

***SUMMIT/AKRON SOLID WASTE MANAGEMENT  
AUTHORITY***

**SUMMIT COUNTY, OHIO**

**REGULAR AUDIT**

**For the Year Ended December 31, 2022**





OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Trustees  
Summit/Akron Solid Waste Management Authority  
2711 West Market Street  
Fairlawn, Ohio 44333

We have reviewed the *Independent Auditor's Report* of the Summit/Akron Solid Waste Management Authority, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2022 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Summit/Akron Solid Waste Management Authority is responsible for compliance with these laws and regulations.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

August 15, 2023

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**SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY**  
**SUMMIT COUNTY, OHIO**  
**Regular Audit**  
**For the Year Ended December 31, 2022**

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**Charles E. Harris & Associates, Inc.**

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**INDEPENDENT AUDITOR'S REPORT**

Summit/Akron Solid Waste Management Authority  
Summit County  
2711 W Market St,  
Unit #13620  
Fairlawn, Ohio 44333

To the Board of Trustees:

***Report on the Audit of the Financial Statements***

***Opinions***

We have audited the financial statements of the Summit/Akron Solid Waste Management Authority, Summit County, Ohio (the Authority), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2022 and 2021 and the respective changes in financial position and its cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

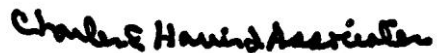
### ***Required Supplementary Information***

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 post-employment benefit assets/liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 15, 2023, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Authority'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 Authority's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
June 15, 2023

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
Management's Discussion and Analysis (MD&A)  
For the Year Ended December 31, 2022

Our discussion and analysis of the Summit/Akron Solid Waste Management Authority's (the Authority) financial performance provides an overview of the Authority's financial activities for the year ended December 31, 2022. Please read it in conjunction with the Authority's financial statements, which begin on page 9.

GASB Statement No. 34 does not require proprietary funds to provide a budgetary analysis in their MD&A. In addition, the Authority is not required to establish a budget per the Ohio Revised Code.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

## FINANCIAL HIGHLIGHTS

- The Authority's financial statements are comprised of a single enterprise fund. Enterprise funds are used to account for business-like activities provided to the general public.
- The Authority reports its financial statements in accordance with generally accepted accounting principles and the requirements of GASB Statement No. 34. During 2015, the Authority adopted GASB Statement No. 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension. Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
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**FINANCIAL HIGHLIGHTS (Continued)**

In 2018, the Authority adopted GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" (OPEB). The Ohio Revised Code limits the Authority's obligation for this liability, if any, to annually required payments.

Under the new standards required by GASB No. 68 and No. 75, the net pension/OPEB liability equals the Authority's proportionate share of each plan's collective:

- Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits. GASB notes that pension/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/OPEB. GASB noted that the unfunded portion of this pension/OPEB promise is a present obligation of the Authority, part of a bargained-for benefit to the employee, and should accordingly be reported by the Authority as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension/OPEB benefits with the 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 employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension/OPEB system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension/OPEB system is responsible for the administration of the plan.

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/OPEB liability. As explained above, changes in pension/OPEB benefits, contribution rates, and return on investments affect the balance of the net pension/OPEB liability, 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 pension/OPEB payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension/OPEB liability is satisfied, this liability is separately identified within the long-term liability section of the Statement of Net Position.

In accordance with GASB No. 68 and No. 75, the Authority's statements prepared on the accrual basis of accounting include only an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB No. 68 and No. 75, the Authority is reporting a net pension liability and deferred inflows/outflows of resources related to pension only on the accrual basis of accounting.

The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$4,335,788 (net position). Of this amount, \$4,149,718 may be used to meet the Authority's ongoing obligations to Summit County citizens and to creditors in accordance with the Authority's fiscal policies. However, of the \$4,149,718, the Board of Trustees (the "Board") has designated \$164,747 for community recycling assistance grants.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
Management's Discussion and Analysis (MD&A)  
For the Year Ended December 31, 2022

**FINANCIAL HIGHLIGHTS (Continued)**

- The Authority's unrestricted net position includes the unrestricted net position and the board restricted net position for community recycling grants in the comparative Statements of Net Position. Board restricted monies are restricted at a certain point in time for a certain purpose(s) by the Board. Because they are restricted by the Board, the Board may at a future date change the purpose of the restriction, therefore, those monies are considered unrestricted. The total unrestricted net position increased \$286,867 from 2021. This net increase was \$149,370 less than the previous year's net increase primarily due to a decrease in generation fees of \$58,831; increase in OEPA pass-through grant revenue of \$93,085; increase in interest income of \$68,186; and, a decrease in the following expenses: community recycling grants of \$9,370; landfill closure expenses of \$8,023; household hazardous waste recycling center programs of \$12,631; vehicles and travel expenses of \$220; and education, branding and marketing of \$29,846. These decreases in expenses were offset by certain increases in expenses such as reduce, reuse and recycle programs of \$7,192; personnel of \$86,565; professional fees of \$45,466; OEPA pass-through grant of \$193,085; office and equipment expenses of \$1,291; and depreciation and amortization of \$2,584.
- The Hardy Road Landfill Closure Program was established to assist the City of Akron with funding the closure and post-closure operations of the Hardy Road Landfill. Whatever dollar amount is collected in one year is paid out in the following year and recorded as an intergovernmental liability at December 31.
- The community recycling grant program was established to provide grants to Summit County communities that are helping the Authority reach its State EPA Plan goal by providing 90 percent recycling access to residents in Summit County. Not all communities in Summit County participate in this program; therefore, they do not receive grant monies. During 2013, the Authority switched from a bestowment-based approach to a reimbursement-based approach with the Summit County communities. The Authority used these dollars to open and operate community recycling drop-offs in Summit County from January 2012 to July 2013 and to fund countywide document shredding events from May 2013 to June 2015. Beginning in 2013, per the approved Solid Waste Plan, the Authority also funded an extensive countywide education and outreach program to reduce contamination for curbside recycling programs and increase overall waste diversion.
- The Authority incurred a net increase in their net position for 2022 whereby their revenues exceeded their expenses by \$286,867.

