets

Capital asset activity for the fiscal year ended December 31, 2015 was as follows:

	Balance 12/31/2014	Additions	Deductions	Balance 12/31/2015
Capital Assets being depreciated:				
Land Improvements	$99,651	$62,213	($70,119)	$91,745
Building and Improvements	482,596	0	0	482,596
Leasehold Improvements	0	331,329	0	331,329
Furniture, Fixtures and Equipment	103,898	5,650	0	109,548
Vehicles	1,354,964	402,651	(205,850)	1,551,765
Total Capital Assets being depreciated	2,041,109	801,843	(275,969)	2,566,983
Less Accumulated Depreciation				
Land Improvements	(90,026)	(8,100)	66,456	(31,670)
Building and Improvements	(217,601)	(12,233)	0	(229,834)
Leasehold Improvements	0	(13,253)	0	(13,253)
Furniture, Fixtures and Equipment	(87,509)	(4,643)	0	(92,152)
Vehicles	(617,969)	(217,155)	205,850	(629,274)
Total Accumulated Depreciation	(1,013,105)	(255,384)	272,306	(996,183)
Total Capital Assets being Depreciated, net	$1,028,004	$546,459	($3,663)	$1,570,800

Capital asset activity for the fiscal year ended December 31, 2014 was as follows:

	Balance 12/31/2013	Additions	Deductions	Balance 12/31/2014
Capital Assets being depreciated:				
Land Improvements	$99,651	$0	$0	$99,651
Building and Improvements	482,596	0	0	482,596
Furniture, Fixtures and Equipment	103,898	0	0	103,898
Vehicles	1,078,426	287,951	(11,413)	1,354,964
Total Capital Assets being depreciated	1,764,571	287,951	(11,413)	2,041,109
Less Accumulated Depreciation				
Land Improvements	(85,043)	(4,983)	0	(90,026)
Building and Improvements	(205,368)	(12,233)	0	(217,601)
Furniture, Fixtures and Equipment	(83,433)	(4,076)	0	(87,509)
Vehicles	(459,948)	(167,695)	9,674	(617,969)
Total Accumulated Depreciation	(833,792)	(188,987)	9,674	(1,013,105)
Total Capital Assets being Depreciated, net	$930,779	$98,964	($1,739)	$1,028,004

Note 10 – Employee Benefits

Insurance Benefits

The District provides medical/surgical insurance, prescription drug, vision, life and dental insurance through the Stark County Schools Council of Governments to all eligible employees. Employees have the option of choosing a traditional comprehensive plan with 80 percent co-payment of major medical expenses after deductibles or a P.P.O. plan with a 90 percent co-pay of major medical expenses after deductibles.

Note 11 – Long-Term Obligations

A schedule of changes in bonds and other long-term obligations of the District during 2015 follows:

	Principal Outstanding 12/31/2014	Additions	Deletions	Principal Outstanding 12/31/2015	Amounts Due in One Year
Net Pension Liability:					
OPERS	$474,731	$10,970	$0	$485,701	$0
Compensated Absences	36,440	0	(7,641)	28,799	21,827
Total Long-Term Obligations	$511,171	$10,970	($7,641)	$514,500	$21,827

Note 12 – Capital Leases

In prior years, the District entered into two leases, one with Stark County and one with Wayne County. Both leases were for garage expansion projects at the respective counties. The terms of each lease required the District to pay $100,000 towards the construction of additional space in the Counties' garages. The construction payment was in lieu of paying rent for a ten-year period. The District is using the new garage space for the ten-year period, at which point the terms of the leases will be renegotiated. The Stark County lease expires December 31, 2019 and the Wayne County lease expires December 31, 2020. The assets were not capitalized, per District policy.

The District completed the Stark County Garage Upgrade & Expansion project in December 2015 for a total cost of $331,329. The existing Stark County lease agreement was amended to extend and modify the terms for a period of twenty-five (25) years, commencing on August 1, 2015 and ending on July 31, 2040, upon which time the terms of the lease will be renegotiated. These leasehold improvements will be capitalized in accordance with the District's 2015 updated capital assets policy and depreciated over the life of the lease. The improvements will revert to Stark County at the expiration of the lease.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Required Supplementary Information

Schedule of the District's Proportionate Share of the Net Pension Liability

Ohio Public Employees Retirement System - Traditional Plan

Last Two Years (1)

	2014	2013
District's Proportion of the Net Pension Liability	0.004027%	0.004027%
District's Proportionate Share of the Net Pension Liability	$485,701	$474,731
District's Covered-Employee Payroll	$493,742	$494,300
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	98.37%	96.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2013 is not available.

Amounts presented as of the District's measurement date which is the prior year end.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Required Supplementary Information

Schedule of District Contributions

Ohio Public Employees Retirement System - Traditional Plan

Last Three Years (1)

	2015	2014	2013
Contractually Required Contribution	$71,648	$59,249	$64,259
Contributions in Relation to the Contractually Required Contribution	(71,648)	(59,249)	(64,259)
Contribution Deficiency (Excess)	$0	$0	$0
District Covered-Employee Payroll	$597,064	$493,742	$494,300
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY _GOVERNMENT AUDITING STANDARDS_

Stark-Tuscarawas-Wayne Joint Solid Waste Management District
Tuscarawas County
9918 Wilkshire Blvd NE
Bolivar, Ohio 44612

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 Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, (the District) as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated May 30, 2016. We noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*.

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 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.

***Charles E. Harris & Associates, Inc*.**
May 30, 2016

STARK-TUSCARAWAS-WAYNE JOINT SOLID WASTE MANAGEMENT DISTRICT

TUSCARAWAS 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
AUGUST 4, 2016

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