

**STARK-TUSCARAWAS-WAYNE JOINT
SOLID WASTE MANAGEMENT DISTRICT**
TUSCARAWAS COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Stark-Tuscarawas-Wayne Joint Solid Waste Management District
9918 Wilshire Blvd. NE
Bolivar, Ohio 44612

We have reviewed the *Independent Auditor's Report* of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, prepared by Julian & Grube, Inc., for the audit period January 1, 2020 through December 31, 2020. 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 Stark-Tuscarawas-Wayne Joint Solid Waste Management District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

August 02, 2021

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**Stark-Tuscarawas-Wayne Joint Solid Waste Management District
Tuscarawas County, Ohio**

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Independent Auditor's Report

Stark-Tuscarawas-Wayne Joint Solid Waste Management District
Tuscarawas County
9918 Wilkshire Blvd. NE
Bolivar, Ohio 44612

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, Ohio (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, Ohio, as of December 31, 2020, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District. Our opinion was not modified with respect to this matter.

Other Matters

Report on Summarized Comparative Information

We have previously audited the District's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and *schedules of net pension and other postemployment benefit liabilities and pension and other postemployment benefit contributions* listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
June 18, 2021

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Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Management's Discussion and Analysis

For the Year Ended December 31, 2020

Unaudited

This discussion and analysis of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District's (the District) financial performance provides an overall review of the District's financial activities for the years ended December 31, 2020 and 2019. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Overview of the Financial Statements

The District's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standard Board (GASB). The financial information of the District is accounted for in 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 for all items, except furniture and fixtures, and greater than or equal to \$2,500 for furniture and fixtures, are capitalized and are depreciated over their useful lives. See the notes to the financial statements for a summary of the District's significant accounting policies.

Following this management's discussion and analysis are the basic financial statements of the District together with the notes, which are essential to a full understanding of the data contained in the financial statements. Included in the financial statements for the District are the following:

- **Statement of Net Position** – This statement presents information on all of the District's assets and deferred outflows of resources and all of the District's liabilities and deferred inflows of resources, with the difference between the two reported as net position.
- **Statement of Revenues, Expenses and Changes in Net Position** – This statement includes all operating and nonoperating revenues and expenses for the District and shows the change in the District's net position during the most recent year.
- **Statement of Cash Flows** – This statement reports cash and cash equivalent activities for the year resulting from operating, capital and investing activities. A reconciliation of operating income with cash provided from operations is included.

Financial Highlights

The District implemented the second year of its 2019-2028 Solid Waste Plan, approved by the Ohio Environmental Protection Agency (EPA), on January 31, 2019. Although most of the District's grant funding levels and contracted expenses remained the same as in prior years, the District did recognize a reduction in its net position, mainly due to increased expenses to fight contamination due to the lingering impacts of China's National Sword, which drastically impacted the recycling markets by requiring cleaner materials. The District was awarded an Ohio EPA Community and Litter Grant to help offset the recycling site improvements and anticontamination marketing campaign. The District continued to partner with the City of Canton Recycling Center and the Canton City Health Department to once again provide a household hazardous waste collection as a year-round permanent site that serves all three counties. Additionally, the District partnered with the Wayne County Health Department to host two residential household hazardous waste collection events at the Wayne County Fairgrounds and disposed of by Clean Harbors. An appointment system was introduced for the household hazardous collections to better manage the flow of traffic, volume of material collected, and disposal costs.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Management's Discussion and Analysis

For the Year Ended December 31, 2020

Unaudited

Maintaining all core recycling programs essential to meeting the Ohio State Plan Goals of providing sufficient access to recycling programs or achieving the waste reduction and recycling rates remain the District's focus. All other plan strategies were re-evaluated to determine priority service to the public while maintaining a fiscally responsible budget. The District continues to distribute annual newsletters to every household and provides updated information on its website and social media that provide year-round solutions for disposal of appliances, electronic waste, household hazardous waste, prescription drugs, yard waste, and other items.

Financial Position

The analysis below focuses on the District's financial position and the results of operations for 2020 compared to 2019:

	2020	2019	Change
Assets			
Current and Other Assets	\$5,172,910	\$5,971,618	(\$798,708)
Capital Assets, Net	1,080,359	1,345,671	(265,312)
<i>Total Assets</i>	<u>6,253,269</u>	<u>7,317,289</u>	<u>(1,064,020)</u>
Deferred Outflows of Resources	<u>332,730</u>	<u>608,282</u>	<u>(275,552)</u>
Liabilities	<u>2,348,734</u>	<u>2,697,495</u>	<u>348,761</u>
Deferred Inflows of Resources	<u>336,083</u>	<u>21,899</u>	<u>(314,184)</u>
Net Position			
Investment in Capital Assets	1,080,359	1,345,671	(265,312)
Restricted for Other Purposes	1,153,226	2,235,734	(1,082,508)
Unrestricted	1,667,597	1,624,772	42,825
<i>Total Net Position</i>	<u><u>\$3,901,182</u></u>	<u><u>\$5,206,177</u></u>	<u><u>(\$1,304,995)</u></u>
Revenues			
Operating Revenues	\$3,776,439	\$4,063,750	(\$287,311)
Non-operating Revenues	169,856	242,573	(72,717)
<i>Total Revenues</i>	3,946,295	4,306,323	(360,028)
Expenses	<u>5,251,290</u>	<u>4,909,906</u>	<u>(341,384)</u>
<i>Change in Net Position</i>	(1,304,995)	(603,583)	(701,412)
Net Position, Beginning of Year	<u>5,206,177</u>	<u>5,809,760</u>	<u>(603,583)</u>
Net Position, End of Year	<u><u>\$3,901,182</u></u>	<u><u>\$5,206,177</u></u>	<u><u>(\$1,304,995)</u></u>