The Authority's operating revenues increased \$33,206 (or 1.35 percent) and operating expenses increased \$261,709 (or 13 percent). The net increase in revenue of \$33,206 was primarily due to a decrease in generation fee revenue of \$58,831 and an increase in OEPA pass-through grant revenue of \$93,085. The net increase in expenses was primarily due to decreases in household hazardous waste recycle centers of \$12,631, community recycling assistance grants of \$9,370; landfill closure expenses of \$8,023; vehicles and travel expense of \$220; education, branding and marketing of \$29,846. Those decreases in expenses were offset by increases in expenses such as reduce, reuse, and recycle programs of \$7,192; personnel of \$86,565; professional fees of \$45,466; OEPA pass-through grant of \$193,085; office and equipment of \$1,291; and depreciation and amortization of \$2,584.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
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**FINANCIAL POSITION**

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

	<u>2022</u>		<u>2021</u>		<u>2020</u>
<b>ASSETS:</b>					
Current assets-unrestricted	\$ 4,988,261	\$	4,803,152	\$	4,510,949
Current assets-board restricted	164,747		171,109		178,694
Capital assets	151,154		162,181		185,685
Other noncurrent assets	98,997		74,693		33,611
<b>TOTAL ASSETS</b>	<b>\$ 5,403,159</b>	<b>\$</b>	<b>5,211,135</b>	<b>\$</b>	<b>4,908,939</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Pension	\$ 54,304	\$	33,615	\$	46,465
OPEB	-		16,092		53,283
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ <u>5,457,463</u></b>	<b>\$</b>	<b><u>5,260,842</u></b>	<b>\$</b>	<b><u>5,008,687</u></b>
	<u>2022</u>		<u>2021</u>		<u>2020</u>
<b>LIABILITIES:</b>					
Current liabilities	\$ 775,039	\$	785,283	\$	757,224
Noncurrent liabilities	146,558		239,288		545,756
<b>TOTAL LIABILITIES</b>	<b>921,597</b>		<b>1,024,571</b>		<b>1,302,980</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Pension	\$ 145,026	\$	88,061	\$	56,691
OPEB	55,052		99,289		36,332
<b>NET POSITION:</b>					
Net investment in capital and intangible assets	186,070		204,948		218,730
Board-restricted net position	164,747		171,109		178,694
Unrestricted net position	3,984,971		3,672,864		3,215,260
<b>TOTAL NET POSITION</b>	<b><u>4,335,788</u></b>		<b><u>4,048,921</u></b>		<b><u>3,612,684</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ <u>5,457,463</u></b>	<b>\$</b>	<b><u>5,260,842</u></b>	<b>\$</b>	<b><u>5,008,687</u></b>

The Authority's investment in their capital and intangible assets is represented by the portion of the Authority's net position of \$186,070 or 3.4 percent, \$204,948 or 5.1 percent, and, \$218,730 or 6.1 percent at December 31, 2022, 2021, and, 2020, respectively. The decrease of \$18,878 between 2021 and 2022 is primarily the result of depreciation and amortization expense of \$18,878; and, the decrease of \$13,782 between 2021 and 2020 is primarily the result of depreciation and amortization expense of \$16,294 and the acquisition of tangible assets of \$13,459 and the disposal of certain leasehold improvements of \$10,947. This net position may not be used to meet the Authority's ongoing obligations.

A portion of the Authority's net position of \$164,747 or 3.4 percent, \$171,109 or 4.2 percent and \$178,694 or 4.9 percent at December 31, 2022, 2021 and 2020, respectively, represents resources that are subject to board-restrictions on how they can be used. The decreases of \$6,362 and \$7,585 between 2021 and 2022, and, 2021 and 2020, respectively, are due to an overall increase in the payouts for Community Recycling Assistance Grants.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
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**FINANCIAL POSITION (Continued)**

As a result of implementing the accounting standard for pension and OPEB, the Authority is reporting a significant net pension liability and related deferred inflows of resources for the fiscal year which have a negative effect on net position. In addition, the Authority is reporting a net OPEB asset, deferred outflows of resources and a decrease in expenses related to pension and OPEB, which have a positive impact on net position. The change in pension and OPEB expense is the difference between the contractually required contributions and the pension and OPEB expense resulting from the change in the liability that is not reported as deferred inflows or outflows. These amounts can be found in the reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities. To further explain the impact of these accounting standards on the Authority's net position, additional information is presented below.

	<u>2022</u>	<u>2021</u>
Deferred outflows - pension	\$ 54,304	\$ 33,615
Deferred outflows - OPEB	-	16,092
Net OPEB asset	49,081	31,926
Deferred inflows - pension	(145,026)	(88,061)
Deferred inflows - OPEB	(55,052)	(99,289)
Net pension liability	<u>(117,368)</u>	<u>(203,163)</u>
Impact of GASB 68 and GABB 75 on net position	<u>\$ (214,061)</u>	<u>\$ (308,880)</u>
 Net expense impact	 \$ 94,819	 \$ 196,556

For 2022, the net expense impact of GASB 68 and 75 was \$94,819. This was from reporting the decrease in the Authority's proportionate share of the pension and other post-employment benefit liability of the Ohio Public Employment Retirement board. This adjustment was a negative expense which decreased expenses.

The board-restricted net position is currently not available for new spending because they are currently committed by the Board as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Community recycling grants and programs	\$ <u>164,747</u>	\$ <u>171,109</u>	\$ <u>178,694</u>

The remaining unrestricted net position of \$3,984,971, \$3,672,864, and, \$3,215,260 at December 31, 2022, 2021 and 2020, respectively, may be used to meet any of the Authority's ongoing obligations. The Authority anticipates these funds will be needed to pay future operational expenditures and to maintain adequate levels of working capital.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Generation fees-operations	\$ 1,339,878	\$ 1,372,823	\$ 1,378,453
Generation fees-landfill closure fund	574,233	588,353	590,766
Generation fees-community recycling grants	478,528	490,294	492,305
OEPA pass through grant revenue	93,085	-	-
Service and other revenue	<u>3,671</u>	<u>4,719</u>	<u>20,852</u>
<b>TOTAL OPERATING REVENUES</b>	<b>\$ <u>2,489,395</u></b>	<b>\$ <u>2,456,189</u></b>	<b>\$ <u>2,482,376</u></b>

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
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**FINANCIAL POSITION (Continued)**

Generation fees comprised 96.0 percent, 99.0 percent, and 99.0 percent of total operating revenues for 2022, 2021, and 2020, respectively. Of that 96.0 percent, 99.0 percent, and 99.0 percent, 24.0 percent is restricted for the Hardy Road Landfill for 2022, 2021, and 2020 and 20.0 percent is board-restricted for community recycling grants and programs.

