

SUMMIT/AKRON SOLID WASTE
MANAGEMENT AUTHORITY

FINANCIAL STATEMENTS

YEARS ENDED
DECEMBER 31, 1999 AND 1998



BROTT MARDIS & CO.
CERTIFIED PUBLIC ACCOUNTANTS
FIRST NATIONAL TOWER
AKRON, OHIO 44302

SUMMIT/AKRON SOLID WASTE
MANAGEMENT AUTHORITY

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This audit report is subject to review and acceptance by the Auditor of State's office, and the requirements of ORC 117.25 are not met until the Auditor of State certifies this report. This process takes approximately two weeks and reports are subject to change if the Auditor of State determines that modification of a report is necessary to comply with required accounting or auditing standards.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1999 AND 1998

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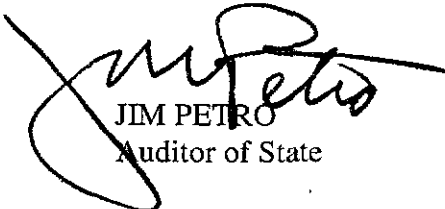
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Board of Trustees

Summit/Akron Solid Waste Management Authority

We have reviewed the Independent Auditor's Report of the Summit/Akron Solid Waste Management Authority, Summit County, prepared by Brott Mardis & Co., for the audit period January 1, 1999 to December, 31 1999. 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 Summit/Akron Solid Waste Management Authority is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

May 18, 2000



BROTT MARDIS & CO.

Certified Public Accountants

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DONALD A. BROTT WILLIAM B. MARDIS
DANIEL R. RIEMENSCHNEIDER RICK E. ARCHER
DENISE M. GRIGGS PAMELA S. COLLINS

INDEPENDENT AUDITOR'S REPORT

Summit/Akron Solid Waste Management Authority
Akron, Ohio

We have audited the modified cash basis financial statements of the Summit/Akron Solid Waste Management Authority as of December 31, 1999 and 1998. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the Authority prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and retained earnings - modified cash basis of the Summit/Akron Solid Waste Management Authority as of December 31, 1999 and 1998, and the related statements of cash receipts, disbursements and changes in retained earnings - modified cash basis, the statements of cash flows - modified cash basis and the statements of cash receipts, disbursements, and encumbrances - budget and actual - modified cash basis for the years then ended on the basis of accounting as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 19, 2000 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Brott Mardis & Co.
Certified Public Accountants
January 19, 2000

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY

**STATEMENTS OF ASSETS, LIABILITIES, AND RETAINED EARNINGS-MODIFIED
CASH BASIS AS OF DECEMBER 31, 1999 AND 1998**

ASSETS

ENTERPRISE FUND

	December 31,	
	1999	1998
CURRENT ASSETS:		
Cash	\$5,390	\$7,355
Investments	486,230	540,571
OWDA Grant receivable	3,773	37,990
Total current assets	<u>495,393</u>	<u>585,916</u>
FIXED ASSETS:		
Land and land improvements	171,227	154,401
Vehicles	18,514	18,514
Equipment	72,917	57,039
Furniture and fixtures	22,290	22,290
Leasehold improvements	3,158	3,158
Building and improvements	225,359	225,359
	<u>513,465</u>	<u>480,761</u>
Less accumulated depreciation	<u>95,081</u>	<u>78,572</u>
	418,384	402,189
OTHER ASSETS:		
Deposits	566	-
TOTAL ASSETS	<u>\$914,343</u>	<u>\$988,105</u>

LIABILITIES AND RETAINED EARNINGS

LIABILITIES:		
Withholdings due other governments	\$604	\$634
EQUITY:		
Retained earnings	753,878	827,610
Contributed capital	159,861	159,861
	<u>913,739</u>	<u>987,471</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u>\$914,343</u>	<u>\$988,105</u>

See notes to financial statements.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY

STATEMENTS OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN RETAINED EARNINGS - MODIFIED CASH BASIS

ENTERPRISE FUND

	<u>Years ended December 31,</u>	
	<u>1999</u>	<u>1998</u>
OPERATING REVENUES:		
Generation fees	\$1,578,162	\$1,629,448
Household Hazardous Waste contributions and tire fees	<u>4,000</u>	<u>4,790</u>
Total Operating Revenue	<u>1,582,162</u>	<u>1,634,238</u>
OPERATING EXPENSES:		
Household Hazardous Waste Recycling Center expenses	521,635	493,323
Health Department contracts	302,029	314,265
Personnel	251,702	234,533
Occupancy	45,607	38,879
Office	17,226	16,075
Professional	81,776	56,218
Depreciation	26,992	25,171
Vehicle	1,125	938
Annual report	18,332	16,506
Newsletter	5,000	3,187
Brochures	17,559	3,076
Postage	1,623	1,877
Newsletter-development	1,223	1,359
Directors and Officers insurance	2,770	2,990
Miscellaneous	144	1,827
Total Operating Expenses	<u>1,294,743</u>	<u>1,210,224</u>
OPERATING INCOME	287,419	424,014
NONOPERATING REVENUE (EXPENSES):		
Reduce, Reuse, Recycle	(28,258)	(114,607)
Community Reduce, Reuse, Recycle Program Support	(99,064)	-
Ohio Water Development Authority grant receipts	112,330	173,390
Ohio Water Development Authority grant expenditures	(112,330)	(173,390)
Grants	(185,915)	(138,069)
Coventry - Buckley Abatement	(75,000)	-
Interest income	29,160	27,232
Loss on disposal of fixed assets	(2,074)	(320)
Insurance reimbursement	-	2,323
Total Net Nonoperating Expenses	<u>(361,151)</u>	<u>(223,441)</u>
NET (LOSS) INCOME	(73,732)	200,573
RETAINED EARNINGS, BEGINNING OF THE PERIOD	<u>827,610</u>	<u>627,037</u>
RETAINED EARNINGS, END OF THE PERIOD	<u><u>\$753,878</u></u>	<u><u>\$827,610</u></u>

See notes to financial statements.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

ENTERPRISE FUND

	Years Ended December 31,	
	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	\$287,419	\$424,014
Adjustments to reconcile operating income to net cash provided by operations:		
Loss on disposal of fixed asset	2,074	320
Depreciation	26,992	25,171
Decrease (increase) in OWDA Grant receivable	34,217	(37,990)
Decrease in prepaid Summit County debt	-	1,827
Cash payments for Withholding - Liability		
Retirement	(30)	(441)
Increase in deposits	(566)	-
Net cash provided by operating activities	350,106	412,901
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net nonoperating expense	(361,151)	(223,441)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash payments for capital acquisitions	(45,261)	(23,952)
Net cash used in capital and related financing activities	(45,261)	(23,952)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net decrease (increase) in investments	54,341	(166,233)
Net cash provided by (used in) investing activities	54,341	(166,233)
NET DECREASE IN CASH	(1,965)	(725)
CASH AT BEGINNING OF PERIOD	7,355	8,080
CASH AT END OF PERIOD	\$5,390	\$7,355

See notes to financial statements.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY

**STATEMENTS OF CASH RECEIPTS, DISBURSEMENTS,
AND ENCUMBRANCES - BUDGET AND ACTUAL - MODIFIED CASH BASIS**

ENTERPRISE FUND

YEAR ENDED DECEMBER 31, 1999

	1998 <u>ENCUMBRANCES</u>	1999 <u>CASH BASIS BUDGET</u>	<u>TOTAL BUDGET</u>
OPERATING REVENUES:			
Generation fees	-	\$1,400,000	\$1,400,000
Household Hazardous Waste contributions and tire fees	-	-	-
Total Operating Revenues	<u>-</u>	<u>1,400,000</u>	<u>1,400,000</u>
OPERATING EXPENSES:			
Household Hazardous Waste Recycling Center expenses	-	541,100	541,100
Health department contracts	26,130	348,670	374,800
Personnel	-	275,194	275,194
Occupancy	-	48,020	48,020
Office	764	33,500	34,264
Professional	5,383	77,500	82,883
Depreciation	-	-	-
Vehicle	-	1,860	1,860
Annual report	-	19,000	19,000
Newsletter	-	5,000	5,000
Brochures	-	30,000	30,000
Postage	-	2,600	2,600
Newsletter-development	-	4,000	4,000
Directors and Officers insurance	-	3,500	3,500
Miscellaneous	-	-	-
Total Operating Expenses	<u>32,277</u>	<u>1,389,944</u>	<u>1,422,221</u>
OPERATING (LOSS) INCOME	(32,277)	10,056	(22,221)
NONOPERATING REVENUE (EXPENSES):			
Reduce, Reuse, Recycle	(1,661)	(25,056)	(26,717)
Community Reduce, Reuse, Recycle Program Support	-	-	-
Ohio Water Development Authority grant receipts	-	-	-
Ohio Water Development Authority grant expenditures	-	-	-
Grants	(12,118)	-	(12,118)
Coventry - Buckley Abatement	-	-	-
Interest income	-	-	-
Loss on disposal of fixed asset	-	-	-
Total Net Nonoperating (Expenses) Revenue	<u>(13,779)</u>	<u>(25,056)</u>	<u>(38,835)</u>
NET (LOSS) INCOME	<u>(\$46,056)</u>	<u>(\$15,000)</u>	<u>(\$61,056)</u>

