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

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2017-2016

Dave Yost • Auditor of State

OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT
SANDUSKY COUNTY
DECEMBER 31, 2107 AND 2016

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of Ottawa-Sandusky-Seneca Joint Solid Waste Management District, Sandusky County, Ohio (the District) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such 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 cash financial position of Ottawa-Sandusky-Seneca Joint Solid Waste Management District, Sandusky County, Ohio, as of December 31, 2017 and 2016, and the respective changes in cash financial position and where applicable cash flows for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to Management's Discussion and Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurances on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018, 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

Dave Yost
Auditor of State

Columbus, Ohio

June 29, 2018

OTTAWA-SANDUSKY-SENECA JOINT SOLID WASTE MANAGEMENT DISTRICT
SANDUSKY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

The management's discussion and analysis of the Ottawa-Sandusky-Seneca Joint Solid Waste Management District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2017, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- Net position decreased $286,761, which represents an 8.88% decrease from 2016.

- Operating receipts accounted for $1,267,018 or 97.24% of all receipts. Non-operating receipts accounted for $36,002, or 2.76% of total receipts of $1,303,020. The District's receipts decreased $222,840 from the prior year. This decrease was primarily due to the District not receiving any grants in 2017.

- The District had $1,589,781 in operating disbursements. The District's disbursements decreased $56,994 from the prior year.

Using these Basic Financial Statements

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

Reporting the District Financial Activities

Statement of net position-cash basis, statement of receipts, disbursements, and changes in net position-cash basis, and the statement of cash flows-cash basis

The statement of net position-cash basis and the statement of receipts, disbursements, and changes in net position-cash basis report the District's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

The statement of cash flows-cash basis provides information about how the District finances and meets the cash flow needs of its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Net Position and Changes in Net Position - Cash Basis

The table below provides a summary of the District's net position for 2017 and 2016.

Net Position - Cash Basis

	2017	2016
Assets:		
Equity in pooled cash and cash equivalents	$ 2,942,788	$ 3,229,549
Net Position:		
Unrestricted	$ 2,942,788	$ 3,229,549

Change in Net Position - Cash-Basis

The table below provides a summary of the District's change in net position for 2017 and 2016.

	2017	2016
Operating receipts:		
Charges for services	$ 1,267,018	$ 1,309,173
Grants	-	181,597
Total operating receipts	1,267,018	1,490,770
Operating disbursements:		
Personal services	316,924	306,363
Fringe benefits	109,627	113,803
Materials and supplies	53,277	88,449
Contractual services	892,843	902,905
Grants	-	225,000
Travel	7,470	8,743
Other	209,640	1,512
Total operating disbursements	1,589,781	1,646,775
Operating loss	(322,763)	(156,005)
Nonoperating receipts:		
Interest income	27,470	22,679
Reimbursements and rebates	7,282	12,411
Donations	1,250	-
Total nonoperating receipts	36,002	35,090
Change in net position	(286,761)	(120,915)
Net position at beginning of year	3,229,549	3,350,464
Net position at end of year	$ 2,942,788	$ 3,229,549

Receipts

District receipts in 2017 were similar to previous years. The largest receipt source remains tipping fees at landfills located in and around the District. Other receipt sources include donations, interest, recycling receipts and reimbursements. The District received donations for an environmental kids concert sponsored by the District. The receipts the District receives from Sunny Farms Landfill continues to be less during 2015-2017 after a new company acquired the facility in 2015. The company has classified waste differently than the previous landfill owner resulting in less fees for the District. The OEPA continues to issue violations concerning the fees with no long-term resolution to the issue. There were also grant receipts available during 2017 from an Ohio EPA Market Development Grant awarded in 2016. The District is a pass-thru agency for this grant, and a first-half payment in the amount of $69,098 for GIBS Sanitation LLC was received in 2016 and is held in a separate fund account awaiting disbursement to GIBS Sanitation LLC in accordance with the Ohio EPA Market Development Grant Agreement. In 2017, the District received a total of $1,303,020 in receipts.

