

SUMMIT/AKRON SOLID WASTE
MANAGEMENT AUTHORITY

FINANCIAL STATEMENTS

YEARS ENDED
DECEMBER 31, 2001 AND 2000

This audit report is subject to review and accepted 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.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Summit/Akron Solid Waste Management Authority
Akron, Ohio

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, 2001 to December 31, 2001. 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

March 14, 2002

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SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2001 AND 2000

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS:	
Statements of Assets, Liabilities, and Retained Earnings - Modified Cash Basis	3
Statements of Cash Receipts, Disbursements, and Changes in Retained Earnings - Modified Cash Basis	4
Statements of Cash Flows - Modified Cash Basis	5
Statements of Cash Receipts, Disbursements, and Encumbrances - Budget and Actual - Modified Cash Basis	6
Notes to Financial Statements - Modified Cash Basis	7 - 15

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BROTT MARDIS & CO.

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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, 2001 and 2000. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, 2001 and 2000, 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 18, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Brett Mardin & Co.

Certified Public Accountants

January 18, 2002

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY

STATEMENTS OF ASSETS, LIABILITIES, AND RETAINED EARNINGS-MODIFIED
CASH BASIS AS OF DECEMBER 31, 2001 AND 2000

ASSETS

ENTERPRISE FUND

	<u>December 31,</u> <u>2001</u>	<u>December 31,</u> <u>2000</u>
CURRENT ASSETS:		
Cash	\$797	\$3,558
Investments	682,121	638,061
Recycle Ohio Grant receivable	21,155	-
OWDA Grant receivable	-	4,237
Summit County Health District Grant receivable	-	9,430
Total current assets	<u>704,073</u>	<u>655,286</u>
FIXED ASSETS:		
Land and land improvements	176,201	176,201
Building and improvements	228,814	225,359
Vehicles	29,143	18,514
Equipment	106,124	82,756
Furniture and fixtures	25,209	24,157
Leasehold improvements	17,610	17,610
Web site	3,850	-
	<u>586,951</u>	<u>544,597</u>
Less accumulated depreciation	<u>138,743</u>	<u>121,550</u>
	448,208	423,047
OTHER ASSETS:		
Deposits	566	566
TOTAL ASSETS	<u><u>\$1,152,847</u></u>	<u><u>\$1,078,899</u></u>

LIABILITIES AND RETAINED EARNINGS

LIABILITIES:		
Withholdings due other governments	\$403	\$710
EQUITY:		
Retained earnings	992,583	918,328
Contributed capital	159,861	159,861
	<u>1,152,444</u>	<u>1,078,189</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u><u>\$1,152,847</u></u>	<u><u>\$1,078,899</u></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>2001</u>	<u>2000</u>
OPERATING REVENUES:		
Generation fees	\$1,452,792	\$1,587,600
Recycle Ohio grant	106,055	-
Household Hazardous Waste contributions and tire fees	10,169	8,293
Miscellaneous	5,774	-
Total Operating Revenue	<u>1,574,790</u>	<u>1,595,893</u>
OPERATING EXPENSES:		
Household Hazardous Waste Recycling Center expenses	498,377	485,481
Health Department contracts	260,342	338,360
Personnel	300,522	260,440
Recycle Ohio grant	133,390	-
Occupancy	49,742	49,183
Office	20,814	18,290
Professional	82,582	70,577
Depreciation	32,248	26,470
Vehicle	2,643	2,422
Annual report	-	9,260
Newsletter	7,008	-
Brochures	7,549	3,774
Postage	-	100
Directors and Officers insurance	3,150	2,770
Education Awareness / promotion	2,882	-
Miscellaneous	-	48
Total Operating Expenses	<u>1,401,249</u>	<u>1,267,175</u>
OPERATING INCOME	173,541	328,718
NONOPERATING REVENUE (EXPENSES):		
Grants	(92,417)	(167,312)
Reduce, Reuse, Recycle	(38,847)	(25,536)
Community Reduce, Reuse, Recycle Program Support	-	(12,750)
Ohio Water Development Authority (OWDA) grant receipts	2,633	17,094
Ohio Water Development Authority (OWDA) grant expenditures	(2,633)	(17,094)
Ohio Department of Development (ODOD) grant receipts	237,621	221,840
Ohio Department of Development (ODOD) grant expenditures	(237,621)	(221,840)
Ohio Department of Natural Resources (ODNR) grant receipts	100,000	-
Ohio Department of Natural Resources (ODNR) expenditures	(100,000)	-
Interest income	32,160	41,330
Loss on disposal of fixed assets	(182)	-
Total Net Nonoperating Expenses	<u>(99,286)</u>	<u>(164,268)</u>
NET INCOME	74,255	164,450
RETAINED EARNINGS, BEGINNING OF THE YEAR	<u>918,328</u>	<u>753,878</u>
RETAINED EARNINGS, END OF THE YEAR	<u>\$992,583</u>	<u>\$918,328</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,	
	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	\$173,541	\$328,718
Adjustments to reconcile operating income		
to net cash provided by operations:		
Loss on disposal of fixed asset	182	-
Depreciation	32,248	26,470
(Increase) decrease in current assets		
Recycle Ohio Grant receivable	(21,155)	-
OWDA Grant receivable	4,237	(464)
Summit County Health District Grant receivable	9,430	(9,430)
Increase (decrease) in current liabilities		
Withholdings due to others	(307)	106
Net cash provided by operating activities	198,176	345,400
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net nonoperating expense	(99,286)	(164,268)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING		
ACTIVITIES:		
Cash payments for capital acquisitions	(57,591)	(31,133)
Net cash used in capital and related		
financing activities	(57,591)	(31,133)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net increase in investments	(44,060)	(151,831)
Net cash used in investing activities	(44,060)	(151,831)
NET DECREASE IN CASH	(2,761)	(1,832)
CASH AT BEGINNING OF YEAR	3,558	5,390
CASH AT END OF YEAR	\$797	\$3,558

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, 2001

	<u>2000</u>	<u>2001</u>	<u>TOTAL</u>
	<u>ENCUMBRANCES</u>	<u>CASH BASIS</u>	<u>BUDGET</u>
		<u>BUDGET</u>	<u>BUDGET</u>
OPERATING REVENUES:			
Generation fees	-	\$1,550,000	\$1,550,000
Recycle Ohio grant	-	106,125	106,125
Household Hazardous Waste contributions and tire fees	-	10,000	10,000
Miscellaneous	-	1,000	1,000
Total Operating Revenues	-	1,667,125	1,667,125
OPERATING EXPENSES:			
Household Hazardous Waste Recycling Center expenses	-	523,553	523,553
Health department contracts	25,351	319,172	344,523
Personnel	-	301,122	301,122
Recycle Ohio grant	-	135,059	135,059
Occupancy	-	51,195	51,195
Office	607	44,020	44,627
Professional	-	100,000	100,000
Depreciation	-	-	-
Vehicle	-	23,000	23,000
Newsletter	-	8,456	8,456
Brochures	-	10,000	10,000
Directors and Officers insurance	-	3,000	3,000
Education Awareness / promotion	-	10,000	10,000
Total Operating Expenses	25,958	1,528,577	1,554,535
OPERATING (LOSS) INCOME	(25,958)	138,548	112,590
NONOPERATING REVENUE (EXPENSES):			
Grants	(2,940)	(119,995)	(122,935)
Reduce, Reuse, Recycle	-	(135,605)	(135,605)
OWDA grant receipts	-	-	-
OWDA grant expenditures	-	-	-
ODOD grant receipts	-	-	-
ODOD grant expenditures	-	-	-
ODNR grant receipts	-	-	-
ODNR grant expenditures	-	-	-
Interest income	-	30,000	30,000
Loss on disposal of fixed assets	-	-	-
Total Net Nonoperating (Expenses) Revenue	(2,940)	(225,600)	(228,540)
NET (LOSS) INCOME	(\$28,898)	(\$87,052)	(\$115,950)

See notes to financial statements.

2001 CASH BASIS ACTUAL	2001 ENCUMBRANCES	TOTAL MEMORANDUM ONLY	VARIANCE FAVORABLE (UNFAVORABLE)
\$1,452,792	-	\$1,452,792	(\$97,208)
106,055	-	106,055	(70)
10,169	-	10,169	169
5,774	-	5,774	4,774
<u>1,574,790</u>	<u>-</u>	<u>1,574,790</u>	<u>(92,335)</u>
498,377	537	498,914	24,639
260,342	59,941	320,283	24,240
300,522	-	300,522	600
133,390	330	133,720	1,339
49,742	-	49,742	1,453
20,814	2,287	23,101	21,526
82,582	670	83,252	16,748
32,248	-	32,248	(32,248)
2,643	-	2,643	20,357
7,008	-	7,008	1,448
7,549	-	7,549	2,451
3,150	-	3,150	(150)
2,882	-	2,882	7,118
<u>1,401,249</u>	<u>63,765</u>	<u>1,465,014</u>	<u>89,521</u>
173,541	(63,765)	109,776	(2,814)
(92,417)	(21,468)	(113,885)	9,050
(38,847)	(525)	(39,372)	96,233
2,633	-	2,633	2,633
(2,633)	-	(2,633)	(2,633)
237,621	-	237,621	237,621
(237,621)	-	(237,621)	(237,621)
100,000	-	100,000	100,000
(100,000)	-	(100,000)	(100,000)
32,160	-	32,160	2,160
(182)	-	(182)	(182)
<u>(99,286)</u>	<u>(21,993)</u>	<u>(121,279)</u>	<u>107,261</u>
<u>\$74,255</u>	<u>(\$85,758)</u>	<u>(\$11,503)</u>	<u>\$104,447</u>

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS

YEARS ENDED DECEMBER 31, 2001 AND 2000

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 Statement 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.

1. 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, 2001 and 2000.

c) Basis of Accounting

The accompanying financial statements of the Authority are prepared on the modified cash basis of accounting. Assets and liabilities are recorded and revenues and expenses are recognized on the cash-basis, modified for the capitalization of fixed assets and their depreciation and grant receivables and related accrued revenues. Except for the noted modification, 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 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.

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 30 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 2001 and 2000, 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, 2001, the carrying amount of the Authority's deposits was \$797 and the bank balance was \$22,862. 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, 2001, consist of the following:

	<u>Carrying Value</u>	<u>Market</u>
Uncategorized Investments:		
Investment in State Treasurer's Investment Pool (STAR Ohio)	<u>\$682,121</u>	<u>\$682,121</u>

The Authority's investments at December 31, 2000, consist of the following:

	<u>Carrying Value</u>	<u>Market</u>
Uncategorized Investments:		
Investment in State Treasurer's Investment Pool (STAR Ohio)	<u>\$638,061</u>	<u>\$638,061</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 is 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.

Effective in the year ending December 31, 2001, employees may take up to 24 hours of personal leave annually. Personal leave is subtracted from accumulated sick leave balances and may not be carried from one year to the next.

Additionally, full-time employees who do not use more than 40 hours of sick leave in the calendar year, may elect to transfer up to five sick-leave days from their accumulated balance to their Ohio Deferred Compensation account if enrolled. Eligible employees may elect to receive this compensation in cash subject to applicable payroll taxes and withholdings.

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 total payroll and the payroll for employees covered by PERS for the years ended December 31, 2001 and 2000, was approximately \$282,000 and \$195,000, respectively.

Eligible employees are entitled to an annual retirement benefit, payable monthly for life, equal to 2.2 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, 2001, 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%	\$38,200	13.55%	\$38,200
By Employees	8.50%	<u>24,000</u>	8.50%	<u>24,000</u>
Total		<u>\$62,200</u>		<u>\$62,200</u>

Contributions to the plans for the year ended December 31, 2000, 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%	\$12,300	13.55%	\$12,300
By Authority	8.13%	8,500	8.13%	8,500
By Employees	8.50%	<u>16,600</u>	8.50%	<u>16,600</u>
Total		<u>\$37,400</u>		<u>\$37,400</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 each of the years ended December 31, 2001 and 2000, was approximately \$36,000.

6. OPERATING LEASE (Continued)

The Authority leases a copier under a five-year operating lease agreement which expired December 2001. The lease required monthly lease payments of \$398. Copier lease expense for the years ended December 31, 2001 and 2000, was approximately \$4,800, annually. Effective January 2002, a new five-year copier lease was entered into requiring monthly payments of \$285.

The Authority renewed its postage-meter lease under a three and one-half-year operating lease agreement. The new lease term is from December 2000 to June 2004 and requires quarterly lease payments of \$549. Postage meter lease expense for the years ended December 31, 2001 and 2000, was \$2,013 and \$2,165, respectively.

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>2001</u>	<u>2000</u>
Reduce, Reuse, Recycle Grants:		
Special Community Programs	\$38,847	\$25,536
SASWMA Grants:		
Barberton Health District	1,258	13,278
Barberton Litter Control	1,048	13,061
City of Akron	3,999	-
City of Barberton	3,500	-
City of Cuyahoga Falls	-	24,245
City of Green	5,634	5,476
City of Macedonia	14,000	-
City of Tallmadge	-	41,213
City of Twinsburg	5,007	-
City of Stow	4,416	-
Crouse Elementary School	2,900	-
Erwine Middle School	340	-

8. REDUCE, REUSE, RECYCLE PROGRAM (Continued)

	<u>2001</u>	<u>2000</u>
Keep Akron Beautiful	8,003	11,826
Metro Parks of Summit County	19,485	-
National Park Service	2,000	-
Northfield Center Twp.	19,000	-
Norton Primary School	57	-
Richfield Township	-	15,513
Sagamore Hills Township	-	19,100
Schrop Elementary	590	1,018
Springfield Township	495	436
Twinsburg Recycling Center	685	3,522
Twinsburg Township	-	14,925
University of Akron	-	1,299
Village of Peninsula	-	<u>2,400</u>
	<u>92,417</u>	<u>167,312</u>
Community and Program Support:		
Summit County Clean Communities	-	5,000
Communities Combined	<u>-</u>	<u>7,750</u>
	<u>-</u>	<u>12,750</u>
Total Reduce, Reuse, Recycle Program	<u>\$131,264</u>	<u>\$205,598</u>

9. GRANT AGREEMENTS

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, 2001, the Authority had expended \$305,463 of the grant funds, and this grant was closed.

During 2001, the Authority received \$100,000 from the Ohio Department of Natural Resources (ODNR) for recycling market development. As required by the grant, the Authority entered into a sub-grant agreement with a cooperating enterprise for the purpose of implementing a local recycling market development program.

Additionally, the Authority acts as fiscal agent for the Ohio Department of Development's (ODOD) Scrap Tire Program.

10. OFF-BUDGET EXPENDITURES

Although not formally implemented into the 2000 budget, two 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 2000:

	<u>Approved</u>	<u>Expended</u>	<u>Encumbered</u>	Total Memorandum <u>Only</u>	<u>Variance</u>
Public Awareness/Waste Reduction/Education Grants	<u>191,021</u>	<u>167,312</u>	<u>2,940</u>	<u>170,252</u>	<u>20,769</u>
Lobby Enclosure Project	<u>15,000</u>	<u>14,452</u>	<u>-</u>	<u>14,452</u>	<u>548</u>

There were no off-budget expenditures during 2001.



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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, 2001, and have issued our report thereon dated January 18, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 tests 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 18, 2002.

This report is intended solely 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.

Brott Mardis & Co.

Certified Public Accountants
January 18, 2002



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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.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 21, 2002**