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

	2022	2021	2020
Community recycling grants and programs	\$ 476,224	\$ 485,594	\$ 490,317
Landfill closure expenses	574,233	582,256	595,452
Household hazardous waste recycling center	339,117	351,748	352,318
Health department contracts	150,000	150,000	150,000
Reduce, reuse, recycle programs	95,105	102,297	89,564
Personnel – salaries and benefits	211,632	125,067	394,065
Occupancy	2,400	2,400	26,601
Office and equipment	18,610	17,319	23,558
Professional fees	111,306	65,840	93,097
Depreciation and amortization	18,878	16,294	21,605
Vehicles and travel expense	2,833	3,053	6,066
Education, branding and marketing	80,567	110,413	105,186
OEPA pass-through grant	193,085	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 2,273,990</b>	<b>\$ 2,012,281</b>	<b>\$ 2,347,829</b>

The following represents the Authority's summary of nonoperating revenues for the years ended December 31:

	2022	2021	2020
Interest income	\$ 71,462	\$ 3,276	\$ 24,920

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

	2022	2021	2020
Total operating revenues	\$ 2,489,395	\$ 2,456,189	\$ 2,482,376
Total operating expenses before depreciation and amortization	2,255,112	1,995,987	(2,326,224)
Operating income before depreciation and amortization	234,283	460,202	156,152
Depreciation and amortization	(18,878)	(16,294)	(21,605)
Operating income/(loss)	215,405	443,908	134,547
Nonoperating revenues/(losses)	71,462	(7,671)	24,920
Increase/(decrease) in net position	286,867	436,237	159,467
Net position, beginning of year	4,048,921	3,612,684	3,453,217
<b>NET POSITION, END OF YEAR</b>	<b>\$ 4,335,788</b>	<b>\$ 4,048,921</b>	<b>\$ 3,612,684</b>

- Operating income/(loss) before depreciation and amortization decreased \$225,919 between 2022 and 2021. This decrease is primarily the result of an increase in OEPA pass-through grant revenue and decreases in community recycling assistance grants, landfill closure expenses, household hazardous waste recycling center expenses, vehicles and travel, education, branding and marketing expenses. The decrease in expenses was offset by increases in reduce, reuse and recycle program expenses, personnel, professional fees, office and equipment, depreciation and amortization and OEPA pass-through grants.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
Management's Discussion and Analysis (MD&A)  
For the Year Ended December 31, 2022

**FINANCIAL POSITION (Continued)**

- Operating income/(loss) before depreciation and amortization increased \$304,050 between 2021 and 2020. This increase is primarily the result of decreases in personnel costs, in community recycling assistance grants, landfill closure expenses, household hazardous waste recycling center expenses, vehicles and travel, occupancy, professional fees, depreciation and office and equipment expenses. A portion of the increase in expenses was offset by increases in reduce, reuse and recycle program expenses and education, branding and marketing expenses.

**CAPITAL ASSETS**

The Authority's capital assets as of December 31, 2022 and 2021 totaled \$151,154 and \$162,181, respectively, which include land, land improvements, building and building improvements, a vehicle, equipment, and leasehold improvements. See Note G for additional information.

**INTANGIBLE ASSETS**

The Authority's intangible assets as of December 31, 2022 and 2021 totaled \$34,916 and \$42,767, respectively and consisted of database and website development costs. The database had not been placed in service as of December 31, 2022. The website was placed in service in 2020. See note H for additional information.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Authority and its Finance Committee reviewed various factors when setting the calendar year 2023 budget. Recommendations were then presented to the Board for their approval. Historical factors and waste generation information were reviewed and considered.

Factors that affect the amount of waste generated and reported:

- Economic/Weather conditions
- Changing composition of waste
- Accurate designation of waste at landfills/transfer stations
- Opportunities to recycle and divert waste
- Changing markets for recyclables
  - The recycling market saw a significant downturn in 2018 with China's waste import restrictions banning several types of solid waste and recyclables from being imported. The ban is projected to remain in place past 2022.

The objectives in the development of the 2023 budget (cash basis):

- Revenue:
  - Project 490,000 tons of waste in 2023 (1% increase from 2022 budget)
  - Investment income from Star Ohio projected to be an 900% (\$27,000) increase from 2022.
- Expenses:
  - Decrease of 1% in Recycling Programs and Education Services
    - No reduction in services
    - Projected increased contract service fees for HHW programs
    - Decrease of 7% for Commercial Single Stream service fees
    - Branding & marketing contracted service fees decrease 20%
    - New target material (foam, glass, campaign signs, etc) collection and education promotion
  - Increase of 3% for Health Department Service Contract



SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
Management's Discussion and Analysis (MD&A)  
For the Year Ended December 31, 2022

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Continued)**

- Community Recycling Assistance Grant (Board Restricted Funds)
  - Use reserve CRAG funds to maintain full payout on grant as it has been in place from 2017-2022.
  - Maintain funding of countywide recycling education with some expenses moved to Gen Op budget in 2023

**CONTACTING FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and grantors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact: **Marcie Kress, Executive Director at 2711 West Market Street, Unit #13620, Fairlawn, OH 44333.**

## Summit/Akron Solid Waste Management Authority

## STATEMENTS OF NET POSITION

December 31, 2022 and 2021

ASSETS	2022	2021
<b>CURRENT ASSETS</b>		
Cash	\$ 659,067	\$ 374,165
Cash and cash equivalents-unrestricted	4,098,409	4,170,585
Cash and cash equivalents-Board restricted	164,747	171,109
Total cash and cash equivalents	4,922,223	4,715,859
Accounts/grants receivable	216,040	243,932
Prepaid expenses	14,745	14,470
<b>TOTAL CURRENT ASSETS</b>	<b>5,153,008</b>	<b>4,974,261</b>
<b>NONCURRENT ASSETS</b>		
Capital assets, net of accumulated depreciation	151,154	162,181
Intangible assets, net of amortization	34,916	42,767
Net OPEB asset	49,081	31,926
Deposits	15,000	-
<b>TOTAL ASSETS</b>	<b>\$ 5,403,159</b>	<b>\$ 5,211,135</b>
<b>DEFERRED OUTFLOWS OF RESOURCES-Pension</b>	<b>\$ 54,304</b>	<b>\$ 33,615</b>
<b>DEFERRED OUTFLOWS OF RESOURCES-OPEB</b>	<b>-</b>	<b>16,092</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 16,649	\$ 16,818
Accrued payroll and payroll withholdings	10,018	8,208
Intergovernmental payable	748,372	760,257
<b>TOTAL CURRENT LIABILITIES</b>	<b>775,039</b>	<b>785,283</b>
<b>NONCURRENT LIABILITIES</b>		
Due in more than one year:		
Compensated absences	29,190	36,125
Net pension liability	117,368	203,163
<b>TOTAL LIABILITIES</b>	<b>921,597</b>	<b>1,024,571</b>
<b>DEFERRED INFLOWS OF RESOURCES-Pension</b>	<b>145,026</b>	<b>88,061</b>
<b>DEFERRED INFLOWS OF RESOURCES-OPEB</b>	<b>55,052</b>	<b>99,289</b>
<b>NET POSITION</b>		
Net investment in capital and intangible assets	186,070	204,948
Board restricted for community recycling assistance grants	164,747	171,109
Unrestricted	3,984,971	3,672,864
<b>TOTAL NET POSITION</b>	<b>4,335,788</b>	<b>4,048,921</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 5,457,463</b>	<b>\$ 5,260,842</b>

See accompanying notes to the financial statements.