Disbursements

The largest single disbursement for 2017 was for the District's Aim To Be Green recycling drop-off program at over 40 sites throughout the District. This program was operated by Rumpke Recycling for the majority of 2017. The original contract for this service expired in October of 2017. The new contract was awarded to Republic Services beginning October 1, 2017. The cost of the new contract has nearly doubled as compared to the cost in 2016. Total disbursement for this program in 2017 was $383,167 compared to $304,966 in 2016. Special recycling collection events sponsored by the District are also a significant disbursement in 2017 with the Household Hazardous Waste Collection at a cost of $105,833, TV & Electronics Collection at a cost of $64,316, and Tire Collections at a cost of $31,140. The District also purchased 12 additional 8-yard recycling containers at a cost of $14,280 to support our local recycling with the Aim To Be Green recycling drop-off program. In 2017, District disbursements totaled $1,589,781.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers and investors with a general overview of the District's cash-basis finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Tim Wasserman, Director, Ottawa-Sandusky-Seneca Joint Solid Waste Management District, 1875 East State Street, Fremont, Ohio 43420.

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

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2017

Assets:		
Equity in pooled cash and cash equivalents	$	2,942,788
Net position:		
Unrestricted	$	2,942,788

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

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

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN NET POSITION - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Operating receipts:	
Charges for services	$ 1,267,018
Operating disbursements:	
Personal services	316,924
Fringe benefits	109,627
Materials and supplies	53,277
Contractual services.	892,843
Travel	7,470
Other	209,640
Total operating disbursements	1,589,781
Operating loss	(322,763)
Nonoperating receipts:	
Interest income	27,470
Reimbursements and rebates	7,282
Donations	1,250
Total nonoperating receipts	36,002
Change in net position.	(286,761)
Net position at beginning of year	3,229,549
Net position at end of year	$ 2,942,788

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

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

STATEMENT OF CASH FLOWS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash flows from operating activities:		
Cash received from customers.	$	1,267,018
Cash payments to employees for services		(316,924)
Cash payments to employees for benefits		(109,627)
Cash payments for goods and services		(953,590)
Cash payments for other.		(209,640)
Net cash used in operating activities.		(322,763)
Cash flows from noncapital financing activities:		
Reimbursements and rebates		7,282
Donations		1,250
Net cash provided by noncapital financing activities		8,532
Cash flows from investing activities:		
Interest income.		27,470
Net decrease in cash		(286,761)
Cash at beginning of year.		3,229,549
Cash at end of year	$	2,942,788

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - REPORTING ENTITY

The Ottawa-Sandusky-Seneca Joint Solid Waste Management District, Sandusky County, Ohio (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a nine-member Board of Directors comprised of the three County Commissioners of Ottawa, Sandusky, and Seneca Counties. The Sandusky County Auditor is the fiscal agent. The District provides solid waste disposal, recycling opportunities, and other waste management services to these counties.

Public Entity Risk Pools

The District participates in public entity risk pools. Note 7 to the financial statements provides additional information for these entities.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

B. Basis of Accounting

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

As a result of the use of this cash basis of accounting, certain assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the effects of these items on revenues and expenses are not recorded in these financial statements.

C. Budgetary Process

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

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. The Board approves appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Unencumbered 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.

Encumbrances - The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under the system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and need not be re-appropriated.

D. Cash and Investments

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

E. Inventory and Prepaid Items

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

F. Capital Assets

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

G. Accumulated Leave

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

H. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 5 and 6, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Net Position

Net position is reported as restricted to the extent of limitations imposed on its use, either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes monies held in the private-purpose trust fund for mental health assistance.

The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

Change in Accounting Principles

For 2017, the District has implemented GASB Statement No. 80, *"Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14"*, GASB Statement No. 81 *"Irrevocable Split-Interest Agreements"*, and GASB Statement No. 82, *"Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73"*.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the District.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the District.

NOTE 4 - DEPOSITS AND INVESTMENTS

The Sandusky County Treasurer maintains a cash pool used by all funds, including those of the District. The Ohio Revised Code prescribes allowable deposits and investments. The District's carrying amount of cash on deposit with the County at December 31, 2017, was $2,942,788. The Sandusky County Treasurer, as fiscal agent for the District, is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposited accounts.

NOTE 5 - DEFINED BENEFIT PENSION PLAN

Plan Description - Ohio Public Employees Retirement System (OPERS)

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 Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension 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 Pension 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 3.00% 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 2.25%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0 %
Total Employer	14.0 %
Employee	10.0 %

The District's contribution rate for pension benefits for members in the Traditional Plan for 2017 was 10 percent.