The net pension liability (NPL) is one of the largest single liabilities reported by the District at December 31, 2020. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Management's Discussion and Analysis

For the Year Ended December 31, 2020

Unaudited

employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained previously, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent year by \$3,901,182 (net position), which is a decrease of \$1,304,995. Of this amount, \$1,153,226 of restricted net position is available for plan implementation of the 10 allowable expenses according to H.B. 592 and pursuant to the Ohio Revised Code 3734.57, Section (G). Restricted net position decreased from the prior year by \$1,082,508, or 48.42 percent.

Unrestricted net position increased from the prior year, increasing \$42,825, or 2.64 percent, which can be attributed to the District receiving interest on investments and crediting its recyclable income as unrestricted revenue compared to restricted revenue as in past years. This change was done as a result of an Ohio Attorney General opinion 2013-044 stating joint solid waste management districts may use revenue derived from its recycling program for purposes other than those listed in Ohio Revised Code 3734.57, Section (G). These unrestricted assets represent the accumulated interest income earned over time, in addition to the recycling income now also included, which may be used to fund expenses outside of the scope of the Solid Waste Plan or any proper purpose of the District.

A portion of the District's net position (\$1,080,359, or 27.69 percent, and \$1,345,671, or 25.85 percent, at December 31, 2020 and 2019, respectively, for a net decrease of \$265,312, or 19.72 percent) represents the District's investment in its capital assets. The decrease in the District's investment in its capital assets is the result of capital asset depreciation exceeding the minimal capital asset additions during the year.

The District's operating expenses exceeded its operating revenues by \$1,254,992. The main reason for this operating loss is due to the District receiving less tipping fees, except for inside District, less recyclable income, and expenses increasing. Although many expenses saw decreases from the prior year, expenses increased primarily due to increased recycling collection expenses due to the District's anticontamination campaign which included replacing all the District bins, bin decals, acceptable items and no dumping signs, and recycling site improvements that consisted of cameras, fencing, gravel, and electric upgrades. The District's operating revenues decreased by \$287,311, or 7.07 percent, and operating expenses increased by \$121,525, or 2.48 percent.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

*Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited*

The District's primary revenues are tipping fees. These receipts represented 93.09 percent of the total revenues received during the year. Tipping fee revenue for 2020 decreased by \$291,876 as compared to 2019. The decrease in tipping fee revenue for outside district and outside State tipping fees can be attributed to changes in waste hauling contracts and a decline in commercial waste resulting from COVID-19. In 2006, tipping fee revenue totaled \$5,524,941 but was then reduced almost by half, because of the displacement of waste to facilities outside of the District, and it is not anticipated they will return to that historical level in the near future; however, the tipping fees have been steadily rebounding since 2010.

The District's primary expenses are grants to various municipalities and county government agencies to assist with recycling, waste reduction and safe and sanitary disposal of waste in the landfills. These expenses represent 22.49 percent of the total operating expenses incurred during the year. Grants to others for 2020 totaled \$1,131,361, which is a decrease of \$24,591, compared to 2019. The decrease is mainly due to the District awarding less program startup grants in 2020 compared to 2019.

Capital Assets

As of December 31, 2020, the District had \$1,080,359 invested in land improvements, building and improvements, leasehold improvements, furniture, fixtures and equipment, and vehicles. The following table shows 2020 balances compared to 2019:

	<u>2020</u>	<u>2019</u>
Land Improvements	\$43,547	\$46,733
Building and Improvements	222,478	237,629
Leasehold Improvements	367,947	388,459
Furniture, Fixtures and Equipment	68,544	85,916
Vehicles	377,843	586,934
Totals	<u>\$1,080,359</u>	<u>\$1,345,671</u>

All capital assets are reported net of depreciation. In 2020, capital assets decreased by \$265,312. This was primarily due to depreciation outpacing the minimal additions the District had during the year. For additional information on capital assets, see Note 12.

Current Known Facts and Conditions

The challenge for all governments is to provide quality services while staying within the restrictions imposed by limited funding. The District relies heavily on tipping fees.

The District's Solid Waste Plan was approved by the Ohio EPA on January 31, 2019, and is in full implementation for 2020. Throughout the planning process the District re-evaluated its goals and objectives along with its current financial position to determine how best to re-align revenues and expenses. Most grant programs remained the same as the previous year and there was increased education and marketing to promote clean recycling, combat contamination at the public drop-offs, and improve recycling opportunities for the community.