Summit/Akron Solid Waste Management Authority  
 STATEMENTS OF REVENUES, EXPENSES, AND  
 CHANGES IN NET POSITION  
 For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Generation fees	\$ 2,392,639	\$ 2,451,470
OEPA pass-through grant	93,085	-
Service and other revenue	3,671	4,719
TOTAL OPERATING REVENUES	<u>2,489,395</u>	<u>2,456,189</u>
OPERATING EXPENSES		
Community recycling assistance grants	476,224	485,594
Landfill closure expenses	574,233	582,256
Household hazardous waste recycling center	339,117	351,748
Health department contracts	150,000	150,000
Reduce, reuse, recycle programs	95,105	102,297
Personnel – salaries and benefits	211,632	125,067
Occupancy	2,400	2,400
Office and equipment	18,610	17,319
Professional fees	111,306	65,840
Depreciation and amortization	18,878	16,294
Vehicles and travel expense	2,833	3,053
Education, branding and marketing	80,567	110,413
OEPA pass-through grant	193,085	-
TOTAL OPERATING EXPENSES	<u>2,273,990</u>	<u>2,012,281</u>
OPERATING INCOME/(LOSS)	215,405	443,908
NONOPERATING REVENUES/(LOSSES)		
Interest income	71,462	3,276
Loss on disposal of capital assets	-	(10,947)
TOTAL NONOPERATING REVENUES/(LOSSES)	<u>71,462</u>	<u>(7,671)</u>
CHANGE IN NET POSITION	286,867	436,237
NET POSITION, BEGINNING OF YEAR	<u>4,048,921</u>	<u>3,612,684</u>
NET POSITION, END OF YEAR	<u>\$ 4,335,788</u>	<u>\$ 4,048,921</u>

Summit/Akron Solid Waste Management Authority  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2022 and 2021

	2022	2021
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Generation fee receipts	\$ 2,420,531	\$ 2,426,065
OEPA pass-through grant	93,085	-
Service and other revenue	3,671	4,719
	2,517,287	2,430,784
Health department contracts	(150,000)	(150,000)
Payments to suppliers	(536,229)	(578,316)
Payments to employees	(277,581)	(312,494)
Other payments	(1,418,575)	(1,120,356)
	(2,382,385)	(2,161,166)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	134,902	269,618
<b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
Interest received	71,462	3,276
Purchase of intangible assets	-	(13,458)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	71,462	(10,182)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	206,364	259,436
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	4,715,859	4,456,423
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 4,922,223	\$ 4,715,859
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income/(loss)	\$ 215,405	\$ 443,908
Adjustments to reconcile increase in net position to net cash provided by/(used by) operating activities		
Depreciation and amortization	18,878	16,294
Change in assets and liabilities and deferred inflows/outflows		
Accounts/grants receivable	27,892	(25,405)
Prepaid expenses	(275)	223
Net pension/OPEB asset	(17,155)	(31,926)
Deposits	(15,000)	-
Accounts payable	(169)	5,638
Compensated absences payable	(6,935)	2,530
Accrued payroll and payroll withholdings	1,810	6,599
Intergovernmental payable	(11,885)	15,822
Net pension/OPEB liability	(85,795)	(308,430)
Decrease in deferred outflows of resources-pension	12,728	50,041
Increase in deferred inflows of resources-pension	(4,597)	94,324
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	\$ 134,902	\$ 269,618

See accompanying notes to the financial statements.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

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

Nature of Activities

Summit/Akron Solid Waste Management Authority (the “Authority”), a political subdivision of Summit County, was established pursuant to Chapters 343 and 3734 of the Ohio Revised Code to develop a long-term solution to the management of solid waste (trash and garbage) in Summit County, Ohio, while also protecting the environment. The Authority supports and implements programs that increase recycling, sustainability, conservation of natural resources, waste minimization and preservation of the environment. The Authority operates under a 15-member Board of Trustees (the “Board”) that oversees and governs its operations.

Financial Reporting Entity

In accordance with the Statements of Governmental Accounting Standards Board (GASB), including GASB Statement No. 14, “*The Financial Reporting Entity*”, GASB Statement No. 39, “*Determining Whether Certain Organizations are Component Units*”, and, GASB Statement No. 61, “*The Financial Reporting Entity: Omnibus-an Amendment of GASB Statements No. 14 and No. 34*”, the Authority’s financial statements include all funds and activities over which the Authority’s Board and Executive Director exercise primary oversight responsibility. Oversight responsibility was evaluated on the basis of financial independence, selection of the governing board, contracting authority, designation of management and the ability to influence operations.

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

Basis of Presentation

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

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

Measurement Focus/Basis of Accounting

The Authority’s enterprise fund is reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the Statements of Net Position and the Revenue and Expense Statements present increases (revenues) and decreases (expenses) in net total positions. Under the accrual basis of accounting, revenues are recognized when earned, including generation fees which are accrued. Expenses are recognized at the time the liability is incurred.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

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

Measurement Focus/Basis of Accounting (Continued)

The Authority's measurement focus/basis of accounting is reported in accordance with GASB No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". GASB No. 63 establishes financial reporting requirements and related disclosures for certain elements of a statement of net position that were discussed in the GASB's 2007 Concepts Statement No. 4, "*Elements of Financial Statements*". In Concepts Statement No. 4, the GASB defines a deferred outflow of resources as a consumption of net position by a government that is applicable to a future reporting period; a deferred inflow of resources as an acquisition of net position by a government that is applicable to a future reporting period; and net position as the residual of all other elements presented in a statement of net position (the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources). Under GASB No. 63, amounts for items that the GASB has designated to be deferred outflows of resources are to be presented in a statement of net position in a separate section following assets, while amounts for items that the GASB has designated to be deferred inflows of resources are to be presented in a separate section following liabilities. The residual of assets and deferred outflows of resources over liabilities and deferred inflows of resources is to be reported as net position rather than as net assets in a statement of net position.

The Authority also implemented GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*", which establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

Budgeted Revenues and Expenses

Expenses may not exceed the Authority's Board approved annual budget plus any amounts reserved by purchase orders at the end of the prior year, and, consequently estimated resources. The Board approves the annual budget and all subsequent budget amendments. The budget is prepared on the cash basis.

New Accounting Pronouncement

The Authority implemented GASB No. 87, leases, for 2022, as required. GASB No. 87, is effective for fiscal years beginning after July 1, 2021 and establishes a single model for lease accounting, substantially changing all prior lease accounting and financial statement footnote disclosures. The statement increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities. Under GASB No. 87, leases are considered financing vehicles for the right to control an underlying asset. The Authority evaluated its lease obligations at the date of implementation and again at December 31, 2022, and determined all such lease assets and obligations required to be recorded under GASB No. 87 were insignificant and would not be material to the financial statements.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

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

Cash and Cash Equivalents

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

Investments

The Authority's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the Authority. The Authority 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 a NAV per share that approximates fair value.

Per the STAR Ohio 2022 Annual Report: "For the fiscal year ended June 30, 2022, 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 to PFA is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes."

Receivables

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

Capital Assets

Capital assets are stated at historical cost. Depreciation is provided on a straight-line basis over the assets' estimated useful lives. The estimated useful lives range from 3 to 40 years.

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

Pension and Other Postemployment Benefits (OPERS)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, 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 plan. 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.

The current accounting standards require the Authority to report their proportionate share of the net pension/OPEB liability or OPEB asset using the earnings approach to pension and OPEB accounting instead of the funding approach as previously used. The funding approach limited pension and post

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

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

Pension and Other Postemployment Benefits (OPERS) (Continued)

employment costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability or OPEB asset. Under the new standards, the net pension/OPEB liability or OPEB asset equals the Authority's proportionate share of the pension plan's collective present value of estimated future pension/OPEB benefits attributed to active and inactive employees' past service minus plan assets available to pay these benefits.

Pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of future pension and other post employment benefits. The unfunded portion of this benefit and exchange is a liability of the Authority. However, the Authority is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the pension and OPEB plans.

There is no repayment schedule for the net pension liability or the net OPEB liability. The Authority has no control over the changes in the benefits, contribution rates, and return on investments affecting the balance of these liabilities. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension liability and the OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statements of net position.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in 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 Authority. However, claims and judgments, compensated absences and net pension liability that will be paid from the Authority's funds are reported as a liability in the Authority's financial statements only to the extent that they are due for payment during the current year.

Net Position

Net position represents the difference between assets and liabilities in the statements of net position. Net position is comprised of the various net earnings from operating and non-operating revenues and expenses. Net position can be classified in three components: net investment in capital assets; board-restricted for community recycling grants and other programs; and, unrestricted net position. Investment in capital assets consists of all capital assets net of accumulated depreciation and amortization. Board-restricted net position consists of net position for which limitations have been imposed on their use by the Board. Unrestricted net position consists of all other net positions not included in the above categories.



SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

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

Use of Estimates

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

**NOTE B – DEPOSITS AND INVESTMENTS**

The investment and deposit of monies are governed by provisions of the Ohio Revised Code and the Board’s Finance Committee. In accordance with these provisions, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The provisions also permit the Authority to deposit or invest its money in certificates of deposit, savings accounts, money market accounts, the State Treasury Asset Reserve of Ohio (STAR Ohio) and obligations of the United States Treasury or certain agencies thereof. The Authority may also enter into Repurchase Agreements with any eligible depository for a period not exceeding 30 days.

Public depositories must provide security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC) or may pledge a pool of accounts for the total value of public monies on deposit at the institutions.

Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States. Ohio state law does not require security for public deposits and investments to be maintained in the Authority’s name.

During 2022 and 2021, the Authority complied with the provisions of these statutes pertaining to the types of investments held and institutions in which deposits were made. The Authority was also in compliance with applicable statutes pertaining to the public deposits and investments.

The Authority was notified, effective May 31, 2021, the Treasurer’s office would no longer endorse the STAR Plus program as the preferred FDIC-insured deposit product for STAR Ohio participants. The Board of Trustees’ Finance Committee met to review options on how to proceed with the funds in the STAR Plus account and selected to have \$1,478,798 in STAR Plus funds automatically transfer to the STAR Ohio account on May 31, 2021.

Cash on Hand

At December 31, 2022 and 2021, the Authority had \$100 in undeposited cash on hand which is included in the financial statements as part of “Cash”.

Deposits

At December 31, 2022, the carrying amount of all Authority deposits was \$658,967 and the bank balance of all Authority deposits was \$698,187. Of the bank balance, \$250,000 was covered by the FDIC and

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Years Ended December 31, 2022 and 2021

**NOTE B – DEPOSITS AND INVESTMENTS (Continued)**

Deposits (Continued)

\$448,187 was covered by the Ohio Pooled Collateral System (OPCS) as discussed below. Custodial credit risk is the risk that, in the event of bank failure, the Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Authority has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Authority 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 (2) 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. For 2022, the Authority’s financial institution was approved for a reduced collateral rate through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Authority to a successful claim by the FDIC.

Investments

The Authority’s investments at December 31, 2022 and 2021 consisted of the following:

Investments:	Carrying Value:	Net Asset Value:
2022 STAR Ohio	\$ 4,263,156	\$ 4,263,156
2021 STAR Ohio	\$ 4,341,694	\$ 4,341,694

As of December 31, 2022, and 2021, the Authority had the following investments and maturities.

Investment Type	Fair Value	Credit Rating (*)	Investment Maturities (In Years)		
			<1	1-2	2-3
			2022 STAR Ohio	\$ 4,263,156	AAAm
2021 STAR Ohio	\$ 4,341,694	AAAm	\$ 4,341,694	\$ 0	\$ 0

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

The Authority 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 above chart identifies the Authority’s recurring fair value measurements as of December 31, 2022 and

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

**NOTE B – DEPOSITS AND INVESTMENTS (Continued)**

Investments (continued)

2021. All of the Authority's investments measured at fair value are valued using quoted market prices (Level 1 inputs).

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

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

*Concentration of Credit Risk.* The Authority places no limit on the amount it may invest in any one issuer. The Authority's investment in STAR Ohio represents 100 percent of the Authority's total investments.

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

**NOTE C – COMPENSATED ABSENCES PAYABLE**

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

The Authority's sick leave policy requires all leave of 3 consecutive working days or longer to be supported by a certificate from a licensed physician stating that the employee was under said physician's care. Sick leave of less than 3 days is submitted and approved using the prescribed Authority sick leave form. All full-time employees earn 4.6 hours of sick leave per 80 hours of service or 120 hours per year. Part-time employees shall receive credit pro-rated based on hours worked. Employees who retire in accordance with any retirement plan offered by the State of Ohio or who die shall be paid one-half of the value of their accrued but unused sick leave credit at the time of retirement or death; however the maximum accrual for which the employee shall be paid shall not exceed forty-five days. To qualify for such payment, employees shall have had prior to the date of retirement or death, ten or more years of combined service with the Authority, the State, or any of its political subdivisions and met all retirement criteria as established by the Public Employees Retirement System of the State of Ohio.

The effects of this policy resulted in a liability of \$29,190 and \$36,125 for compensated absences as of December 31, 2022 and 2021, respectively, and an expense in Personnel-salaries and benefits of \$(6,935) and \$2,530 for the years ended December 31, 2022 and 2021, respectively. Sick leave benefits are accrued as a liability using the vesting method.

Employees may take up to 24 hours of personal leave annually. Personal leave is subtracted from accumulated sick leave balances and may not be carried from one year to the next.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

**NOTE D – DEFERRED COMPENSATION PLAN**

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

**NOTE E – OPTION ON SALE OF REAL ESTATE**

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

**NOTE F – FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying values of cash, cash equivalents, grants and other receivables, payables and accrued expenses are reasonable estimates of fair value due to the short-term nature of these financial instruments.

**NOTE G – CAPITAL ASSETS AND ACCUMULATED DEPRECIATION**

Description	2021			2022			2022 Ending Balances
	Beginning Balances	2021 Additions	2021 Dispositions	Ending Balances	2022 Additions	2022 Dispositions	
Capital assets not being depreciated							
Land	\$ 18,748	\$ -	\$ -	\$ 18,748	\$ -	\$ -	\$ 18,748
Total capital assets not being depreciated	18,748	-	-	18,748	-	-	18,748
Capital assets being depreciated							
Land improvements	131,692	-	-	131,692	-	-	131,692
Building and building improvements	217,525	-	-	217,525	-	-	217,525
Vehicles	21,621	-	-	21,621	-	-	21,621
Equipment	93,036	-	(30,607)	62,429	-	-	62,429
Leasehold improvements	37,802	-	(37,802)	-	-	-	-
Total capital assets being depreciated	501,676	-	(68,409)	433,267	-	-	433,267
Less: Accumulated depreciation	(334,739)	(12,556)	57,461	(289,834)	(11,027)	-	(300,861)
Net capital assets being depreciated	166,937	(12,556)	(10,948)	143,433	(11,027)	-	132,406
Net capital assets	\$ 185,685	\$(12,556)	\$ (10,948)	\$162,181	\$(11,027)	\$ -	\$151,154

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**NOTE H – INTANGIBLE ASSETS**

Intangible assets at December 31, 2022 and 2021 consisted of a database in the amount of \$20,150 and website development costs of \$26,916. The database had not been placed in service at December 31, 2022 or 2021, and thus no amortization expense was recognized in the financial statements for either year. However, the website was placed in service in 2020 and amortization expense in the amount of \$7,851 and \$3,738 was recognized in the 2022 and 2021 financial statements, respectively.

**NOTE I– LEASES**

The Authority signed a new operating lease agreement for its administrative facilities effective September 1, 2022, which requires monthly rent of \$200 and will expire in August, 2023.

Facility lease expense for the years ended December 31, 2022 and 2021 was \$2,400.

**NOTE J - DEFINED BENEFIT PENSION AND OPEB PLANS**

Pensions and 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 net pension/OPEB liability (asset) represents the Authority's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is 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 Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from the employer. All pension contributions to date have come solely from the employer (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 liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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**NOTE J - DEFINED BENEFIT PENSION AND OPEB PLANS (Continued)**

**A. DEFINED BENEFIT PENSION PLANS**

Ohio Public Employees Retirement System

Plan Description - The Authority's employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. 1.) The Traditional Pension Plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan. 2.) The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Members accumulate retirement assets equal to the value of the member and (vested) employer contributions, plus any investment earnings thereon. 3.) The Combined Plan (CP) - a cost-sharing, multiple-employer defined benefit pension plan. Employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the MD. While members may elect the member-directed plan and the combined plan, all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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

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**NOTE J - DEFINED BENEFIT PENSION AND OPEB PLANS (Continued)**

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

Once a benefit recipient retiring under the Traditional Plan has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided on the member's base benefit. Members retiring under the Combined Plan receive a cost-of-living adjustment on the defined benefit portion of their retirement benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent. Additionally, a death benefit of \$500-\$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional and Combined Plan.

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

	<u>State and Local</u>
<b>2022 Statutory maximum contribution rates</b>	
Employer	14.00 %
Employee	10.00 %
 <b>2022 Actual contribution rates</b>	
Employer:	
Pension	14.00 %
Post-employment health care benefits	<u>-</u>
Total employer	<u>14.00 %</u>
 Employee	 <u>10.00 %</u>

The Authority's contractually required contribution for the Traditional Pension Plan was \$31,558 for 2022. Of this amount, \$0 is reported as an intergovernmental payable.

***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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority'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:

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**NOTE J - DEFINED BENEFIT PENSION AND OPEB PLANS (Continued)**

	OPERS	
	2022	2021
Proportion of the pension liability - prior measurement date	0.001372 %	0.001327 %
Proportion of the pension liability - current measurement date	<u>0.000013</u> %	<u>0.001372</u> %
Change in proportionate share	<u>-0.001359</u> %	<u>0.000045</u> %
Proportionate share of net pension liability	\$ 117,368	\$ 203,163
Pension expense	\$ (17,961)	\$ 12,511

At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	
	2022	2021
<b>Deferred outflows of resources</b>		
Net differences between expected and actual experience	\$ 5,983	\$ -
Changes of assumptions	14,677	-
Changes in proportionate share and differences between employer contributions and proportionate share of contributions	2,086	6,196
Employer contributions subsequent to the measurement date	<u>31,558</u>	<u>27,419</u>
Total deferred outflows of resources	<u>\$ 54,304</u>	<u>\$ 33,615</u>
<b>Deferred inflows of resources</b>		
Differences between expected and actual experience	\$ 2,574	\$ 8,498
Net difference between projected and actual earnings on pension plan investments	139,606	79,187
Changes in proportionate share and differences between employer contributions and proportionate share of contributions	<u>2,846</u>	<u>376</u>
Total deferred inflows of resources	<u>\$ 145,026</u>	<u>\$ 88,061</u>

\$31,558 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:



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**NOTE J - DEFINED BENEFIT PENSION AND OPEB PLANS (Continued)**

Year ending December 31:	OPERS
2023	\$ (18,407)
2024	(48,837)
2025	(32,827)
2026	(22,209)
Total	\$ (122,280)

***Actuarial Assumptions - OPERS***

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.

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 in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	2.75 percent
Future salary increases, including inflation -Traditional plan	2.75 percent to 10.75 percent
Future salary increases, including inflation - Combined plan	2.75 percent to 8.25 percent
COLA or Ad Hoc COLA	Pre January 7, 2013 retirees, 3 percent, simple Post January 7, 2013 retirees, 3 percent, simple through 2020, then 2.05 percent, simple
Investment rate of return	6.9 percent
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

The long-term 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.

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**NOTE J - DEFINED BENEFIT PENSION AND OPEB PLANS (Continued)**

During 2021, 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 15.3% for 2021.