The District's contractually required contribution for pension obligation to the traditional and combined plans for the years ended December, 2017, 2016 and 2015 were $40,887, $36,411 and $36,058, respectively. The full amount has been contributed for 2017, 2016 and 2015.

NOTE 6 - POSTRETIREMENT BENEFIT PLAN

Ohio Public Employees Retirement System

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

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

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting https://www.opers.org/financial/reports.shtml, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2017, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2017 was 1.00%.

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

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2017, 2016, and 2015 were $3,145, $6,068, and $6,010, respectively.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

NOTE 7 - PUBLIC ENTITY RISK POOLS

A. County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA), is a jointly governed organization among sixty-six counties and thirty-five county facilities in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

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

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates.

Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

B. County Commissioners Association of Ohio Workers’ Compensation Group Rating Plan

The District participates in a group retro rating plan for workers’ compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool.

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

The discussion and analysis of the Ottawa Sandusky-Seneca Joint Solid Waste Management District, (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2016, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

The revenue amount in 2016 was similar to previous years. The largest revenue source remains tipping fees at landfills located in and around the District. Other revenue sources include recycling revenue and reimbursements. There was grant revenue with the receipt of the Ohio EPA Market Development grant revenue. There was a second payment to the District for Fremont Plastics in the amount of $112,500 and a first payment for a Market Development grant for GIBS Sanitation LLC in the amount of $69,097.50. The revenue we receive from Sunny Farms landfill continues to be less in 2015 and 2016 after a new company acquired the facility and has classified waste differently than the previous owner. We have seen a large decrease in revenue since that acquisition. The District received a total of $1,525,860 in Revenue in 2016.

The largest single expense was to Rumpke for $304,966 for the contract to operate our drop off recycling program at locations across the District. The Household Hazardous Waste program is another major expense costing the District $100,194. The District administered and paid the Ohio EPA pass through Market Development grant to Fremont Plastics in the amount of $225,000 for recycling equipment to process waste plastic in their facility. The District purchased over $18,000 of recycling containers to support our local recycling.

Using these Basic Financial Statements

This annual report consists of three parts, the Management's Discussion and Analysis, the Basic Financial Statements and the Notes to the Basic Financial Statements. The Financial Statements include a Statement of Net Position – Cash Basis, a Statement of Receipts, Disbursements and Changes in Net Position- Cash Basis, and a Statement of Cash Flows – Cash Basis.

The following schedule provides a summary of the District's Statement of Net Position for the years ended December 31, 2016 and December 31, 2015.

Net Position – Cash Basis

	2016	**2015**
Assets:		
Current Assets	$3,229,549	$3,350,464
Net Position:		
Unrestricted	$3,229,549	$3,350,464

Statement of Receipts, Disbursements and Changes in Net Position

The Statement of Receipts, Disbursements and Changes in Net Position report operating activities for the calendar year ended December 31, 2016.

The following schedule provides a summary of the District's Statement of Receipts, Disbursements, and Changes in Net Assets for the calendar year December 31, 2016 and December 31, 2015:

Change In Net Position – Cash Basis

	2016	2015
Operating Receipts		
Charges for Services	$1,309,173	$1,210,121
Grant	181,597	115,241
Total Operating Receipts	1,490,770	1,325,362
Operating Disbursement		
Personal Services	306,363	303,136
Fringe Benefits	113,803	106,143
Material & Supplies	88,449	63,034
Contractual Services	902,905	1,018,550
Grants	225,000	
Travel	8,743	11,126
Equipment and Equipment Rental	1,512	1,100
Other Expenses		
Total Operating Disbursements	1,646,775	1,503,089
Non-Operating Receipts		
Interest Income	22,679	17,793
Reimbursements & Refunds	12,411	13,608
Total Non- Operating Receipts	35,090	31,401
Change in Net Assets	(120,915)	(146,326)
Net Assets Beginning of Year	3,350,464	3,496,790
Net Assets End of Year	$3,229,549	$3,350,464

Contacting the District's Financial Management

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

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

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2016

Assets:		
Equity in pooled cash and cash equivalents	$	3,229,549
Net position:		
Unrestricted	$	3,229,549

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

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

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN NET POSITION - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