Contacting the District's Management

This financial report is designed to provide our citizens and creditors with a general overview of the District's finances and to demonstrate accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Erica R. Wright, Finance Director, at Stark-Tuscarawas-Wayne Joint Solid Waste Management District, 9918 Wilkshire Blvd NE, Bolivar, Ohio 44612, or email at erica@timetorecycle.org.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Statement of Net Position

December 31, 2020 and 2019

	2020	2019
Assets		
<i>Current Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	\$4,735,852	\$5,339,753
Accrued Interest Receivable	13,220	20,439
Settlement Receivable	13,800	14,350
Tipping Fee Receivable	317,864	434,302
Recyclable Income Receivable	10,608	8,886
Intergovernmental Receivable	65,570	125,173
Prepaid Items	3,496	3,715
<i>Total Current Assets</i>	<u>5,160,410</u>	<u>5,946,618</u>
<i>Noncurrent Assets:</i>		
Settlement Receivable	12,500	25,000
Depreciable Capital Assets, Net	1,080,359	1,345,671
<i>Total Noncurrent Assets</i>	<u>1,092,859</u>	<u>1,370,671</u>
<i>Total Assets</i>	<u>6,253,269</u>	<u>7,317,289</u>
Deferred Outflows of Resources		
Pension	196,651	508,702
OPEB	136,079	99,580
<i>Total Deferred Outflows of Resources</i>	<u>332,730</u>	<u>608,282</u>
Liabilities		
<i>Current Liabilities:</i>		
Accounts Payable	102,660	115,866
Accrued Wages	61,883	52,991
Intergovernmental Payable	324,564	299,020
Compensated Absences Payable	19,060	28,229
<i>Total Current Liabilities</i>	<u>508,167</u>	<u>496,106</u>
<i>Long-Term Liabilities:</i>		
Compensated Absences Payable (net of current portion)	36,312	17,125
Net Pension Liability (See Note 6)	1,070,115	1,486,619
Net OPEB Liability (See Note 7)	734,140	697,645
<i>Total Long-Term Liabilities</i>	<u>1,840,567</u>	<u>2,201,389</u>
<i>Total Liabilities</i>	<u>2,348,734</u>	<u>2,697,495</u>
Deferred Inflows of Resources		
Pension	228,837	20,006
OPEB	107,246	1,893
<i>Total Deferred Inflows of Resources</i>	<u>336,083</u>	<u>21,899</u>
Net Position		
Investment in Capital Assets	1,080,359	1,345,671
Restricted for Other Purposes	1,153,226	2,235,734
Unrestricted	1,667,597	1,624,772
<i>Total Net Position</i>	<u>\$3,901,182</u>	<u>\$5,206,177</u>

See accompanying notes to the basic financial statements

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

*Statement of Revenues,
Expenses and Changes in Net Position
For the Years Ended December 31, 2020 and 2019*

	2020	2019
Operating Revenues		
Tipping Fees:		
Inside District	\$895,124	\$856,685
Outside District	2,732,773	3,054,664
Outside State	45,627	54,051
Recyclable Income	73,577	92,587
Other	29,338	5,763
<i>Total Operating Revenues</i>	<u>3,776,439</u>	<u>4,063,750</u>
Operating Expenses		
Wages and Benefits	1,373,958	1,458,496
Education and Awareness	181,417	182,070
Tire Collection	94,620	107,591
Newcomerstown Landfill Closure	0	16,294
Professional Fees	13,518	32,775
Administrative Office Supplies and Vehicle Expense	61,138	41,129
Utilities	18,209	16,798
Computer and Website	26,196	18,827
Postage and Delivery	3,391	2,655
Printing and Brochures	782	910
Administrative Travel and Expenses	153	1,967
Advertising	36	598
Cleaning and Maintenance	20,350	16,348
Insurance	48,611	29,713
Grants to Others:		
Financial Assistance to City/County Boards of Health	325,000	325,000
Community Recycling Grants	496,648	533,114
Yard Waste Grants	24,713	13,838
County Sheriff's Grants	285,000	284,000
Recycling Collection	1,360,454	865,918
Yard Waste Collection	250,779	386,031
Household Hazardous Waste/Electronics Collection	235,359	294,583
American Landfill Settlement	12,500	12,500
Depreciation Expense	198,599	268,751
<i>Total Operating Expenses</i>	<u>5,031,431</u>	<u>4,909,906</u>
<i>Operating Loss</i>	<u>(1,254,992)</u>	<u>(846,156)</u>
Non-Operating Revenues (Expenses)		
Interest	129,356	142,573
Program Startup Recycling Grant	39,500	0
Public Entities Pool Safety Grant	1,000	0
Market Development Grant	(150,000)	100,000
Loss on Disposal of Capital Assets	(69,859)	0
<i>Total Non-Operating Revenues</i>	<u>(50,003)</u>	<u>242,573</u>
<i>Change in Net Position</i>	<u>(1,304,995)</u>	<u>(603,583)</u>
<i>Net Position Beginning of Year</i>	<u>5,206,177</u>	<u>5,809,760</u>
<i>Net Position End of Year</i>	<u>\$3,901,182</u>	<u>\$5,206,177</u>

See accompanying notes to the basic financial statements

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Statement of Cash Flows

For the Years Ended December 31, 2020 and 2019

	2020	2019
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
Cash Flows from Operating Activities		
Cash Received from Tipping Fees	\$3,789,962	\$3,999,287
Cash Received from Recycling Income	71,855	102,081
Other Cash Receipts	29,441	5,805
Cash Payments to Employees for Services	(1,136,335)	(1,117,450)
Cash Payments for Goods and Services	(507,692)	(443,204)
Cash Payments for Grants to Others	(1,118,792)	(1,127,546)
Cash Payments for Recyclable Material Collections	(1,828,269)	(1,520,161)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(699,830)</u>	<u>(101,188)</u>
Cash Flows from Noncapital Financing Activities		
Landfill Settlement	12,500	12,500
Cash Flows from Capital Activities		
Capital Grants	(50,000)	50,000
Acquisition of Capital Assets	(3,146)	(18,636)
<i>Net Cash Provided by (Used for) Capital Activities</i>	<u>(53,146)</u>	<u>31,364</u>
Cash Flows from Investing Activities		
Interest on Investments	136,575	132,374
<i>Net Increase in Cash and Cash Equivalents</i>	(603,901)	75,050
<i>Cash and Cash Equivalents Beginning of Year</i>	5,339,753	5,264,703
<i>Cash and Cash Equivalents End of Year</i>	<u>\$4,735,852</u>	<u>\$5,339,753</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities		
Operating Loss	(\$1,254,992)	(\$846,156)
Adjustments:		
Depreciation	198,599	268,751
(Increase) Decrease in Assets:		
Settlement Receivable	550	2,871
Tipping Fees Receivable	116,438	33,887
Recyclable Income Receivable	(1,722)	9,494
Intergovernmental Receivable	103	42
Prepaid Items	219	219
(Increase) Decrease in Deferred Outflows of Resources - Pension	265,918	369,108
(Increase) Decrease in Deferred Outflows of Resources - OPEB	129,140	61,890
Increase (Decrease) in Liabilities:		
Accounts Payable	(13,206)	45,356
Accrued Wages	8,892	5,767
Intergovernmental Payable	25,544	40,230
Compensated Absences Payable	10,018	(16,079)
Net Pension Liability	24,244	(1,613)
Net OPEB Liability	44,673	38,216
Decrease in Deferred Inflows of Resources - Pension	(185,785)	(101,417)
Decrease in Deferred Inflows of Resources - OPEB	(68,463)	(11,754)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(\$699,830)</u>	<u>(\$101,188)</u>

See accompanying notes to the basic financial statements

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 1 – Description of the Entity

The Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, Ohio, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was formed on November 28, 1988 pursuant to Chapters 343 and 3734 of the Ohio Revised Code. The District is directed by a 9-member Board of Directors comprised of the three County Commissioners of Stark, Tuscarawas, and Wayne Counties and is a jointly governed organization of the three Counties. The District provides solid waste disposal, recycling opportunities, and other waste management services to these counties.

In accordance with the Statements of the Governmental Accounting Standards Board, including GASB No. 14, the accompanying financial statements include all funds and activities over which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described as follows.

Basis of Presentation

The District's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

The District uses enterprise accounting to maintain its financial records during the year. Enterprise accounting focuses on the determination of operating income, change in net position, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

The District uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its enterprise activity.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District's financial statements are prepared using the accrual basis of accounting. On the accrual basis, revenue is recorded on exchange transactions when the exchange takes place. Nonexchange transactions, in which the District receives value without directly giving equal value in return, include capital contributions. Expenses are recognized at the time they are incurred.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources include pension and OPEB plans reported in the government-wide statement of net position. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include pension and OPEB plans. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 6 and 7).

Cash and Investments

During 2020, investments were limited to federal home loan mortgage corporation notes, federal national mortgage association notes, federal home loan bank notes, commercial paper, negotiable certificates of deposits, first American funds government obligations mutual fund and STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of 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 SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices or, in the case of mutual funds, current share price. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

Capital Assets

Capitalized assets utilized by the District are reported on the statement of net position. The District maintains a capitalization threshold of \$5,000 for all capital assets except for furniture and fixtures which have a capitalization threshold of \$2,500. Property and equipment are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. The cost of maintenance and

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

repairs is expensed as incurred; significant betterments are generally capitalized. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. Donated capital assets are recorded at acquisition values as of the date received. Depreciation of property and equipment is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10-40 years
Buildings and Improvements	10-40 years
Furniture and Fixtures	5-10 years
Vehicles	5-10 years

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for employees with at least 25 years of current service with the District or other political subdivision of the State of Ohio, or 15 years of service and 45 years of age, or 5 years of service and 60 years of age.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations payable from the District's single enterprise fund are reported on the financial statements. In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the fund. However, compensated absences that will be paid are reported as a liability in the financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liabilities should be recognized to the extent that benefit payments are due and payable and the pension/OPEB plans' fiduciary net position is not sufficient for payment of those benefits.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are for tipping fees and recyclable income. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the District. All revenues and expenses not meeting these definitions are reported as non-operating.

Estimates

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

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. For 2020, the District had restricted net position in the amount of \$1,153,226. Net position restricted for other purposes includes tipping fees which are available for plan implementation of the 10 allowable expenses according to H.B. 592 and pursuant to the Ohio Revised Code 3734.57, Section (G). Investment in capital assets consists of capital assets less accumulated depreciation.

Note 3 – Change in Accounting Principles

For 2020, the District implemented the Governmental Accounting Standard Board's (GASB) Statement No. 83, Certain Asset Retirement Obligations. GASB Statement 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The implementation of GASB Statement No. 83 had no effect on net position as of December 31, 2019.

Note 4 – Deposits and Investments

State statutes require the classification of monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Directors has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

Interim monies may be invested or deposited in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool stabled by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage and the use of leverage of short selling are also prohibited.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

According to State law, 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 FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. These securities must be obligation of or guaranteed by the United States and mature or be redeemable within 5 year of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the District's name.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2020, \$194,376 of the District's total bank balance of \$822,075 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance. At December 31, 2019, \$330,363 of the District's total bank balance of \$1,422,141 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Investments

As of December 31, 2020, the District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Fair Value - Level 1 Inputs:				
First American Funds Government Obligations	\$5,149	Less Than One Year	N/A	0.13 %
Fair Value - Level 2 Inputs:				
Commercial Paper	324,925	Less Than One Year	A-1 - A-1+	8.04
Federal Home Loan Mortgage Corporation Notes	440,026	Less Than Five Years	AA+	10.88
Federal National Mortgage Association Notes	215,086	Less Than Five Years	AA+	5.32
Federal Home Loan Bank Notes	369,951	Less Than One Year	A-1+	9.15
Negotiable Certificates of Deposit	2,607,850	Less Than Five Years	N/A	64.50
Net Asset Value (NAV) Per Share:				
STAR Ohio	80,041	55.8 Days	AAAm	N/A
Total Investments	<u>\$4,043,028</u>			

As of December 31, 2019, the District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Fair Value - Level 1 Inputs:				
First American Funds Government Obligations	\$96,702	Less Than One Year	N/A	2.47 %
Fair Value - Level 2 Inputs:				
Commercial Paper	184,817	Less Than One Year	A-1	4.73
Federal Home Loan Mortgage Corporation Notes	169,854	Less Than Three Years	AA+	4.35
Federal National Mortgage Association Notes	684,311	Less Than One Year	AA+	17.51
Federal National Mortgage Association Notes	194,747	Less Than Two Years	AA+	4.98
Federal Home Loan Bank Notes	199,982	Less Than One Year	AA+	5.12
Negotiable Certificates of Deposit	474,251	Less Than Two Years	N/A	12.14
Negotiable Certificates of Deposit	873,848	Less Than Three Years	N/A	22.36
Negotiable Certificates of Deposit	949,290	Less Than Five Years	N/A	24.30
Net Asset Value (NAV) Per Share:				
STAR Ohio	79,476	55.7 Days	AAAm	N/A
Total Investments	<u>\$3,907,278</u>			

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The preceding chart identifies the District's recurring fair value measurements as of December 31, 2020. The First American Funds Government Obligations Mutual Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). The District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2020*

Interest Rate Risk State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in repurchase agreements to 30 days and the market value of the securities must exceed the principal value of the agreement by 2 percent and be marked to market daily. The District had no investment policy that would further limit investment choices.

Credit Risk STAR Ohio carries a credit rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy that addresses credit risk.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The First American Funds Government Obligations Mutual Fund, Commercial Paper, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, Federal Home Loan Bank Notes, and Negotiable Certificates of Deposit are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty. The District has no investment policy dealing with investment custodial credit risk beyond the requirements in State statute that requires securities shall be delivered into the custody of the treasurer or governing board or an agent designated by the treasurer or governing board.

Concentration of Credit Risk The District places no limit on the amount it may invest in any one issuer.

Note 5 – Receivables

Receivables at December 31, 2020 consisted of accrued interest, a legal settlement receivable, tipping fees, recyclable income, and intergovernmental arising from a grant and reimbursement. All receivables are deemed collectible in full.

The legal settlement receivable is due to a legal dispute between the District and American Landfill, Incorporated (ALI) related to the solid waste disposal and landfill operations at ALI's American Landfill in Stark County. Per the settlement agreement, ALI shall submit ten annual payments to the District in the amount of \$12,500 per year, for a total of \$125,000. In exchange, the District agreed to dismiss the lawsuit against ALI. The first payment from ALI was received during 2013. Per the settlement agreement, the District will use the funds to monitor groundwater; however, any excess funds may be retained by the District to be used for any proper purpose of the District.

Intergovernmental Receivables

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities:	
Ohio EPA Community & Litter Grant	\$50,000
Program Start-Up Recycling Grant	14,500
PEP Safety Grant	1,000
Workers' Compensation Reimbursement	<u>70</u>
Total	<u><u>\$65,570</u></u>

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 6 – Ohio Public Employee Retirement System (OPERS) Defined Benefit Pension Plan

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability /Net OPEB Liability

The net pension liability and the net OPEB liability reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions/OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liabilities represent the District's proportionate share of each pension/OPEB plans' collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plans' fiduciary net position. The net pension/OPEB liabilities calculations are dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the District's obligation for these liabilities to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assume the liabilities are solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liabilities. Resulting adjustments to the net pension/OPEB liabilities would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net pension asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 7 for the required OPEB disclosures.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Plan Description

District employees participate in the OPERS. OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. 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 plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS' Comprehensive Annual Financial Report referenced previously for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average salary represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a COLA on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the COLA is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the combined plan will be consolidated under the traditional pension plan (defined benefit plan) and the combined plan option will no longer be available for new hires beginning in 2022.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2020 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	<u>0.0</u>
Total Employer	<u><u>14.0 %</u></u>
 Employee	<u><u>10.0 %</u></u>

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2020, the District's contractually required contribution was \$112,661 for the traditional plan, and \$4,242 for the member-directed plan. Of these amounts, \$15,084 is reported as an intergovernmental payable for the traditional plan and \$569 for the member-directed plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the District's defined benefit pension plans:

	<u>OPERS</u>
Proportion of the Net Pension Liability:	
Current Measurement Date	0.005414%
Prior Measurement Date	<u>0.005428%</u>
Change in Proportionate Share	<u><u>-0.000014%</u></u>
 Proportionate Share of the Net Pension Liability	 \$1,070,115
Pension Expense	\$217,039

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

2020 pension expense for the member-directed defined contribution plan was \$4,127. The aggregate pension expense for all pension plans was \$221,166 for 2020.

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Changes of assumptions	\$57,157
Changes in proportion and differences between District contributions and proportionate share of contributions	26,833
District contributions subsequent to the measurement date	<u>112,661</u>
<i>Total Deferred Outflows of Resources</i>	<u><u>\$196,651</u></u>
Deferred Inflows of Resources	
Differences between expected and actual experience	\$13,530
Net difference between projected and actual earnings on pension plan investments	213,464
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>1,843</u>
<i>Total Deferred Inflows of Resources</i>	<u><u>\$228,837</u></u>

\$112,661 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2021	\$671
2022	(69,598)
2023	8,839
2024	<u>(84,759)</u>
Total	<u><u>(\$144,847)</u></u>

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented as follows:

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

	<u>OPERS Traditional Plan</u>
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	1.4 percent, simple through 2020, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3 percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 then 2.15 percent simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the previously described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the traditional pension plan, the defined benefit component of the combined plan and the annuitized accounts of the member-directed plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other investments	13.00	4.98
Total	100.00 %	5.61 %

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.2 percent) or one percentage point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	\$1,764,964	\$1,070,115	\$445,464

Note 7 – Ohio Public Employees Retirement System (OPERS) Defined Benefit OPEB Plans

See Note 6 for a description of the net OPEB liability.

Plan Description

The OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. 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 75. See OPERS' Comprehensive Annual Financial Report referenced later for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the traditional pension plan and combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 was 4.0 percent.

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

The District's contractually required contribution was \$1,697 for 2020. Of this amount, \$227 is reported as an intergovernmental payable.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The District's proportion of the net OPEB liability was based on the District's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

	<u>OPERS</u>
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.005315%
Prior Measurement Date	<u>0.005351%</u>
Change in Proportionate Share	<u><u>-0.000036%</u></u>
Proportionate Share of the Net Pension Liability	\$734,140
OPEB Expense	\$107,047

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>
Deferred Outflows of Resources	
Differences between expected and actual experience	\$20
Changes of assumptions	116,207
Changes in proportion and differences between District contributions and proportionate share of contributions subsequent to the measurement date	18,155
District contributions subsequent to the measurement date	<u>1,697</u>
<i>Total Deferred Outflows of Resources</i>	<u><u>\$136,079</u></u>
Deferred Inflows of Resources	
Differences between expected and actual experience	\$67,140
Net difference between projected and actual earnings on OPEB plan investments	37,382
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>2,724</u>
<i>Total Deferred Inflows of Resources</i>	<u><u>\$107,246</u></u>

\$1,697 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>
2021	\$34,856
2022	8,223
2023	30
2024	<u>(15,973)</u>
Total	<u><u>\$27,136</u></u>

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.16 percent
Prior measurement date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.75 percent
Prior measurement date	3.71 percent
Health Care Cost Trend Rate:	
Current measurement date	10.50 percent, initial 3.50 percent, ultimate in 2030
Prior measurement date	10.00 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the previously described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the traditional pension plan, combined plan and member-directed plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.7 percent for 2019.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	100.00 %	4.55 %

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.16 percent) or one percentage point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
District's proportionate share of the net OPEB liability	\$960,739	\$734,140	\$552,707

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the District's proportionate share of the net OPEB liability calculated using the assumed trend rates, and the District's proportionate share of the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate Assumption</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$712,476	\$734,140	\$755,527

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

Note 8 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters.

