



Dave Yost • Auditor of State

ROSS, PICKAWAY, HIGHLAND AND FAYETTE JOINT SOLID WASTE MANAGEMENT DISTRICT
ROSS COUNTY

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INDEPENDENT AUDITOR'S REPORT

Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District
Ross County
141 West Main Street
Circleville, Ohio 43113

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District, Ross County, (the District) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District, Ross County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2017, 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.



Dave Yost
Auditor of State

Columbus, Ohio

January 27, 2017

**ROSS, PICKAWAY, HIGHLAND, FAYETTE JOINT SOLID WASTE MANAGEMENT DISTRICT
ROSS COUNTY**

**Statement of Receipts, Disbursements, and
Changes in Fund Balances (Cash Basis)
For the Year Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<u>Cash Receipts:</u>		
Charges for Services	\$567,239	570,436
Other Revenue	4,249	4,583
<i>Total Cash Receipts</i>	<u>571,488</u>	<u>575,019</u>
<u>Cash Disbursements:</u>		
<i>Current:</i>		
Salaries	84,154	60,049
Fringe Benefits	29,067	36,215
Supplies	1,055	1,054
Equipment	580	0
Contract Services	5,989	7,120
Travel and Expenses	367	373
Utilities	1,761	172
Recycling Outreach	62,733	76,957
Recycling Drop Off Expense	176,571	183,138
Other	34,815	14,373
<i>Total Cash Disbursements</i>	<u>397,092</u>	<u>379,451</u>
<i>Total Cash Receipts Over (Under) Disbursements</i>	174,396	195,568
<i>Fund Cash Balances - January 1</i>	<u>668,161</u>	<u>474,142</u>
<i>Fund Cash Balances, December 31</i>		
Assigned	0	625,043
Unassigned	668,161	43,118
<i>Fund Cash Balances - December 31</i>	<u>\$842,557</u>	<u>\$669,710</u>

See accompanying notes to the financial statements.

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ROSS, PICKAWAY, HIGHLAND, FAYETTE JOINT SOLID WASTE MANAGEMENT DISTRICT

Notes to the Financial Statements

For the Year Ended December 31, 2015 and 2014

Note 1 – Summary of Significant Accounting Policies

Description of the Entity

The Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District, Ross County, Ohio (the District), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a twelve-member Board of Directors comprised of the three County Commissioners of Ross, Pickaway, Highland, and Fayette counties. The District provides solid waste disposal, recycling opportunities, and other waste management services to these counties.

Ross County has served as fiscal agent for the District. During 2015, the District changed its fiscal agent from Ross County to Pickaway County. As of December 31, 2015, both counties had receipts, disbursements, and cash holdings to report for the District, which are included in the financial statements

The District's management believes these financial statements present all activities for which the District is financially accountable.

Basis of Accounting

These financial statements follow the basis of accounting permitted by the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Deposits and Investments

As the Ohio Revised Code permits, the Pickaway County and Ross County Treasurers are the custodians of the District's deposits. The counties hold the District's assets in the counties deposit and investment pool, valued at the County Treasurer's reported carrying amount.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations – Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Board of Directors must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources – Estimated Resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The Board of Directors must also approve estimated resources.

Encumbrances – The Ohio Revised code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled, and re-appropriated in the subsequent year.

ROSS, PICKAWAY, HIGHLAND, FAYETTE JOINT SOLID WASTE MANAGEMENT DISTRICT

Notes to the Financial Statements

For the Year Ended December 31, 2015 and 2014

Note 1 – Summary of Significant Accounting Policies - (continued)

A summary of 2015 and 2014 budgetary activity appears in Note 2.

Fund Balances

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:

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

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.

Committed: Board of Directors can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board of Directors amend 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.

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 Board of Directors or a District official delegated that authority by resolution, or by State Statute.

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.

Property, Plant and Equipment

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

ROSS, PICKAWAY, HIGHLAND, FAYETTE JOINT SOLID WASTE MANAGEMENT DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2015 and 2014

Note 2 – Budgetary Activity

The District’s budgetary activity for the years ending December 31, 2015 and 2014 was as follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$542,000	\$571,488	\$29,488
<i>Total</i>	<u>\$542,000</u>	<u>\$571,488</u>	<u>\$29,488</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,120,135	\$397,092	\$723,043
<i>Total</i>	<u>\$1,120,135</u>	<u>\$397,092</u>	<u>\$723,043</u>

2014 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$544,000	\$575,019	\$31,019
<i>Total</i>	<u>\$544,000</u>	<u>\$575,019</u>	<u>\$31,019</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$547,772	\$381,000	\$166,772
<i>Total</i>	<u>\$547,772</u>	<u>\$381,000</u>	<u>\$166,772</u>

ROSS, PICKAWAY, HIGHLAND, FAYETTE JOINT SOLID WASTE MANAGEMENT DISTRICT

Notes to the Financial Statements

For the Year Ended December 31, 2015 and 2014

Note 3- Retirement Systems

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes plan benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2015 and 2014.

Note 4 – Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.



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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*

Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District
Ross County
141 West Main Street
Circleville, Ohio 43113

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 cash balances, receipts, and disbursements by fund type of the Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District, Ross County, (the District) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated January 27, 2017 wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

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.



Dave Yost
Auditor of State

Columbus, Ohio

January 27, 2017

**ROSS, PICKAWAY, HIGHLAND AND FAYETTE JOINT SOLID WASTE MANAGEMENT DISTRICT
ROSS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDING NUMBER 2015-001

Material Weakness

Governments are required to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Also, Governmental Accounting Standards Board (GASB) codification sections 1800.165-.179 provides guidance on the classification of fund balances. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned. GASB codification section 1800.176 clarifies that an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.

The District did not classify \$46,908 in outstanding encumbrances at December 31, 2014 as assigned fund balance. This resulted in an overstatement of unassigned fund balance and an understatement of assigned fund balance of \$46,908 at December 31, 2014.

The District corrected the financial statements.

Failure to accurately post and report transactions could result in material errors in the District's financial statements and reduces the District's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the District.

We recommend that the District accurately record fund balance classifications.

We did not receive a response from officials regarding this finding.

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ROSS 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
FEBRUARY 14, 2017**