See notes to financial statements.

1999 CASH BASIS ACTUAL	1999 ENCUMBRANCES	TOTAL MEMORANDUM ONLY	VARIANCE FAVORABLE (UNFAVORABLE)
\$1,578,162	-	\$1,578,162	\$178,162
4,000	-	4,000	4,000
<u>1,582,162</u>	<u>-</u>	<u>1,582,162</u>	<u>182,162</u>
521,635	760	522,395	18,705
302,029	31,449	333,478	41,322
251,702	1,590	253,292	21,902
45,607	105	45,712	2,308
17,226	-	17,226	17,038
81,776	1,201	82,977	(94)
26,992	-	26,992	(26,992)
1,125	-	1,125	735
18,332	-	18,332	668
5,000	-	5,000	-
17,559	-	17,559	12,441
1,623	75	1,698	902
1,223	-	1,223	2,777
2,770	-	2,770	730
144	-	144	(144)
<u>1,294,743</u>	<u>35,180</u>	<u>1,329,923</u>	<u>92,298</u>
287,419	(35,180)	252,239	274,460
(28,258)	(2,400)	(30,658)	(3,941)
(99,064)	(21,500)	(120,564)	(120,564)
112,330	-	112,330	112,330
(112,330)	-	(112,330)	(112,330)
(185,915)	(42,512)	(228,427)	(216,309)
(75,000)	-	(75,000)	(75,000)
29,160	-	29,160	29,160
<u>(2,074)</u>	<u>-</u>	<u>(2,074)</u>	<u>(2,074)</u>
<u>(361,151)</u>	<u>(66,412)</u>	<u>(427,563)</u>	<u>(388,728)</u>
<u>(\$73,732)</u>	<u>(\$101,592)</u>	<u>(\$175,324)</u>	<u>(\$114,268)</u>

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS

YEARS ENDED DECEMBER 31, 1999 AND 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting Entity

The Authority is a political subdivision created by citizens in Summit County. The concept of such an entity was created by the State of Ohio. The Authority was established for the purpose of managing the flow of solid waste in, through, and out of the entire area of Summit County. The Authority operates under a 13 member Board of Trustees which oversees and governs its operations.

In accordance with the Statements of the Governmental Accounting Standards Board (GASB), including GASB No. 14, the Authority's financial statements include all funds and activities over which the Authority's Board of Trustees and Executive Director exercise primary oversight responsibility. Oversight responsibility was evaluated on the basis of financial interdependency, selection of governing board, contracting authority, designation of management and the ability to influence operations.

Based on the foregoing criteria, the financial statements only include the activities of the Authority.

b) Basis of Presentation

The Authority's financial statements are organized on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equity or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The Enterprise Fund accounts for activities that are financed by generation fees, interest income, and grants. The measurement focus is based upon determination of net income, financial position, and cash flows.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Effective September 1, 1998, the Authority adopted Statement of GASB No. 32 and all Agency Fund assets were transferred to a trust held by the Ohio Public Employees Deferred Compensation Program. Accordingly the assets and related liabilities are not recorded on the Authority's balance sheet at December 31, 1998 and 1999. This adoption had no effect on the net assets of the Authority.

c) Basis of Accounting

The accompanying financial statements of the Authority are prepared on the modified cash basis of accounting. This practice differs from generally accepted accounting principles in that revenues and the related assets are recognized when *received rather than when earned*; expenses or expenditures are recognized when paid rather than when a liability is incurred.

d) Budgetary Data

The Authority adopts an annual budget which is approved by its Board of Trustees. The budget includes estimates for all anticipated sources of revenue and anticipated expenses or expenditures for the year. The budgetary process may not provide for grants which are received during the year. The budget is prepared on the modified cash basis. The Authority's budgetary process does recognize encumbrances for expenses incurred and approved on the current year budget but not paid by year end.