Operating receipts:		
Charges for services	$	1,309,173
Grant		181,597
Total operating receipts		1,490,770
Operating disbursements:		
Personal services		306,363
Fringe benefits		113,803
Materials and supplies		88,449
Contractual services.		902,905
Grants		225,000
Travel		8,743
Equipment Rental		1,512
Total operating disbursements		1,646,775
Operating loss		(156,005)
Nonoperating receipts:		
Interest income		22,679
Reimbursements and rebates		12,411
Total nonoperating receipts		35,090
Change in net position.		(120,915)
Net position at beginning of year		3,350,464
Net position at end of year	$	3,229,549

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

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

STATEMENT OF CASH FLOWS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

Cash flows from operating activities:		
Cash received from customers.	$	1,309,173
Cash received from grant.		181,597
Cash payments to employees for services		(306,363)
Cash payments to employees for benefits		(113,803)
Cash payments for goods and services		(1,226,609)
Net cash used in operating activities.		(156,005)
Cash flows from noncapital financing activities:		
Reimbursements and rebates		12,411
Cash flows from investing activities:		
Interest income.		22,679
Net decrease in cash		(120,915)
Cash at beginning of year.		3,350,464
Cash at end of year	$	3,229,549

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Note 1 - REPORTING ENTITY

The Ottawa-Sandusky-Seneca Joint Solid Waste Management District, Sandusky County, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a nine-member Board of Directors comprised of the three County Commissioners of Ottawa, Sandusky, and Seneca Counties. The Sandusky County Auditor is the fiscal agent. The District provides solid waste disposal, recycling opportunities, and other waste management services to these counties.

Public Entity Risk Pools

The District participates in public entity risk pools. Note 6 to the financial statements provides additional information for these entities.

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

Note 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

B. Basis of Accounting

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

As a result of the use of this cash basis of accounting, certain assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the effects of these items on revenues and expenses are not recorded in these financial statements.

C. Cash and Investments

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

D. Budgetary Process

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

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1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. The Board approves appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Unencumbered appropriation lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated.

E. Inventory and Prepaid Items

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

F. Capital Assets

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

G. Accumulated Leave

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

H. Employer Contributions to Cost-Sharing Pension Plans

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

I. Net Position

Net position is reported as restricted to the extent of limitations imposed on its use, either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes monies held in the private-purpose trust fund for mental health assistance.

The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

Note 3 - DEPOSITS AND INVESTMENTS

The Sandusky County Treasurer maintains a cash pool used by all funds, including those of The District. The Ohio Revised Code prescribes allowable deposits and investments. The District's carrying amount of cash on deposit with the County at December 31, 2016, was $3,229,549. The Sandusky County Treasurer, as fiscal agent for the District, is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposited accounts.

Note 4 - DEFINED BENEFIT PENSION PLAN

Plan Description - Ohio Public Employees Retirement System (OPERS)

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 Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension 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 Pension 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.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0 %
Total Employer	14.0 %
Employee	10.0 %

The District’s contribution rate for pension benefits for members in the Traditional Plan for 2016 was 10 percent.

The District’s contractually required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2016, 2015 and 2014 were $36,411, $36,058 and $35,016, respectively. The full amount has been contributed for 2016, 2015 and 2014.

Note 5 - POSTEMPLOYMENT BENEFIT PLAN

Ohio Public Employees Retirement System

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

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

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting https://www.opers.org/financial/reports.shtml, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

Funding Policy – The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2016, local government employers contributed 14.00% of covered payroll. Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the post-employment health care benefits. The portion of employer contributions allocated to fund post-employment health care for 2016 for the members in the Traditional Plan and the Combined Plan for 2016 was 2.0%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do no make contributions to the post-employment health care plan.

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2016, 2015 and 2014 were $6,068, $6,010 and $5,836, respectively. The full amount has been contributed for 2016, 2015 and 2014.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Note 6 - PUBLIC ENTITY RISK POOLS

A. County Risk Sharing Authority, Inc.

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

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

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates.

Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

B. County Commissioners Association of Ohio Service Corporation

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

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

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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*

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

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 cash-basis financial statements of Ottawa-Sandusky-Seneca Joint Solid Waste Management District, Sandusky County, Ohio, (the District) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 29, 2018, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our 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 report is not suitable for any other purpose.

Dave Yost
Auditor of State

Columbus, Ohio

June 29, 2018

Dave Yost · Auditor of State

OTTAWA SANDUSKY SENECA JOINT SOLID WASTE DISTRICT

SANDUSKY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 17, 2018

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov