

**SUMMIT/AKRON SOLID WASTE  
MANAGEMENT AUTHORITY  
SUMMIT COUNTY, OHIO**

**INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED  
DECEMBER 31, 2009

Varney, Fink & Associates, Inc.  
Certified Public Accountants





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Summit/Akron Solid Waste Management Authority  
12 E. Exchange St. 3rd Floor  
Akron, Ohio 44308

We have reviewed the *Independent Auditor's Report* of the Summit/Akron Solid Waste Management Authority, Summit County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2009 through December 31, 2009. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

June 17, 2010

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**SUMMIT/AKRON SOLID WASTE  
MANAGEMENT AUTHORITY  
SUMMIT COUNTY, OHIO  
FOR THE YEAR ENDED  
DECEMBER 31, 2009**

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**INDEPENDENT AUDITOR'S REPORT**

Summit/Akron Solid Waste Management Authority  
12 East Exchange Street  
Akron, OH 44308

To the Board of Trustees:

We have audited the accompanying financial statements of the business-type activities of the Summit/Akron Solid Waste Management Authority, Summit County, Ohio (the Authority), as of and for the year ended December 31, 2009 as listed in the table of contents. The financial statements of the Authority as of December 31, 2008, and for the year then ended were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated May 22, 2009. 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 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. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Summit/Akron Solid Waste Management Authority as of December 31, 2009, and the respective changes in financial position and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United State of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2010 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

**INDEPENDENT AUDITOR'S REPORT (continued)**

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Varney, Fink & Associates*

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

May 20, 2010

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
Management's Discussion and Analysis (MD&A)  
For the Year Ended December 31, 2009

Our discussion and analysis of the Summit/Akron Solid Waste Management Authority's (the Authority) financial performance provides an overview of the Authority's financial activities for the year ended December 31, 2009. Please read it in conjunction with the Authority's financial statements, which begin on page 7.

GASB #34 does not require proprietary funds to provide a budgetary analysis in their MD&A. In addition, the Authority is not required to establish a budget per the Ohio Revised Code.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Authority is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets greater than or equal to \$5,000 are capitalized and are depreciated (except land and construction in progress) over their useful lives. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

Following this MD&A are the basic financial statements of the Authority together with the notes, which are essential to a full understanding of the data contained in the financial statements. The Authority's basic financial statements are designed to provide readers with a broad overview of the Authority's finances.

*The Statement of Net Assets* presents information on all the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of the Authority's financial position.

*The Statement of Revenues, Expenses, and Changes in Net Assets* presents information showing how the Authority's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

*The Statement of Cash Flows* relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the Authority's cash accounts are recorded in this statement. A reconciliation is provided at the bottom of the Statement of Cash Flows to assist in the understanding of the difference between cash flows from operating activities and operating income.

## FINANCIAL HIGHLIGHTS

- The Authority's financial statements are comprised of a single enterprise fund. Enterprise funds are used to account for business-like activities provided to the general public.
- For the year ended December 31, 2009 and 2008, the Authority is reporting its financial statements in accordance with generally accepted accounting principles and the requirements of GASB #34.
- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$3,050,220 (net assets). Of this amount, \$1,296,338 may be used to meet the Authority's ongoing obligations to Summit County citizens and to creditors in accordance with the Authority's fiscal policies.
- The Authority's unrestricted net assets decreased \$106,670. This decrease is due to a decrease in grant revenue of \$181,000 and interest income of \$55,804. Once the Authority saw that the grant revenue and interest income was going to be significantly less than the prior year, they evaluated their expenses and reduced them where possible. Restricted net assets increased \$159,484 due to an increase in the Community Recycling Grant balance of \$85,556 and an increase in the Hardy Road Landfill Closure Program of \$73,928.

The Hardy Road Landfill Closure Program was established to assist the City of Akron with funding the closure and post-closure operations of the Hardy Road Landfill. Whatever dollar amount is collected in one year, is paid out in the following year.

The Community Recycling Grant Program was established to provide grants to Summit County communities that are helping the Authority reach it's State Plan goal by providing 90% recycling access to residents in Summit County. Not all communities in Summit County participate in this program; therefore, they do not receive grant monies. During 2009, the Authority also used these dollars to open and operate community recycling drop-offs in various locations in Summit County. These community drop-off days were hugely successful.

- The Authority's revenue exceeded their expenses by \$39,521.
- The Authority's revenues decreased \$32,375 (or, 1.2 percent) and expenses decreased \$420,131 (or, 14.2 percent). The decrease in revenue was due to the decrease in interest income noted above. The decrease in expenses was due to a decrease in payouts for the community recycling grants and programs; landfill closure expenses; Health Department contracts; Reduce, Reuse, Recycle program expenses; and, vehicles and travel expenses.

## FINANCIAL POSITION

The following represents the Authority's financial position for the years ended December 31:

	<u>2009</u>	<u>2008</u>
<b>ASSETS:</b>		
Current assets – unrestricted	\$1,427,147	\$1,476,420
Current assets – restricted	1,492,252	1,332,768
Capital assets	261,630	274,923
Other non current assets	566	566
<b>TOTAL ASSETS</b>	<u><u>\$3,181,595</u></u>	<u><u>\$3,084,677</u></u>
<b>LIABILITIES:</b>		
Current liabilities – unrestricted	\$131,375	\$73,978
<b>TOTAL LIABILITIES</b>	<u>131,375</u>	<u>73,978</u>
<b>NET ASSETS:</b>		
Invested in capital assets	261,630	274,923
Restricted net assets	1,492,252	1,332,768
Unrestricted net assets	1,296,338	1,403,008
<b>TOTAL NET ASSETS</b>	<u><u>3,050,220</u></u>	<u><u>3,010,699</u></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$3,181,595</u></u>	<u><u>\$3,084,677</u></u>

A portion of the Authority's net assets (\$261,630 or 8.6 percent and \$274,923 or 9.1 percent at December 31, 2009 and 2008, respectively, for a net decrease of \$13,293 or 4.8 percent) represents the Authority's investment in their capital assets. These net assets may not be used to meet the Authority's ongoing obligations.

A portion of the Authority's net assets (\$1,492,252 or 48.9 percent and \$1,332,768 or 44 percent at December 31, 2009 and 2008, respectively, for a net increase of \$159,484 or 12.0 percent) represents resources that are subject to restrictions on how they can be used. The restricted net assets are not available for new spending because they have already been committed as follows:

	<u>2009</u>	<u>2008</u>
Hardy Road Landfill Closure Program	\$605,225	\$531,297
Community Recycling Grants Program	887,027	801,471
<b>TOTAL RESTRICTED</b>	<u><u>\$1,492,252</u></u>	<u><u>\$1,332,768</u></u>

The remaining unrestricted net assets of \$1,296,338 and \$1,403,008 at December 31, 2009 and 2008, respectively, for a net decrease of (\$106,670 or 7.6 percent) may be used to meet any of the Authority's ongoing obligations. The Authority anticipates these funds will be needed to pay future operational expenditures and to maintain adequate levels of working capital.

The following represents the Authority's summary of operating revenues by source for the year ended December 31:

	<u>2009</u>	<u>2008</u>
Generation fees – operations	\$1,399,070	\$1,284,030
Generation fees – landfill closure fund	599,601	550,299
Generation fees – community recycling grants	499,668	458,582
Grants revenue	69,000	250,000
Service revenue	8,744	9,720
Interest income	6,028	61,832
Miscellaneous	2	25
<b>TOTAL OPERATING REVENUES</b>	<u><u>\$2,582,113</u></u>	<u><u>\$2,614,488</u></u>

Generation fees consist of 96.8 percent and 87.7 percent of total operating revenues for 2009 and 2008, respectively. Of that 96.8 and 87.7 percent, 44.0 percent is restricted for the Hardy Road Landfill and the community recycling grants for both 2009 and 2008.

The following represents the Authority's summary of operating expenses by source for the year ended December 31:

	<u>2009</u>	<u>2008</u>
Employee wages and benefits	\$347,914	\$330,742
Purchase of services	1,134,953	1,344,569
Materials and supplies	55,218	63,476
Occupancy	45,805	48,128
Depreciation	13,293	13,877
Community Recycling grants	414,112	487,409
Landfill Closure Expenses	531,297	674,522
<b>TOTAL OPERATING EXPENSES</b>	<u><u>\$2,542,592</u></u>	<u><u>\$2,962,723</u></u>

The following represents the Authority's summary of changes in net assets for the year ended December 31:

	<u>2009</u>	<u>2008</u>
Total operating revenues	\$2,582,113	\$2,614,488
Total operating expenses before depreciation	(2,529,299)	(2,948,846)
Operating income/(loss) before depreciation	52,814	(334,358)
Depreciation	(13,293)	(13,877)
Operating income/(loss)	39,521	(348,235)
Increase/(decrease) in net assets	39,521	(348,235)
Net assets, beginning of year	3,010,699	3,358,934
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$3,050,220</u></u>	<u><u>\$3,010,699</u></u>

Operating income/(loss) before depreciation increased \$387,756 between 2009 and 2008. The majority of this increase is the result of an increase in solid waste tonnage, resulting in an increase in generation fees and, a decrease in payouts for the community recycling grants and programs; the landfill closure expenses; Health Department contracts; Reduce, Reuse, Recycle programs expenses; environmental education; and, vehicles and travel expenses. Depreciation decreased \$584 (or 4.2 percent) and is the result of some assets being fully depreciated.

## **CAPITAL ASSETS**

The Authority's capital assets as of December 31, 2009 and 2008 totaled \$261,630 and \$274,923 (net of accumulated depreciation), respectively. This investment in capital assets includes land and land improvements, buildings and building improvements, machinery and equipment, a vehicle and furniture and fixtures.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The Authority's board of trustees considered many factors when setting the calendar year 2010 budget. Although there was a slight increase of 1% in the generation fee in 2009 over 2008, fees continue to be 23% lower than 2007. We continue to agree and recognize that 2006 was an unusual year in that the generation fees were very high. Generation fees have a direct correlation to economic conditions and consumer spending. It is expected that current conditions and trends that existed in the latter half of 2008 and 2009 will persist into 2010. For 2010, the board of trustees considered the average tonnage for the period 2005 through 2008 in determining the tonnage that they might expect for 2010. Although, the budget is based on collecting fees based on 500,000 tons, the board of trustees believes that they would be able to fund general operations even if the 2009 tonnage dropped to 450,000 tons.

## **CONTACTING FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizen's and grantors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact: **Yolanda Walker, Executive Director** at **12 East Exchange Street, 3<sup>rd</sup> Floor, Akron, OH 44308**.

Summit/Akron Solid Waste Management Authority  
 STATEMENTS OF NET ASSETS – ENTERPRISE FUND  
 December 31,

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash	\$ 102,888	\$ 190,324
Cash and cash equivalents – unrestricted	1,045,399	1,021,856
Cash and cash equivalents – temporarily restricted	1,492,252	1,332,768
Accounts/grants receivable	265,803	254,553
Prepaid expenses	13,057	9,687
TOTAL CURRENT ASSETS	2,919,399	2,809,188
BUILDING AND FURNISHINGS, NET OF ACCUMULATED DEPRECIATION	261,630	274,923
OTHER ASSETS		
Deposits	566	566
TOTAL ASSETS	\$ 3,181,595	\$ 3,084,677
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 54,287	\$ 66,477
Grants payable	69,000	-
Accrued payroll and payroll withholdings	8,088	7,501
TOTAL CURRENT LIABILITIES	131,375	73,978
NET ASSETS		
Invested in capital assets	261,630	274,923
Restricted for landfill closure	605,225	531,297
Restricted for community recycling grants	887,027	801,471
Unrestricted	1,296,338	1,403,008
TOTAL NET ASSETS	3,050,220	3,010,699
TOTAL LIABILITIES AND NET ASSETS	\$ 3,181,595	\$ 3,084,677

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

Summit/Akron Solid Waste Management Authority  
 STATEMENTS OF REVENUES, EXPENSES, AND  
 CHANGES IN NET ASSETS – ENTERPRISE FUND  
 For the Year Ended December 31,

	2009	2008
OPERATING REVENUES		
Generation fees	\$ 2,498,339	\$ 2,292,911
Grant revenue	69,000	250,000
TV and tire fees	8,744	9,720
Interest income	6,028	61,832
Miscellaneous	2	25
TOTAL OPERATING REVENUES	2,582,113	2,614,488
OPERATING EXPENSES		
Community recycling grants and programs	414,112	487,409
Landfill closure expenses	531,297	674,522
Household hazardous waste recycling center	509,543	499,647
Health department contracts	248,210	260,245
Reduce, reuse, recycle programs	112,824	138,045
ODNR market development grant	69,000	250,000
Environmental education	-	10,689
Personnel – salaries and benefits	347,914	330,742
Occupancy	45,805	48,128
Office and equipment	29,420	35,402
Professional fees	195,376	185,943
Depreciation	13,293	13,877
Vehicles and travel expense	5,766	15,687
Advertising, promotion and education	20,032	12,387
TOTAL OPERATING EXPENSES	2,542,592	2,962,723
OPERATING INCOME (LOSS)/CHANGE IN NET ASSETS	39,521	(348,235)
NET ASSETS, BEGINNING OF YEAR	3,010,699	3,358,934
NET ASSETS, END OF YEAR	\$ 3,050,220	\$ 3,010,699

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

Summit/Akron Solid Waste Management Authority  
 STATEMENTS OF CASH FLOWS – ENTERPRISE FUND  
 For the Year Ended December 31,

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Generation fee receipts	\$ 2,521,589	\$ 2,214,298
Grants income	34,500	371,554
TV and tire fees	8,744	9,720
Interest income	6,028	61,832
Other cash received	2	25
	2,570,863	2,657,429
Health Department contracts	(247,520)	(258,965)
Payments to suppliers	(979,029)	(980,282)
Payments to employees	(347,327)	(327,504)
Other (payments)	(901,396)	(1,373,776)
	(2,475,272)	(2,940,527)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	95,591	(283,098)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	95,591	(283,098)
<b>BALANCE AT BEGINNING OF YEAR</b>	2,544,948	2,828,046
<b>BALANCE AT END OF YEAR</b>	\$ 2,640,539	\$ 2,544,948
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income/(loss)	\$ 39,521	\$ (348,235)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	13,293	13,877
Change in assets and liabilities:		
Accounts/grants receivable	(11,250)	42,941
Prepaid expenses	(3,370)	(3,407)
Accounts payable	(12,190)	8,488
Grants payable	69,000	-
Accrued payroll and payroll withholdings	587	3,238
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	\$ 95,591	\$ (283,098)

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

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2009

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Summit/Akron Solid Waste Management Authority (the Authority), a political subdivision of Summit County, was established by the 1988 Ohio Solid Waste Disposal Act (House Bill 592) to develop a long-term solution to the management of solid waste (trash and garbage) in Summit County, Ohio, while also protecting the environment. The Authority supports and implements programs that increase recycling, sustainability, conservation of natural resources, waste minimization and preservation of the environment. The Authority operates under a 13 member Board of Trustees that oversees and governs its operations.

Financial Reporting Entity

In accordance with the Statements of Governmental Accounting Standards Board (GASB), including GASB Statement No. 14, *The Financial Reporting Entity*, 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 independence, 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.

Basis of Presentation

The Authority's financial statements are comprised of a single enterprise fund. Enterprise funds are used to account for business-like activities provided to the general public.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues for the Authority result from generation fees, grants, interest income, and miscellaneous income. Operating expenses for the Authority includes the cost of personnel, personal and contracted services, supplies, and, depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus/Basis of Accounting

The Authority's enterprise fund is reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended December 31, 2009

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (Continued)

Measurement Focus/Basis of Accounting (Continued)

accounting, revenues are recognized when earned, including unbilled generation fees which are accrued. Expenses are recognized at the time the liability is incurred.

Under the guidelines of GASB Statement No. 20, “*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*” the Authority has elected not to apply Financial Accounting Standards Board (FASB) Statements and Interpretations, issued after November 30, 1989 to its proprietary activities. Proprietary funds and similar component units apply FASB pronouncements and Accounting Principals Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Budgeted Revenues and Expenses

Expenses may not exceed the Authority’s board of trustees approved annual budget plus any amounts encumbered at the end of the prior year, and, consequently estimated resources. The Board approves the annual budget and all subsequent budget amendments. Unencumbered budgetary expenses lapse at year-end. The budget is prepared on the cash basis.

Encumbrances

The Ohio Revised Code requires the Authority to reserve (encumber) budgeted expenditures when commitments are made. Encumbrances outstanding at year-end are carried forward and need not be re-budgeted.

Cash and Cash Equivalents

The Authority considers all cash and cash equivalents with a maturity of three months or less when deposited or purchased to be cash equivalents.

Receivables

Material receivables consist of all revenues earned at year-end and not yet received. Generation fees accounts receivable and grants receivable compose the majority of the receivables. Based on historical trends no allowance for uncollectible accounts receivable is required.

Investments

Investments are stated at fair value.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended December 31, 2009

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (Continued)

Capital Assets

Capital 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 3 to 40 years.

The Authority has elected to capitalize assets with an original cost of \$5,000 or more.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

NOTE B – CHANGE IN ACCOUNTING PRINCIPLES

GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pension*, which provides standards for measurement, recognition and display of OPED expense/expenditures and related liabilities, note disclosures, and if applicable, required supplementary information in the financial reports. The implementation of this statement made no impact on the Authority's financial reporting or results of financial position for 2009.

GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, which establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. The implementation of this statement made no impact on the Authority's financial reporting or results of financial position for 2009.

NOTE C – DEPOSITS AND INVESTMENTS

The investment and deposit of monies are governed by provisions of the Ohio Revised Code and the Board of Trustee's 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 Treasury Asset Reserve of Ohio (STAR Ohio) and obligations of the United States Treasury or certain agencies thereof. The Authority may also enter into Repurchase Agreements with any eligible depository for a period not exceeding 30 days.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 For the Year Ended December 31, 2009

NOTE C – DEPOSITS AND INVESTMENTS (Continued)

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 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 2009, 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 applicable statutes pertaining to the public deposits and investments.

Deposits

At December 31, 2009, the carrying amount of the Authority's deposits was \$102,888 and the bank balance was \$120,329. The difference between the carrying amount and bank balance were outstanding checks and deposits in transit. Of the December 31, 2009 bank balance, \$120,329 was covered by federal depository insurance.

Unrestricted Investments

The Authority's unrestricted investments at December 31, 2009 and 2008 consisted of the following:

	<u>Carrying Value</u>	<u>Fair Value</u>
<u>Uncategorized Investments:</u>		
2009 STAR Ohio	\$1,045,399	\$1,045,399
2008 STAR Ohio	\$1,021,856	\$1,021,856

Restricted Investments

During 2004, the Authority increased its generation fees for the purpose of administering two new programs (see Note L). The Authority deposits these fees in the STAR Ohio account and holds them until the grants are awarded in the following year. At December 31, 2009 the Authority reflected its commitment to these programs as restricted investments and restricted net assets.

The Authority's restricted investments at December 31, 2009 and 2008 is as follows:

	<u>Carrying Value</u>	<u>Fair Value</u>
<u>Restricted Investments:</u>		
2009 STAR Ohio	\$1,492,252	\$1,492,252
2008 STAR Ohio	\$1,332,768	\$1,332,768

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 For the Year Ended December 31, 2009

NOTE C – DEPOSITS AND UNRESTRICTED INVESTMENTS (Continued)

STAR Ohio is an investment pool managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2009.

As of December 31, 2009, the Authority had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating(*)</u>	<u>Investment Maturities (In Years)</u>		
			<u>&lt;1</u>	<u>1-2</u>	<u>2-3</u>
STAR Ohio	\$ 2,537,651	AAA	\$ 2,537,651	\$ 0	\$ 0

\*Credit rating was obtained from Standard & Poor’s for all investments.

*Interest Rate Risk.* Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The Authority’s investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. The credit risk of the Authority’s investment in STAR Ohio is above. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Authority has no investment policy that would further limit its investment choices.

*Concentration of Credit Risk.* The Authority places no limit on the amount it may invest in any one issuer. The Authority’s investment in STAR Ohio represents 100.0 percent of the Authority’s total investments.

*Custodial Credit Risk.* The Authority’s investments in STAR Ohio are not exposed to custodial credit risk, as defined by Statement No. 40. Securities in Star Ohio are either insured, registered or are held by STAR Ohio or by its agent in the name of Star Ohio.

NOTE D – 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 of 3 days or longer to be supported by a letter or other medical support unless it is related to a death in the immediate family. Sick leave of less than 3 days is submitted and approved using the prescribed Authority sick leave form.

Employees earn 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.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended December 31, 2009

NOTE D – COMPENSATED ABSENCES PAYABLE (Continued)

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.

NOTE E – CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

Description	2009 Beginning Balance	2009 Additions	2009 Disposals/ Deletions	2009 Ending Balance
Total capital assets not being depreciated				
Land	\$ 18,748	\$ -	\$ -	\$ 18,748
Capital assets being depreciated				
Land Improvements	131,692	-	-	131,692
Building Improvements	217,525	-	-	217,525
Vehicles	19,509	-	-	19,509
Equipment	67,675	-	-	67,675
Leasehold Improvements	11,529	-	-	11,529
Total capital assets being depreciated	447,930	-	-	447,930
Less: Accumulated depreciation	(191,755)	(13,293)	-	(205,048)
Total capital assets being depreciated, net	256,175	(13,293)	-	242,882
Net Capital Assets	\$ 274,923	\$ (13,293)	\$ -	\$ 261,630

NOTE F – RETIREMENT BENEFITS

Plan Description - Pension

All employees of the Authority are required to be members of the Ohio Public Employees Retirement System (“OPERS”). OPERS administers three separate pension plans described below:

- (1) The Traditional Pension Plan (TP) – a cost sharing, multiple-employer defined benefit pension plan.
- (2) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year.) Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
- (3) The Combined Plan (CO) – a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended December 31, 2009

NOTE F – RETIREMENT BENEFITS (continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - Pension

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2009 member contribution rate was 10.0% of their covered payroll to OPERS for members in state and local classifications. For local government units, such as the Authority, the 2009 employer contribution rate was 14.0% of covered payroll. The Authority's total contributions to OPERS for pension benefits (excluding the amount related to post-retirement benefits) for the years ended December 31, 2009, 2008, and 2007 was approximately \$17,269, \$16,898, and \$19,692, respectively.

Plan Description - Post-Employment Benefits Other Than Pension Provided Through OPERS

In addition to the pension benefits described previously, OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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 No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Funding Policy - Post-Employment Benefits Other Than Pension Provided Through OPERS

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. Employer contribution rates are

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 For the Year Ended December 31, 2009

NOTE F – RETIREMENT BENEFITS (Continued)

expressed as a percentage of the covered payroll of active members. In 2009, local employers, such as the Authority, contributed at a rate of 14.0% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care was 7.00% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Authority's contributions for post-employment benefits to OPERS for the year ended December 31, 2009, 2008, and 2007 was approximately \$16,859, \$16,731, \$12,847, respectively, equal to 100 percent of the contributions for the year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

NOTE G – 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.

NOTE H – OPERATING LEASE

The Authority leases its facility under a five year operating lease agreement. The current lease term is from August 1, 2007 to July 31, 2012 and requires monthly lease payments plus a monthly fee for parking, janitorial services and heating.

Monthly base rent and annual base rent for the period of the lease is as follows:

<u>Term</u>	<u>Monthly Base Rent</u>	<u>Annual Base Rent</u>
08/01/07-07/31/12	\$3,088	\$37,056

Effective January 2007, a three-year copier lease was entered into requiring monthly payments of \$315. The copier lease expense for the year ended December 31, 2009 and 2008 was \$3,780 per year.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended December 31, 2009

NOTE H – OPERATING LEASE (Continued)

Effective February 2010, a new three-year copier lease was entered into requiring monthly payments of \$307. The copier lease expense will be \$3,684 per year.

NOTE I – 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.

NOTE J – REDUCE, REUSE, RECYCLE GRANTS

The Authority has the authority to make grants to various municipalities and organizations under its education/awareness grant programs, special community programs, and request for recycling programs. No such grants were made for the years ended December 31, 2009 and 2008.

NOTE K – GRANT AGREEMENTS

The Authority was awarded \$69,000 and \$250,000 for the years ending December 31, 2009 and 2008, respectively, from the Ohio Department of Natural Resources for a marketing development grant.

NOTE L – RESTRICTED NET ASSETS

The Authority collects \$5.00 per ton in generation fees for processing solid waste in Summit County. Of this amount, \$2.80 per ton is to be remitted to the Authority to assist in covering operating expenses of the Authority, \$1.20 per ton is to be used to assist the City of Akron with the closure of the Hardy Road landfill, and \$1.00 per ton is to be distributed to or on behalf of the communities in Summit County to assist with their recycling programs.

NOTE M – COMMITMENTS

Effective October 2009, a new three-year software subscription was entered into requiring annual payments of \$5,118. The software subscription expense for the year ended December 31, 2009 was \$1,280.

NOTE N – CONTINGENCIES

Under the terms of federal and state grants, periodic audits are required and certain expenditures may be questioned as not appropriate under terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, will be immaterial.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended December 31, 2009

NOTE O – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to, destruction of assets, errors and omissions, injuries to employees and natural disasters. In order to minimize these components of risk, the Authority has obtained insurance coverage for risk of loss.

Settled claims have not exceeded commercial coverage in any of the past three years. Also, the Authority did not reduce the limits of liability significantly in the current year.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Summit/Akron Solid Waste Management Authority  
12 East Exchange Street  
Akron, OH 44308

To the Board of Trustees:

We have audited the financial statements of the business-type activities of the Summit/Akron Solid Waste Management Authority, Summit County, (the Authority), as of and for the year ended December 31, 2009, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated May 20, 2010. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

**Summit/Akron Solid Waste Management Authority**  
**Report on Internal Control Over**  
**Financial Reporting and on Compliance and Other Matters**  
**Based on an Audit of Financial Statements performed in**  
**Accordance with *Government Auditing Standards***  
Page 2

Compliance and Other Matters

As part of reasonably assuring whether the Authority'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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated May 20, 2010.

We intend this report solely for the information and use of management, and the Board of Trustees. We intend it for no one other than these specified parties.

*Varney, Fink & Associates*

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

May 20, 2010





Mary Taylor, CPA  
Auditor of State

**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  
JULY 1, 2010**