e) Cash and Cash Equivalents

The Enterprise Funds consider all cash and investments with a maturity of three months or less when deposited or purchased to be cash and cash equivalents.

f) Investments

Investments are stated at cost, which approximates market.

g) Fixed Assets

Fixed assets are stated at historical cost. Depreciation is provided on a straight-line basis over the assets' estimated useful lives. The estimated useful lives range from 5 to 40 years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Use of Estimates

The preparation of the financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

i) Certain Reclassifications

Certain reclassifications have been made to the 1998 statements in order to conform to the classifications used in 1999.

2. DEPOSITS AND INVESTMENTS

The investment and deposit of monies are governed by provisions of the Ohio Revised Code and the Board of Trustees' Finance Committee. In accordance with these provisions, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The provisions also permit the Authority to invest its money in Certificates of Deposit, Savings Accounts, Money Market Accounts, the State Treasurer's Investment Pool (STAR, Ohio) and obligations of the United States Government or certain agencies thereof. The Authority may also enter into Repurchase Agreements with any eligible depository for a period not exceeding thirty days.

Public Depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Company (FDIC) or may pledge a pool of government securities the statutory value of which will range from 100% to 120% of the total value of public monies on deposit at the institutions. Repurchase Agreements must be secured by the specific government securities upon which the Repurchase Agreements are based. These securities must be obligations of or guaranteed by the United States. Ohio state law does not require security for public deposits and investments to be maintained in the Authority's name.

During 1999 and 1998, the Authority complied with the provisions of these statutes pertaining to the types of investments held and institutions in which deposits were made. The Authority was also in compliance with the provisions of the statutes concerning security requirements. The Authority will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Deposits

At December 31, 1999, the carrying amount of the Authority's deposits was \$5,390 and the bank balance was \$41,803. The difference between the carrying amount and bank balance were items in transit. The entire balance was covered by federal depository insurance.

2. DEPOSITS AND INVESTMENTS (Continued)

Investments

The Authority's investments may be categorized to give an indication of the level of risk assumed at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by their trust department or agent, but not in the Authority's name.

The Authority's investments at December 31, 1999, consist of the following:

	<u>Carrying Value</u>	<u>Market</u>
Unclassified Investments:		
Investment in State Treasurer's Investment Pool (STAR Ohio)	<u>\$486,230</u>	<u>\$486,230</u>

The Authority's investments at December 31, 1998, consist of the following:

	<u>Carrying Value</u>	<u>Market</u>
Unclassified Investments:		
Investment in State Treasurer's Investment Pool (STAR Ohio)	<u>\$540,571</u>	<u>\$540,571</u>

3. COMPENSATED ABSENCES PAYABLE

Employees accrue vacation hours as hours are worked. Unused vacation cannot be carried over, it must be used in the calendar year earned.

The Authority's sick leave policy requires all leave to be supported by a letter or other medical support unless it related to a death in the immediate family. Employees are allowed 4.62 hours of sick leave per 80 hours worked or 120 hours per year. The hours may be carried over but cannot be used as early retirement or time off. The policy does not provide for paying terminated employees for unused sick leave.

4. PENSIONS

Full time permanent employees of the Authority participate in the Public Employees Retirement System of Ohio (PERS). PERS is a state operated cost sharing multi-employer pension plan. The payroll for employees covered by PERS for the years ended December 31, 1999 and 1998 was approximately \$197,000 and \$183,000, respectively, and total payroll was approximately \$197,000 and \$183,000, respectively.

4. PENSIONS (Continued)

Eligible employees are entitled to an annual retirement benefit, payable monthly for life, equal to 2.1 percent of their final average salary for each year of credited service up to 30 years. The percentage increases to 2.5 percent of final average salary for each year of service in excess of 30 years. Final average salary is the employee's average salary over the highest three years of earnings. Benefits fully vest upon reaching five years of Ohio credited service and are established by state statute. Employees may retire at any age with 30 years of service, at age 55 with a minimum of 25 years of service and at age 60 with a minimum of five years of credited service. PERS also provides survivor, disability and health care benefits.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Contributions to the plans for the year ended December 31, 1999, are summarized as follows:

Plan - Contributor	<u>Statutorily Determined</u> Contribution		<u>Actuarially Determined</u> Contribution	
	<u>Rate</u>	<u>Contributions</u>	<u>Rate</u>	<u>Contributions</u>
By Authority	13.55%	\$27,000	13.55%	\$27,000
By Employees	8.50%	17,000	8.50%	17,000
Total	<u>22.05%</u>	<u>\$44,000</u>	<u>22.05%</u>	<u>\$44,000</u>

Contributions to the plans for the year ended December 31, 1998, are summarized as follows:

Plan - Contributor	<u>Statutorily Determined</u> Contribution		<u>Actuarially Determined</u> Contribution	
	<u>Rate</u>	<u>Contributions</u>	<u>Rate</u>	<u>Contributions</u>
By Authority	13.55%	\$25,000	13.55%	\$25,000
By Employees	8.50%	16,000	8.50%	16,000
Total	<u>22.05%</u>	<u>\$41,000</u>	<u>22.05%</u>	<u>\$41,000</u>

The contribution rate includes 5.11% for Health Care. The liability for past service costs at the time PERS was established was assumed by the State.

4. PENSIONS (Continued)

Funded Status

The "Pension benefit obligation" is a standardized measure of the actuarial present value of credited projected benefits, adjusted for the effects of projected salary increases and any step rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess each system's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among plans and employers. The PERS of Ohio does not make separate measurements of assets and pension benefit obligations for individual Ohio subdivisions.

Information showing historical trend data in accumulating sufficient assets to pay benefits when due is presented in PERS' Comprehensive Annual Financial Report to the membership. Trend information by individual participant employer is not available. PERS does not hold any securities in the form of notes, bonds, or other instruments issued by the entities contributing to the plans.

5. DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan, Ohio Public Employees Deferred Compensation Program, created in accordance with Internal Revenue Code Section 457. The plan, available to all Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The deferred wages and any earned income are not subject to taxes until actually received by the employees.

As described in Note 1, all plan assets and income were transferred to a trust held by the Board of the Ohio Public Employees Deferred Compensation Program. The plan assets and income are held for the exclusive benefit of eligible employees and their beneficiaries. All assets whenever contributed to the plan are assigned to the trust established by the Board.

6. OPERATING LEASE

The Authority leases its facility under a three-year operating lease agreement. The lease term is from June 1, 1999 to May 31, 2002 and requires monthly lease payments of \$2,831 plus a monthly fee for parking, janitorial services, and heating. The lease contains a renewal option for an additional three years at \$3,398 per month. Total rent expense for the years ended December 31, 1999 and 1998, was approximately \$33,000 and \$26,600, respectively.

6. OPERATING LEASE (Continued)

The Authority also leases a copier under a five-year operating lease agreement. The lease term is from August 1996 to July 2001 and requires monthly lease payments of \$398. Copier lease expense for the years ended December 31, 1999 and 1998, was approximately \$4,800, annually.

7. OPTION ON SALE OF REAL ESTATE

The Authority owns a parcel of real estate in Cuyahoga Falls, Ohio. The Household Hazardous Waste Recycling Center is operated at this location. The Carter Jones Lumber Company has an option to purchase the property for one dollar if the Authority closes the Center.

8. REDUCE, REUSE, RECYCLE PROGRAM

The Authority made grants to various municipalities and organizations under its education/awareness grant programs, special community programs, and request for recycling programs. Grants made under these programs consist of the following:

	<u>1999</u>	<u>1998</u>
Reduce, Reuse, Recycle Grants:		
Cuyahoga Falls - Ecology Center	\$ 233	\$ 60,265
Copley Township - Cleanup	3,128	1,521
SASWMA - Newspapers in Education	-	13,000
Waste Reduction Grant	-	1,826
Special Community Programs	21,787	38,033
Van - Mobile Education Unit	<u>3,110</u>	<u>-</u>
	28,258	114,645
SASWMA Grants:		
City of Akron - Wood Chipper	-	17,987
Archbishop Hoban Recycling Club	319	459
City of Norton - Wood Chipper	-	10,000
Twinsburg Recycling Center	312	15,946
Barberton Collection Day	-	2,925
Cuyahoga Falls Schools/Recycling	865	15,010
City of Munroe Falls/Digs Science	2,497	674
Crouse Elementary School	1,538	1,909
Keep Akron Beautiful	-	5,392
Summit County Clean Communities	4,374	11,860
City of Barberton/Health District	5,249	3,151
Village of Boston Heights	20,400	18,000

8. REDUCE, REUSE, RECYCLE PROGRAM (Continued)

	<u>1999</u>	<u>1998</u>
Goodrich Middle School	1,399	623
Nordonia Hills Middle School	97	135
Nordonia Hills High School	412	-
Archbishop Hoban Recycling Club (2)	-	800
Twinsburg Recycling Committee	-	9,578
Harris Elementary School	-	23,582
City of Tallmadge	5,718	-
School Board of Mental Retardation	1,170	-
City of Akron - Public Works	12,000	-
City of Stow	22,396	-
Barberton Health District	7,192	-
Boston Township	20,400	-
City of Cuyahoga Falls	9,892	-
City of Munroe Falls	20,400	-
Village of Peninsula	43,400	-
Turkeyfoot Elementary School	425	-
Young Elementary School	<u>5,460</u>	<u>-</u>
	185,915	138,031
Community and Program Support:		
Community Support	14,500	-
Barberton	1,393	-
Cuyahoga Falls	6,177	-
Keep Akron Beautiful	22,012	-
City of Stow	3,243	-
Summit County Clean Communities	17,250	-
Communities Combined	<u>34,489</u>	<u>-</u>
	<u>99,064</u>	<u>-</u>
Total Reduce, Reuse, Recycle Program	<u>\$313,237</u>	<u>\$252,676</u>

9. OHIO WATER DEVELOPMENT AUTHORITY GRANT AGREEMENT

During 1998 the Authority received a \$310,000 research and development grant from the Ohio Water Development Authority (OWDA). The grant proceeds are to be used to study and develop the concept of a business chemical/hazardous waste recycling center. The funds are to be used solely for the research and development project and are payable by OWDA as 100% reimbursement of eligible costs as incurred. As of December 31, 1999, the Authority had expended \$285,720 of the grant funds.

10. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that could have adversely affected the Authority's operations as early as fiscal 1999.

The Authority has completed an inventory of computer systems and other equipment necessary for conducting its operations and has identified such systems as being financial reporting, payroll and solid waste plan management.

The Authority has assessed the changes needed to these systems. Computer equipment aggregating \$7,718 and \$4,631 was purchased in the years ended December 31, 1999 and 1998, respectively, in order to facilitate remediation. Additional measures may be needed. Systems will have to be tested and validated.

To the best of management's knowledge and belief, as of January 19, 2000, the Authority experienced no significant interruption of mission-critical operations or services related to the Year 2000 issue. However, because of the unprecedented nature of the Year 2000 issue, matters may yet arise, and parties with whom the Authority does business may also experience Year 2000 readiness issues that are as yet, unknown.

11. OFF-BUDGET EXPENDITURES

Although not formally implemented into the 1999 budget, three categories of expenditures were planned by the Authority and approved by the Board of Trustees to be funded out of prior year retained earnings. The following summary illustrates the amounts approved and the amounts expended during 1999:

	<u>Approved</u>	<u>Expended</u>	<u>Encumbered</u>	Total Memorandum <u>Only</u>	<u>Variance</u>
Capital Expenditure-Oil Containment System	\$ 30,000	\$ 27,319	\$ -	\$ 27,319	\$ 2,681
Community Reduce, Reuse, Recycling Support	150,000	99,064	21,500	120,564	29,436
Public Awareness/Waste Reduction/Education Grants	200,000	185,915	42,512	228,427	(28,427)
Coventry-Buckley Abatement	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>	<u>-</u>
	<u>\$455,000</u>	<u>\$387,298</u>	<u>\$64,012</u>	<u>\$451,310</u>	<u>\$ 3,690</u>



BROTT MARDIS & CO.

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Report on Compliance and Internal Control Required by *Government Auditing Standards*

Board of Trustees
Summit/Akron Solid Waste
Management Authority

We have audited the modified cash basis financial statements of the Summit/Akron Solid Waste Management Authority (the Authority) as of and for the year ended December 31, 1999, and have issued our report thereon dated January 19, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the modified cash basis financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one

or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the Authority in a separate letter dated January 19, 2000.

This report is intended for the information and use of the management of the Authority, and is not intended to be and should not be used by anyone other than these specified parties.

Brett Mardis & Co.

Certified Public Accountants

January 19, 2000



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OFFICE OF THE AUDITOR

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SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY

SUMMIT 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.

By: *Susan Babbitt*

Date: JUNE 6, 2000