

**ATHENS-HOCKING JOINT SOLID WASTE DISTRICT
ATHENS COUNTY**

AUDIT REPORT

JANUARY 1, 2014 - DECEMBER 31, 2015



Dave Yost • Auditor of State

Board of Directors
Athens-Hocking Joint Solid Waste District
P.O. Box 693
Athens, Ohio 45701

We have reviewed the *Independent Auditors' Report* of the Athens-Hocking Joint Solid Waste District, Athens County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2014 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 Athens-Hocking Joint Solid Waste District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 13, 2016

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**ATHENS-HOCKING JOINT SOLID WASTE DISTRICT
ATHENS COUNTY
JANUARY 1, 2014 - DECEMBER 31, 2015**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Athens-Hocking Joint Solid Waste District
Athens County
P.O. Box 693
Athens, Ohio 45701

To the District Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts, disbursements by fund type and related notes of the Athens-Hocking Joint Solid Waste District, Athens County, 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 opinion.

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, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonable 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 permitted 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 Athens-Hocking Joint Solid Waste District, Athens County 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 Athens-Hocking Joint Solid Waste District, Athens 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.

Emphasis of Matter

As discussed in Note 7 to the financial statements, during the year ended December 31, 2015, the District adopted Governmental Accounting Standards No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 26, 2016, on our consideration of Athens-Hocking Joint Solid waste 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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
May 26, 2016

Athens-Hocking Joint Solid Waste Management District, Athens County
*Combined Statement of Receipts, Disbursements and Changes in
Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Tipping Fees	\$ 207,180	\$ -	\$ -	\$ 207,180
Intergovernmental		149,367		149,367
Generation Fees	185,343	-	-	185,343
Miscellaneous	16,623	-	-	16,623
<i>Total Cash Receipts</i>	<u>409,146</u>	<u>149,367</u>	<u>-</u>	<u>558,513</u>
Cash Disbursements				
Current:				
Public Health Services:				
Salaries	52,104	-	-	52,104
Fringe Benefits	28,348	-	-	28,348
Supplies and Materials	31,814	959	-	32,773
Repair and Maintenance	3,705	-	-	3,705
Equipment	10,906	-	-	10,906
Contracts-Repair	4,014	-	-	4,014
Contracts-Services	148,323	24,479	-	172,802
Travel and Transportation	2,700	-	-	2,700
Utilities	4,012	-	-	4,012
Clean Up	-	676	-	676
Other	52,970	22,784	-	75,754
<i>Total Cash Disbursements</i>	<u>338,896</u>	<u>48,898</u>	<u>-</u>	<u>387,794</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>70,250</u>	<u>100,469</u>	<u>-</u>	<u>170,719</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	-	152,930	152,930
Transfers Out	(150,000)	(2,930)	-	(152,930)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(150,000)</u>	<u>(2,930)</u>	<u>152,930</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	(79,750)	97,539	152,930	170,719
<i>Fund Balances, January 1</i>	<u>707,512</u>	<u>31,810</u>	<u>13,818</u>	<u>753,140</u>
Fund Cash Balances, December 31				
Restricted	-	129,349	-	129,349
Committed	-	-	166,748	166,748
Unassigned	627,762	-	-	627,762
<i>Fund Balances End of Year</i>	<u>\$ 627,762</u>	<u>\$ 129,349</u>	<u>\$ 166,748</u>	<u>\$ 923,859</u>

The notes to the financial statements are an integral part of this statement.