During 2020, the District obtained commercial insurance through Public Entities Pool of Ohio (PEP), for the following risks:

<u>Coverage</u>	<u>Limit</u>
Property	\$943,120
Automobile	1,000,000
General Liability	1,000,000
Public Officials	1,000,000
Umbrella	4,000,000

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five years. There has not been a significant reduction in coverage from the prior year.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Workers' compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 9 – Employee Benefits

Insurance Benefits

The District provides medical/surgical insurance, prescription drug, vision, life and dental insurance through the Stark County Schools Council of Governments to all eligible employees. Employees have the option of choosing a traditional comprehensive plan with 80 percent co-payment of major medical expenses after deductibles or a P.P.O. plan with a 90 percent co-pay of major medical expenses after deductibles.

Note 10 – Long-Term Obligations

A schedule of changes in bonds and other long-term obligations of the District during 2020 follows:

	Principal Outstanding 12/31/2019	Additions	Deletions	Principal Outstanding 12/31/2020	Amounts Due in One Year
<i>Long-Term Obligations:</i>					
OPERS Net Pension Liability	\$1,486,619	\$0	(\$416,504)	\$1,070,115	\$0
OPERS Net OPEB Liability	697,645	36,495	0	734,140	0
Compensated Absences	45,354	38,247	(28,229)	55,372	19,060
<i>Total Long-Term Obligations</i>	<u>\$2,229,618</u>	<u>\$74,742</u>	<u>(\$444,733)</u>	<u>\$1,859,627</u>	<u>\$19,060</u>

Note 11 – Capital Leases

In prior years, the District entered into two leases, one with Stark County and one with Wayne County. Both leases were for garage expansion projects at the respective counties. The terms of each lease required the District to pay \$100,000 towards the construction of additional space in the Counties' garages. The construction payment was in lieu of paying rent for a ten-year period. The District is using the new garage space for the ten-year period, at which point the terms of the leases will be renegotiated. The Wayne County lease expired December 31, 2020. The assets were not capitalized, per District policy.

The District completed the Stark County Garage Upgrade & Expansion project in December of 2015 for a total cost of \$331,329. The existing Stark County lease agreement was amended to extend and modify the terms for a period of twenty-five (25) years, commencing on August 1, 2015 and ending on July 31, 2040, upon which time the terms of the lease will be renegotiated. These leasehold improvements will be capitalized in accordance with the District's 2015 updated capital assets policy and depreciated over the life of the lease. The improvements will revert to Stark County at the expiration of the lease.

The District completed the Stark County Garage Paving project in May of 2017 for a total cost of \$145,172. The paving is being amortized over twenty (20) years in accordance with the District's capital assets policy along with the other leasehold improvements, but no further amendment will be made to the lease ending on July 31, 2040.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 12 – Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance 12/31/2019	Additions	Deductions	Balance 12/31/2020
Capital Assets being depreciated:				
Land Improvements	\$91,745	\$0	\$0	\$91,745
Building and Improvements	523,300	0	0	523,300
Leasehold Improvements	476,501	0	0	476,501
Furniture, Fixtures and Equipment	185,209	3,146	(5,651)	182,704
Vehicles	1,630,205	0	(589,456)	1,040,749
Total Capital Assets being depreciated	2,906,960	3,146	(595,107)	2,314,999
Less Accumulated Depreciation				
Land Improvements	(45,012)	(3,186)	0	(48,198)
Building and Improvements	(285,671)	(15,151)	0	(300,822)
Leasehold Improvements	(88,042)	(20,512)	0	(108,554)
Furniture, Fixtures and Equipment	(99,293)	(17,692)	2,825	(114,160)
Vehicles	(1,043,271)	(142,058)	522,423	(662,906)
Total Accumulated Depreciation	(1,561,289)	(198,599)	525,248	(1,234,640)
Total Capital Assets being Depreciated, net	\$1,345,671	(\$195,453)	(\$69,859)	\$1,080,359
Total Capital Assets, net	\$1,345,671	(\$195,453)	(\$69,859)	\$1,080,359

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance 12/31/2018	Additions	Deductions	Balance 12/31/2019
Capital Assets being depreciated:				
Land Improvements	\$91,745	\$0	\$0	\$91,745
Building and Improvements	523,300	0	0	523,300
Leasehold Improvements	476,501	0	0	476,501
Furniture, Fixtures and Equipment	166,573	18,636	0	185,209
Vehicles	1,630,205	0	0	1,630,205
Total Capital Assets being depreciated	2,888,324	18,636	0	2,906,960
Less Accumulated Depreciation				
Land Improvements	(41,826)	(3,186)	0	(45,012)
Building and Improvements	(270,520)	(15,151)	0	(285,671)
Leasehold Improvements	(67,530)	(20,512)	0	(88,042)
Furniture, Fixtures and Equipment	(81,667)	(17,626)	0	(99,293)
Vehicles	(830,995)	(212,276)	0	(1,043,271)
Total Accumulated Depreciation	(1,292,538)	(268,751)	0	(1,561,289)
Total Capital Assets being Depreciated, net	\$1,595,786	(\$250,115)	\$0	\$1,345,671
Total Capital Assets, net	\$1,595,786	(\$250,115)	\$0	\$1,345,671

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 13 – Operating Lease

During 2020, the District entered in an operating lease with R&R Truck & Equipment Services, Incorporated, for the use of three recycling trucks. The terms of the lease require quarterly payments of \$18,076.50.