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 table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

<u>Asset class</u>	<u>Target allocation</u>	<u>Weighted average long-term expected real rate of return (arithmetic)</u>
Fixed income	24.00%	1.03%
Domestic equities	21.00%	3.78%
Real estate	11.00%	3.66%
Private equity	12.00%	7.43%
International equities	23.00%	4.88%
Risk parity	5.00%	2.92%
Other investments	<u>4.00%</u>	<u>2.85%</u>
Total	<u>100.00%</u>	<u>4.21%</u>

**Discount Rate** The discount rate used to measure the total pension liability was 6.9%. 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 statutorily required rates. 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 was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the Authority’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9%, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9%) or one-percentage-point higher (7.9%) than the current rate:

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**NOTE J - DEFINED BENEFIT PENSION AND OPEB PLANS (Continued)**

	1% Decrease <u>(5.90%)</u>	Current discount rate <u>(6.90%)</u>	1% Increase <u>(7.90%)</u>
Employer proportionate share of the net pension liability	\$ 309,447	\$ 117,368	\$ (42,467)

**B. DEFINED BENEFIT PENSION PLANS**

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment 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 refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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. 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' Annual Comprehensive Financial Report referenced below 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 requiring 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.

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**NOTE J - DEFINED BENEFIT PENSION AND OPEB PLANS (Continued)**

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. 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 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$0 for 2022. Of this amount, \$0 is reported as an intergovernmental payable

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

The net OPEB liability or asset and total OPEB liability or asset for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability or asset was based on the Authority'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:

	<u>OPERS</u>	
	<u>2022</u>	<u>2021</u>
Proportion of the net OPEB liability - prior measurement date	0.001792%	0.001809%
Proportion of the net OPEB liability or asset - current measurement date	<u>0.001567%</u>	<u>0.001792%</u>
Change in proportionate share	<u>-0.000225%</u>	<u>-0.000017%</u>
Proportionate share of the net OPEB liability (asset)	(\$49,081)	(\$31,926)
OPEB expense	(\$45,300)	(\$181,648)

At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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**NOTE J - DEFINED BENEFIT PENSION AND OPEB PLANS (Continued)**

	<u>OPERS</u>	
	<u>2022</u>	<u>2021</u>
<b>Deferred outflows of resources</b>		
Changes of assumptions	\$ -	\$ 15,695
Changes in proportionate share and difference between employer contributions and proportionate share of contributions	-	397
Total deferred outflows of resources	\$ -	\$ 16,092
<b>Deferred inflows of resources</b>		
Differences between expected and actual experience	\$ 7,445	\$ 28,813
Net difference between projected and actual earnings on OPEB plan investments	23,398	17,004
Changes of assumptions	19,867	51,730
Changes in proportionate share and difference between Authority contributions and proportionate share of contributions	4,342	1,742
Total deferred inflows of resources	\$ 55,052	\$ 99,289

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>
<u>Year ending December 31,</u>	
2023	\$ (34,402)
2024	(12,178)
2025	(5,112)
2026	(3,360)
Total	\$ (55,052)

***Actuarial Assumptions - OPERS***

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.

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**NOTE J - DEFINED BENEFIT PENSION AND OPEB PLANS (Continued)**

Projections of benefits for financial reporting purposes are based on the substantive plan 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, 2020, rolled forward to the measurement date of December 31, 2021. 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:

Experience study	5 - year period ended December 31, 2020
Wage inflation	2.75 percent
Projected salary increases	2.75 to 10.75 percent (includes wage inflation at 3.25 percent)
Single discount rate:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Investment rate of return	6.00 percent
Municipal bond rate	1.84 percent
Health care cost trend rate	5.50 percent, initial 3.50 percent, ultimate in 2034
Actuarial cost method	Individual entry age normal

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The long-term expected rate of return on health care 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.

The allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the

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**NOTE J - DEFINED BENEFIT PENSION AND OPEB PLANS (Continued)**

Health Care portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

<u>Asset class</u>	Target <u>allocation</u>	Weighted average long-term expected real rate of return <u>(arithmetic)</u>
Fixed income	34.00%	0.91%
Domestic equities	25.00%	3.78%
Real estate investment trust	7.00%	3.71%
International equities	25.00%	4.88%
Risk parity	2.00%	2.92%
Other investments	<u>7.00%</u>	<u>1.93%</u>
Total	<u>100.00%</u>	<u>3.45%</u>

During 2021, 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, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and 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 is 14.3 percent for 2021.

**Discount Rate** A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. 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) a 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. 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 the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

**Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** The following table presents the Authority's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the Authority's proportionate

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share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease <u>(5.00%)</u>	Current discount rate <u>(6.00%)</u>	1% Increase <u>(7.00%)</u>
Proportionate share of the net OPEB liability/(asset)	\$ (28,864)	\$ (49,081)	\$ (65,861)

***Sensitivity of the Authority’s Proportionate Share of the Net OPEB Liability or asset 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 or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset 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.

	1% Decrease	Current health care cost trend rate assumption	1% Increase
Proportionate share of the net OPEB liability/(asset)	(\$49,611)	(\$49,081)	(\$205,152)

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 2022 is 5.50 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.

**NOTE K – WASTE REDUCTION/RECYCLING GRANTS**

The State of Ohio’s Solid Waste Management Plan requires the Authority to implement waste reduction and recycling strategies within Summit County. One of the strategies designated in the Authority’s approved and ratified Solid Waste Plan is to provide a grant that financially supports commercial/industrial/institutional/non-profit projects directly aimed at measurable waste reduction and recycling activities consistent with the Authority’s mission. No grants were awarded 2022.

**NOTE L – OEPA PASS THROUGH GRANT AGREEMENTS**

The Authority was awarded a \$200,000 Ohio Environmental Protection Agency (“OEPA”) Market Development Grant on behalf of Recycling Coordinators, Inc (“cooperating enterprise”) for the year ending 2019. This is a pass-through grant. The Authority received 50% of the grant funds (\$100,000) at the award of the grant in 2019 and retained the funds until the grant project was completed and grant closeout reimbursement documentation was approved by the Ohio EPA, which took place in 2022. Typically, it is a twenty-four-month grant, but due to COVID-19, the Ohio EPA extended the closing date for the grant to June 30, 2022. At the close out of the grant, the Authority received the remainder of grant funds and in turn submitted the grant funds to the cooperating enterprise.



SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

**NOTE M – INTERGOVERNMENTAL PAYABLES**

The Authority collects \$5.00 per ton in generation fees for solid waste generated in Summit County. Of this amount, \$1.20 per ton is to be used to assist the City of Akron with the closure of the Hardy Road landfill. Additionally, \$1.00 per ton of this amount is to be used to provide grants to assist Summit County cities, townships and villages maintain residential recycling and waste diversion infrastructure. Grant funds owed to Summit County communities at December 31, 2022 and 2021 were \$174,139 and \$178,001, respectively. In addition, the Authority owed the City of Akron \$574,233 and \$582,256 for landfill closure payments at December 31, 2022 and 2021, respectively.

**NOTE N - LONG-TERM OBLIGATIONS**

The changes in the Authority’s long-term obligations during 2022 and 2021 were as follows:

Description	Principal Outstanding 12/31/21	2022 Additions	2022 Deductions	Principal Outstanding 12/31/22	Amount Due in One Year
Compensated absences	\$ 36,125	\$ -	\$ (6,935)	\$ 29,190	\$ -
Net pension liability	203,163	-	(85,795)	117,368	-
<b>Total</b>	<b>\$ 239,288</b>	<b>\$ -</b>	<b>\$ (92,730)</b>	<b>\$ 146,558</b>	<b>\$ -</b>

Description	Principal Outstanding 12/31/20	2021 Additions	2021 Deductions	Principal Outstanding 12/31/21	Amount Due in One Year
Compensated absences	\$ 33,595	\$ 2,530	\$ -	\$ 36,125	\$ -
Net pension liability	262,291	-	(59,128)	203,163	-
Net OPEB liability-OPERS	249,870	-	(249,870)	-	-
<b>Total</b>	<b>\$ 545,756</b>	<b>\$ 2,530</b>	<b>\$ (308,998)</b>	<b>\$ 239,288</b>	<b>\$ -</b>

**NOTE O – BOARD-RESTRICTED NET POSITION**

As noted in Note M, the Authority collects \$5.00 per ton in generation fees for solid waste generated in Summit County. Of this amount, the Board has elected to distribute \$1.00 per ton to or on behalf of the communities in Summit County to support the infrastructure of residential recycling and waste diversion and is recorded as a board-restricted net position and board-restricted cash in the amounts of \$164,747 and \$171,109 at December 31, 2022 and 2021, respectively.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2022 and 2021

**NOTE P – CONTINGENCIES**

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

**NOTE Q – RISK MANAGEMENT**

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

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

**NOTE R - SUBSEQUENT EVENTS**

On April 4, 2023, the Authority closed on the purchase of four (4) acres of land adjacent to the Authority owned property at 1201 Graham Road in Stow, Ohio. The Board approved purchase price was \$300,000.

Subsequent events were evaluated by management through June 15, 2023, the date the financial statements were available to be issued.

Summit/Akron Solid Waste Management Authority  
 Required Supplementary Information  
 SCHEDULE OF SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY CONTRIBUTIONS-PENSION  
 Last Ten Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Ohio Public Employees Retirement System (OPERS) - Traditional Plan										
Contractually required contribution	\$ 31,558	\$ 27,419	\$ 27,058	\$ 26,144	\$ 30,676	\$ 26,816	\$ 22,439	\$ 31,563	\$ 36,379	\$ 28,183
Contributions in relation to contractually required contribution	<u>(31,558)</u>	<u>(27,419)</u>	<u>(27,058)</u>	<u>(26,144)</u>	<u>(30,676)</u>	<u>(26,816)</u>	<u>(22,439)</u>	<u>(31,563)</u>	<u>(36,379)</u>	<u>(28,183)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority covered employee payroll	\$225,414	\$195,850	\$193,271	\$186,743	\$219,114	\$206,277	\$186,992	\$263,025	\$303,158	\$216,792
Contributions as a percentage of covered employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available.

Summit/Akron Solid Waste Management Authority  
Required Supplementary Information

SCHEDULE OF SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/ASSET  
Last Six Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Ohio Public Employees Retirement System (OPERS)</b>						
Authority's proportion of the net OPEB liability or asset	0.001567%	0.001792%	0.001809%	0.001819%	0.001456%	0.001353%
Authority's proportionate share of the net OPEB liability (asset)	\$ (49,081)	\$ (31,926)	\$ 249,870	\$ 237,155	\$ 158,111	\$ 136,658
Authority's covered employee payroll	\$ 195,850	\$ 193,271	\$ 186,743	\$ 219,114	\$ 206,277	\$ 186,992
Authority's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	25.06%	16.52%	133.80%	108.23%	76.65%	73.08%
Plan fiduciary net position as a percentage of total OPEB liability	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

(1) Information prior to 2017 is not available and the amounts presented are as of the Authority's measurement date which is the prior year end.

Summit/Akron Solid Waste Management Authority  
 Required Supplementary Information  
 SCHEDULE OF SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY CONTRIBUTIONS-OPEB  
 Last Ten Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Ohio Public Employees Retirement System (OPERS)										
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,063	\$ 3,740	\$ 5,260	\$ 6,063	\$ 2,168
Contributions in relation to contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,063)</u>	<u>(3,740)</u>	<u>(5,260)</u>	<u>(6,063)</u>	<u>(2,168)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority covered employee payroll	\$ 225,414	\$ 195,850	\$ 193,271	\$ 186,743	\$ 219,114	\$ 206,277	\$ 186,992	\$ 263,025	\$ 303,158	\$ 216,792
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%

(1) Information prior to 2013 is not available.

Summit/Akron Solid Waste Management Authority  
 Required Supplementary Information  
 SCHEDULE OF SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/ASSET  
 Last Nine Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Ohio Public Employees Retirement System (OPERS) Traditional Plan</b>									
Authority's proportion of the net pension liability	0.001349%	0.001372%	0.001327%	0.001335%	0.001235%	0.001447%	0.002133%	0.002213%	0.002213%
Authority's proportionate share of the net pension liability	\$ 117,368	\$ 203,163	\$ 262,291	\$ 365,629	\$ 193,748	\$ 328,589	\$ 369,462	\$ 266,913	\$ 260,884
Authority's covered employee payroll	\$ 195,850	\$ 193,271	\$ 186,743	\$ 219,114	\$ 206,277	\$ 186,992	\$ 263,025	\$ 303,158	\$ 216,792
Authority's proportionate share of the net pension liability as a percentage of its covered employee payroll	59.93%	105.12%	140.46%	166.87%	93.93%	175.72%	140.47%	88.04%	120.34%
Plan fiduciary net position as a percentage of total pension liability	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available and the amounts presented are as of the Authority's measurement date which is the prior year end.

Summit/Akron Solid Waste Management Authority

Notes to Required Supplementary Information

For the Year Ended December 31, 2022

**Net Pension Liability**

**Ohio Public Employees Retirement System (OPERS) - Traditional Plan**

Changes in benefit terms: There were no changes in benefit terms from the amounts reported.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2022. See the notes to the basic financials for the methods and assumptions in this calculation.

**Net OPEB Liability**

**Ohio Public Employees Retirement System (OPERS)**

Changes in benefit terms: There were no changes in benefit terms from the amounts reported.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2022. See the notes to the basic financials for the methods and assumptions in this calculation.

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

Summit/Akron Solid Waste Management Authority  
Summit County  
2711 W Market St,  
Unit #13620  
Fairlawn, Ohio 44333

To the Board of Trustees:

We have audited, 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, the financial statements of the Summit/Akron Waste Management Authority, Summit County, Ohio (the Authority) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 15, 2023.

***Report on Internal Control Over Financial Reporting***

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

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Authority'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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris & Associates, Inc.***

June 15, 2023

# OHIO AUDITOR OF STATE KEITH FABER



**SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY**

**SUMMIT 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 8/29/2023**

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](http://www.ohioauditor.gov)