Athens-Hocking Joint Solid Waste Management District, Athens County
*Combined Statement of Receipts, Disbursements and Changes in
Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2014*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Tipping Fees	\$ 192,032	\$ -	\$ -	\$ 192,032
Intergovernmental	-	15,961	-	15,961
Generation Fees	177,475	-	-	177,475
Other Fees	14,395	-	-	14,395
Recycling Fees	216,526	-	-	216,526
Miscellaneous	43,538	-	-	43,538
<i>Total Cash Receipts</i>	<u>643,966</u>	<u>15,961</u>	<u>-</u>	<u>659,927</u>
Cash Disbursements				
Current:				
Public Health Services:				
Salaries	191,891	-	-	191,891
Fringe Benefits	113,377	-	-	113,377
Supplies and Materials	11,262	807	-	12,069
Repair and Maintenance	724	-	-	724
Equipment	1,076	-	-	1,076
Contracts-Repair	11,822	-	-	11,822
Contracts-Services	100,085	11,877	-	111,962
Travel and Transportation	3,136	-	-	3,136
Utilities	3,772	-	-	3,772
Clean Up	-	149	-	149
Other	23,258	35,624	-	58,882
<i>Total Cash Disbursements</i>	<u>460,403</u>	<u>48,457</u>	<u>-</u>	<u>508,860</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>183,563</u>	<u>(32,496)</u>	<u>-</u>	<u>151,067</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	26,045	13,624	39,669
Transfers Out	-	(39,669)	-	(39,669)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>(13,624)</u>	<u>13,624</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	<u>183,563</u>	<u>(46,120)</u>	<u>13,624</u>	<u>151,067</u>
<i>Fund Balances, January 1 - As Restated See Note 8</i>	<u>523,949</u>	<u>77,930</u>	<u>194</u>	<u>602,073</u>
Fund Cash Balances, December 31				
Restricted	-	31,810	-	31,810
Committed	-	-	13,818	13,818
Unassigned	707,512	-	-	707,512
<i>Fund Balances End of Year</i>	<u>\$ 707,512</u>	<u>\$ 31,810</u>	<u>\$ 13,818</u>	<u>\$ 753,140</u>

The notes to the financial statements are an integral part of this statement.

Athens-Hocking Joint Solid Waste District
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 1 – Reporting Entity

The Athens-Hocking Joint Solid Waste Management District, Athens 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 six-member Board of Directors comprised of the three County Commissioners of Athens and Hocking Counties. The District provides solid waste education, recycling opportunities, and other waste services as permitted in the OEPA approved Solid Waste Plan for to these two counties.

Component units are legally separate organizations for which the Council is financially accountable. The Council is financially accountable for an organization if the Council appoints a voting majority of the organization's governing board and (1) the Council is able to significantly influence the programs or services performed or provided by the organization; or (2) the Council is legally entitled to or can otherwise access the organization's resources; the Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Council is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Council in that the Council approves the budget, the issuance of debt, or the levying of taxes. On March 8, 2014, the 14 union employees and 4 non-union employees previously employees of the District were transferred as employees of Athens County where they will continue to perform their duties at the Recycling Center as contract services. As a result, the Recycling Center no longer meets the criteria to make it a blended component unit of the District subsequent to December 31, 2013. Therefore, the District has no component units.

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

A. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

B. Deposits and Investments

As the Ohio Revised Code permits, the Athens County Treasurer holds the District's deposits as the District's custodian. The County holds the District's assets in its investment pool, valued at the Treasurer's reported carrying amount.

C. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

Athens-Hocking Joint Solid Waste District
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 - Summary of Significant Accounting Policies (Continued)

Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Fund:

AHRC Glass Grant Fund – This fund accounts for the revenues and disbursements related to administering the AHRC Glass Grant. The primary source of income for this fund is a grant from OEPA.

Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant Capital Project Fund:

Capital Improvements Fund – This fund accounts for major capital improvements for the District. The primary source of income for this fund is from transfers.

D. 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 fund, function or object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission 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 canceled, and reappropriated in the subsequent year.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

E. Fund Balance

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

Nonspendable

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

Athens-Hocking Joint Solid Waste District
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 - Summary of Significant Accounting Policies (Continued)

E. Fund Balance (Continued)

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

Commissioners can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Commissioners 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 the Commissioners 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.

F. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

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

Athens-Hocking Joint Solid Waste District
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$373,000	\$409,146	\$36,146
Special Revenue	15,960	149,367	133,407
Capital Projects	37,430	152,930	115,500
Total	\$426,390	\$711,443	\$285,053

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$541,359	\$488,896	\$52,463
Special Revenue	51,828	51,828	0
Capital Projects	194	0	194
Total	\$593,381	\$540,724	\$52,657

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$651,000	\$643,966	(\$7,034)
Special Revenue	42,006	42,006	0
Capital Projects	50,000	13,624	(36,376)
Total	\$743,006	\$699,596	(\$43,410)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$615,000	\$460,403	\$154,597
Special Revenue	97,376	88,126	9,250
Capital Projects	194	0	194
Total	\$712,570	\$548,529	\$164,041

Athens-Hocking Joint Solid Waste District
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 4 – Risk Management

The Athens County Commissioners maintain comprehensive insurance coverage with private carriers for real property, building contents and vehicles owned by the District. Vehicle policies include liability coverage for bodily injury and property damage.

Note 5 - Defined Benefit Pension Plans

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 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):

Athens-Hocking Joint Solid Waste District
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 5 - Defined Benefit Pension Plans (Continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	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
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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.

Athens-Hocking Joint Solid Waste District
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 5 - Defined Benefit Pension Plans (Continued)

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

	State and Local	Public Safety	Law Enforcement
2015 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2015 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0	2.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

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

The District's contractually required contribution was \$7,284 for year 2015 and \$29,587 for 2014.

Note 6 - Postemployment Benefits

A. Plan Description

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

OPERS maintains two cost-sharing multiple-employer defined benefit post-employment 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 the 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 health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 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. Please see the Plan Statement in the OPERS 2014 CAFR for details.

Athens-Hocking Joint Solid Waste District
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 6 - Postemployment Benefits (Continued)

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.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

B. Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

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% of earnable salary and Public Safety and Law Enforcement employers contributed at 18.1%. 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% 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% 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%.

The District's contributions that were used to fund health care was \$1,040 in 2015 and \$4,225 in 2014.

Note 7 - Changes in Accounting Principles

For 2015, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No.27."

Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The total pension liability will be computed on a different basis than the current actuarial accrued liability and it is deemed likely that this pronouncement would have a material impact on governments who prepare their financial statements in accordance with accounting principles generally accepted in the United States of America. Since the District currently reports on the cash basis of accounting, there is not any effect on the financial statements; however, there are additional disclosure requirements which are included in Note 5.

Athens-Hocking Joint Solid Waste District
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 8 - Restatement of Balances

On March 8, 2014, the 14 union employees and 4 non-union employees previously employees of the District were transferred as employees of Athens County where they will continue to perform their duties at the Recycling Center as contract services. As a result, the Recycling Center no longer meets the criteria to make it a blended component unit of the District subsequent to December 31, 2013. This change along resulted in the following balance restatements:

	<u>12/31/2013</u> <u>Balance</u>	<u>Amount</u>	<u>Restated</u> <u>1/1/2014</u> <u>Balance</u>
Special Revenue	\$397,226	(\$319,296)	\$77,930
Capital Projects	1,022,118	(1,021,924)	194

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Athens-Hocking Solid Waste District
Athens County
P.O. Box 693
Athens, Ohio 45701

To the Board of Directors:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Athens-Hocking Solid Waste District, Athens County 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 May 26, 2016, 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. We also noted the Township adopted Governmental Accounting Standards Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Athens-Hocking Solid Waste 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 a 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 and was not designed to identify all deficiencies in internal control 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 obtaining reasonable assurance about whether Athens-Hocking Solid Waste 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 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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
May 26, 2016

**ATHENS-HOCKING JOINT SOLID WASTE DISTRICT
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2013-001	Material Weakness Financial Reporting	Yes	Finding No Longer Valid

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Dave Yost • Auditor of State

ATHENS – HOCKING JOINT SOLID WASTE DISTRICT

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 10, 2016**