The agreement provides for annual lease payments as follows:

	2020
	<u>Operating Lease</u>
2021	\$72,306
2022	72,306
2023	<u>48,204</u>
Total Minimum Lease Payment	<u><u>\$192,816</u></u>

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either Federal or State, cannot be estimated.

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Required Supplementary Information

Stark-Tuscarawas-Wayne Joint Solid Waste Management District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
*Last Seven Years (1) **

	2020	2019
District's Proportion of the Net Pension Liability	0.005414%	0.005428%
District's Proportionate Share of the Net Pension Liability	\$1,070,115	\$1,486,619
District's Covered Payroll	\$761,721	\$733,179
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.49%	202.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%

(1) Although this schedule is intended to show information for ten years, information prior to 2014 is not available. An additional column will be added each year.

* Amounts presented for each year were determined as of the District's measurement date, which is the prior year end.

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.004931%	0.004658%	0.004797%	0.004027%	0.004027%
\$773,577	\$1,057,753	\$830,901	\$485,701	\$474,731
\$651,623	\$602,142	\$597,064	\$493,742	\$494,300
118.72%	175.67%	139.16%	98.37%	96.04%
84.66%	77.25%	81.08%	86.45%	86.36%

Stark-Tuscarawas-Wayne Joint Solid Waste Management District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System - Traditional Plan
*Last Four Years (1) **

	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability	0.005315%	0.005351%	0.004880%	0.004630%
District's Proportionate Share of the Net OPEB Liability	\$734,140	\$697,645	\$529,933	\$467,646
District's Covered Payroll	\$802,996	\$776,204	\$691,273	\$602,142
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	91.43%	89.88%	76.66%	77.66%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.04%

(1) Although this schedule is intended to show information for ten years, information prior to 2017 is not available. An additional column will be added each year.

* Amounts presented for each year were determined as of the District's measurement date, which is the prior year end.

See accompanying notes to the required supplementary information

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Stark-Tuscarawas-Wayne Joint Solid Waste Management District
Required Supplementary Information
Schedule of the District's Contributions
Ohio Public Employees Retirement System - Traditional Plan
Last Eight Years (1)

	<u>2020</u>	<u>2019</u>
Net Pension Liability - Traditional Plan		
Contractually Required Contribution	\$112,661	\$106,641
Contributions in Relation to the Contractually Required Contribution	<u>(112,661)</u>	<u>(106,641)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$804,721	\$761,721
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>
 Net OPEB Liability - OPEB Plan (3)		
Contractually Required Contribution	\$1,697	\$1,651
Contributions in Relation to the Contractually Required Contribution	<u>(1,697)</u>	<u>(1,651)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>
District Covered Payroll (2)	\$847,146	\$802,996
OPEB Contributions as a Percentage of Covered Payroll	<u>0.20%</u>	<u>0.21%</u>

(1) Although this schedule is intended to show information for ten years, information prior to 2013 is not available. An additional column will be added each year.

(2) The OPEB plan includes the members from the traditional plan and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

(3) Information prior to 2016 is not available.

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013
\$102,645	\$84,711	\$72,257	\$71,648	\$59,249	\$64,259
(102,645)	(84,711)	(72,257)	(71,648)	(59,249)	(64,259)
\$0	\$0	\$0	\$0	\$0	\$0
\$733,179	\$651,623	\$602,142	\$597,064	\$493,742	\$494,300
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
\$1,721	\$8,102	\$12,043			
(1,721)	(8,102)	(12,043)			
\$0	\$0	\$0			
\$776,204	\$691,273	\$602,142			
0.22%	1.17%	2.00%			

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Required Supplementary Information

For the Year Ended December 31, 2020

Changes in Assumptions – OPERS Pension – Traditional Plan

Amounts reported beginning in 2019 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented as follows:

	2019	2018 and 2017	2016 and prior
Wage Inflation	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:			
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

The assumptions related COLA or Ad Hoc COLA for Post-January 7, 2013 Retirees are as follows:

COLA or Ad Hoc COLA, Post-January 7, 2013 Retirees:

2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Required Supplementary Information

For the Year Ended December 31, 2020

Changes in Assumptions – OPERS Pension – Combined Plan

For 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013 retirees as the Traditional Plan. For 2019, the investment rate of return changed from 7.5 percent to 7.2 percent.

Changes in Assumptions – OPERS OPEB

Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2020	10.50 percent, initial 3.50 percent, ultimate in 2030
2019	10.00 percent, initial 3.25 percent, ultimate in 2029
2018	7.50 percent, initial 3.25 percent, ultimate in 2028

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Independent Auditor's 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*

Stark-Tuscarawas-Wayne Joint Solid Waste Management District
Tuscarawas County
9918 Wilkshire Blvd. NE
Bolivar, Ohio 44612

To the Board of Directors:

We have audited, in accordance with the 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, the financial statements of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, Ohio (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 18, 2021, wherein we noted as described in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 18, 2021

OHIO AUDITOR OF STATE KEITH FABER



STARK-TUSCARAWAS-WAYNE JOINT SOLID WASTE MANAGEMENT DISTRICT

TUSCARAWAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/12/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov