SUMMIT/AKRON SOLID WASTE
MANAGEMENT AUTHORITY
SUMMIT COUNTY, OHIO

REGULAR AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2010

Varney, Fink & Associates, Inc.
Certified Public Accountants

Dave Yost • Auditor of State

Board of Trustees
Summit/Akron Solid Waste Management Authority
12 East Exchange Street
3rd Floor
Akron, Ohio 44308

We have reviewed the *Independent Accountants' Report* of the Summit/Akron Solid Waste Management Authority, Summit County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2010 through December 31, 2010. 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.

Dave Yost

Dave Yost
Auditor of State

July 18, 2011

This Page is Intentionally Left Blank.

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY
SUMMIT COUNTY, OHIO
FOR THE YEAR ENDED DECEMBER 31, 2010

TABLE OF CONTENTS

VARNEY, FINK & ASSOCIATES, INC.

CERTIFIED PUBLIC ACCOUNTANTS
121 College Street
Wadsworth, Ohio 44281
330.336.1706 Fax 330.334.5118

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Summit/Akron Solid Waste Management Authority, Summit County, Ohio (the Authority), as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Summit/Akron Solid Waste Management Authority as of December 31, 2010 and 2009, and the changes in its financial position and its cash flows, thereof for the years then ended in conformity with accounting principles generally accepted in the United States' of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated June 7, 2011 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. We previously issued a report dated June 7, 2010, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended December 31, 2009. While we did not opine on the internal control over financial reporting or on compliance, those reports describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards. You should read them in conjunction with this report in assessing the results of our audit.

INDEPENDENT ACCOUNTANTS' REPORT (continued)

Accounting principles generally accepted in the United States of America require this presentation to include Management's Discussion and Analysis, as listed in the table of contents, to supplement, the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with managements responses to our inquires, 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 an assurance on the information because the limited procedures do to provide us with sufficient evidence to express an opinion or provide any other assurance.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

June 7, 2011

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, 2010. Please read it in conjunction with the Authority's financial statements, which begin on page 7.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

FINANCIAL HIGHLIGHTS

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

- For the year ended December 31, 2010, 2009 and 2008, the Authority is reporting its financial statements in accordance with generally accepted accounting principles and the requirements of GASB #34.

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by $2,766,317 (net assets). Of this amount, $1,201,266 may be used to meet the Authority's ongoing obligations to Summit County citizens and to creditors in accordance with the Authority's fiscal policies.

- The Authority's unrestricted net assets decreased $95,072. This net decrease is due to a decrease in unrestricted generation fee revenue of $77,734 and an increase in personnel costs of $14,153. Once the Authority saw that the grant revenue was going to be significantly less than the prior year, they evaluated their expenses and reduced them where possible. Restricted net assets decreased $175,538 due to a decrease in the Community Recycling Grant balance of $162,080 and a decrease in the Hardy Road Landfill Closure Program of $13,458. These decreases were the result of payouts to various communities and other programs for the Community Recycling Grants, and the payment to the City of Akron for the Landfill Closure Program.

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

The Community Recycling Grant Program was established to provide grants to Summit County communities that are helping the Authority reach it's State Plan goal by providing 90% recycling access to residents in Summit County. Not all communities in Summit County participate in this program; therefore, they do not receive grant monies. During 2010, the Authority also used these dollars to open and operate community recycling drop-offs in various locations in Summit County. These community drop-off days were hugely successful.

- The Authority incurred a net loss for 2010 whereby expenses exceeded their revenues by $283,903.

- The Authority's revenues increased $22,254 (or .9 percent) and expenses increased $345,678 (or 13.6 percent). The net increase in revenue was due to the decrease in generation fees of $138,810; an increase in grant income of 168,750; and, a decrease in TV and tire fees, interest income and miscellaneous of $7,686. The increase in expenses was due to an increase in payouts for the community recycling grants and programs; landfill closure expenses; grants; and, personnel expenses. Those increases in expenses were partially offset by decreases in the following expense categories: the recycling center; health department contracts; reduce, reuse, recycle programs; professional fees; and, advertising, promotion and education.

FINANCIAL POSITION

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

		2010		2009		2008
ASSETS:						
Current assets – unrestricted	$	1,295,634	$	1,427,147	$	1,476,420
Current assets – restricted		1,316,714		1,492,252		1,332,768
Capital assets		248,337		261,630		274,923
Other non current assets		566		566		566
TOTAL ASSETS	$	2,861,251	$	3,181,595	$	3,084,677
LIABILITIES:						
Current liabilities – unrestricted	$	94,934	$	131,375	$	73,978
TOTAL LIABILITIES		94,934		131,375		73,978
NET ASSETS:						
Invested in capital assets		248,337		261,630		274,923
Restricted net assets		1,316,714		1,492,252		1,332,768
Unrestricted net assets		1,201,266		1,296,338		1,403,008
TOTAL NET ASSETS		2,766,317		3,050,220		3,010,699
TOTAL LIABILITIES AND NET ASSETS	$	2,861,251	$	3,181,595	$	3,084,677

A portion of the Authority's net assets ($248,337 or 9.0 percent and $261,630 or 8.6 percent at December 31, 2010 and 2009, respectively, for a net decrease of $13,293 or 5.1 percent) represents the Authority's investment in their capital assets. These net assets may not be used to meet the Authority's ongoing obligations.

A portion of the Authority's net assets ($1,316,714 or 47.6 percent and $1,492,252 or 48.9 percent at December 31, 2010 and 2009, respectively, for a net decrease of $175,538 or 11.8 percent) represents resources that are subject to restrictions on how they can be used. The restricted net assets are not available for new spending because they have already been committed as follows:

		2010		2009		2008
Hardy Road Landfill Closure Program	$	591,767	$	605,225	$	531,297
Community Recycling Grants Program		724,947		887,027		801,471
TOTAL RESTRICTED	$	1,316,714	$	1,492,252	$	1,332,768

The remaining unrestricted net assets of $1,201,266 and $1,296,338 at December 31, 2010 and 2009, respectively, for a net decrease of ($95,072 or 7.3 percent) may be used to meet any of the Authority's ongoing obligations. The Authority anticipates these funds will be needed to pay future operational expenditures and to maintain adequate levels of working capital.

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

	2010	2009	2008
Generation fees – operations	$ 1,321,336	$ 1,399,070	$ 1,284,030
Generation fees – landfill closure fund	566,287	599,601	550,299
Generation fees – community recycling grants	471,906	499,668	458,582
Grants revenue	237,750	69,000	250,000
Service revenue	2,560	8,744	9,720
Interest income	2,233	6,028	61,832
Miscellaneous	2,295	2	25
TOTAL OPERATING REVENUES	$ 2,604,367	$ 2,582,113	$ 2,614,488

Generation fees consisted of 90.6 percent, 96.8 percent, and 87.7 percent of total operating revenues for 2010, 2009, and 2008 respectively. Of that 90.6, 96.8, and 87.7 percent, 44.0 percent is restricted for the Hardy Road Landfill and the community recycling grants for both 2010, 2009, and 2008.

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

	2010	2009	2008
Employee wages and benefits	$ 362,067	$ 347,914	$ 330,742
Purchase of services	1,177,136	1,134,953	1,344,569
Materials and supplies	49,361	55,218	63,476
Occupancy	44,927	45,805	48,128
Depreciation	13,293	13,293	13,877
Community Recycling grants	636,261	414,112	487,409
Landfill Closure Expenses	605,225	531,297	674,522
TOTAL OPERATING EXPENSES	$ 2,888,270	$ 2,542,592	$ 2,962,723

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

	2010	2009	2008
Total operating revenues	$ 2,604,367	$ 2,582,113	$ 2,614,488
Total operating expenses before depreciation	(2,874,977)	(2,529,299)	(2,948,846)
Operating income/(loss) before depreciation	(270,610)	52,814	(334,588)
Depreciation	(13,293)	(13,293)	(13,877)
Operating income/(loss)	(283,903)	39,521	(348,235)
Increase/(decrease) in net assets	(283,903)	39,521	(348,235)
Net assets, beginning of year	3,050,220	3,010,699	3,358,934
NET ASSETS, END OF YEAR	$ 2,766,317	$ 3,050,220	$ 3,010,699

- Operating income/(loss) before depreciation decreased $323,424 between 2010 and 2009. The majority of this decrease is the result of a decrease in solid waste tonnage, resulting in a decrease in generation fees and, an increase in payouts for the community recycling grants and programs; landfill closure expenses; grants; and, personnel expenses. Those increase in expenses were partially offset by decreases in the following expense categories: the recycling center; health department contracts; reduce, reuse, recycle programs; professional fees; and, advertising, promotion and education.

CAPITAL ASSETS

The Authority's capital assets as of December 31, 2010 and 2009 totaled $248,337 and $261,630 (net of accumulated depreciation), respectively. This investment in capital assets includes land and land improvements, buildings and building improvements, machinery and equipment, a vehicle and furniture and fixtures.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Authority's board of trustees considered many factors when setting the calendar year 2011 budget. Fees collected in 2010 continue to be 20% lower than 2007. We continue to agree and recognize that 2006 was an unusual year in that the generation fees were very high. Generation fees have a direct correlation to economic conditions and consumer spending. It is expected that current conditions and trends that existed for the last 4 years will persist into 2011. For 2011, the board of trustees considered the average tonnage for the period 2007 through the third quarter of 2010 in determining the tonnage that they might expect for 2011. Although, the budget is based on collecting fees based on 500,000 tons, the board of trustees believes that they would be able to fund general operations even if the 2011 tonnage dropped to 450,000 tons.

CONTACTING FINANCIAL MANAGEMENT

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

Summit/Akron Solid Waste Management Authority
COMPARATIVE STATEMENT OF NET ASSETS
December 31, 2010 and 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash	$ 313,709	$ 102,888
Cash and cash equivalents – unrestricted	808,063	1,045,399
Cash and cash equivalents – temporarily restricted	1,316,714	1,492,252
Total cash and cash equivalents	2,438,486	2,640,539
Accounts/grants receivable	163,014	265,803
Prepaid expenses	10,848	13,057
TOTAL CURRENT ASSETS	2,612,348	2,919,399
BUILDING AND FURNISHINGS, NET OF ACCUMULATED DEPRECIATION	248,337	261,630
OTHER ASSETS		
Deposits	566	566
TOTAL ASSETS	$ 2,861,251	$ 3,181,595
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 34,280	$ 54,287
Grants payable	51,500	69,000
Accrued payroll and payroll withholdings	9,154	8,088
TOTAL CURRENT LIABILITIES	94,934	131,375
NET ASSETS		
Invested in capital assets	248,337	261,630
Restricted for landfill closure	591,767	605,225
Restricted for community recycling grants	724,947	887,027
Unrestricted	1,201,266	1,296,338
TOTAL NET ASSETS	2,766,317	3,050,220
TOTAL LIABILITIES AND NET ASSETS	$ 2,861,251	$ 3,181,595

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

Summit/Akron Solid Waste Management Authority
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
For the Year Ended December 31, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Generation fees	$ 2,359,529	$ 2,498,339
Grant revenue	237,750	69,000
TV and tire fees	2,560	8,744
Interest income	2,233	6,028
Miscellaneous	2,295	2
TOTAL OPERATING REVENUES	2,604,367	2,582,113
OPERATING EXPENSES		
Community recycling grants and programs	636,261	414,112
Landfill closure expenses	605,225	531,297
Household hazardous waste recycling center	476,574	509,543
Health department contracts	198,568	248,210
Reduce, reuse, recycle programs	61,061	112,824
ODNR market development grant	237,750	69,000
Waste, reduction, and recycle grants	32,773	-
Personnel – salaries and benefits	362,067	347,914
Occupancy	44,927	45,805
Office and equipment	35,106	29,420
Professional fees	170,410	195,376
Depreciation	13,293	13,293
Vehicles and travel expense	4,479	5,766
Advertising, promotion and education	9,776	20,032
TOTAL OPERATING EXPENSES	2,888,270	2,542,592
OPERATING INCOME (LOSS)/CHANGE IN NET ASSETS	(283,903)	39,521
NET ASSETS, BEGINNING OF YEAR	3,050,220	3,010,699
NET ASSETS, END OF YEAR	$ 2,766,317	$ 3,050,220

.

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

Summit/Akron Solid Waste Management Authority
COMPARATIVE STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2010 and 2009

		2010		2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Generation fee receipts	$	2,465,318	$	2,521,589
Grants income		234,750		34,500
TV and tire fees		2,560		8,744
Interest income		2,233		6,028
Other cash received		2,295		2
		2,707,156		2,570,863
Health Department contracts		(221,659)		(247,520)
Payments to suppliers		(1,029,925)		(979,029)
Payments to employees		(361,001)		(347,327)
Other payments		(1,296,624)		(901,396)
		(2,909,209)		(2,475,272)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		(202,053)		95,591
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(202,053)		95,591
BALANCE AT BEGINNING OF YEAR		2,640,539		2,544,948
BALANCE AT END OF YEAR	$	2,438,486	$	2,640,539
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income/(loss)	$	(283,903)	$	39,521
Adjustments to reconcile increase in net assets to net cash provided by operating activities				
Depreciation		13,293		13,293
Change in assets and liabilities:				
Accounts/grants receivable		102,789		(11,250)
Prepaid expenses		2,209		(3,370)
Accounts payable		(20,007)		(12,190)
Grants payable		(17,500)		69,000
Accrued payroll and payroll withholdings		1,066		587
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$	(202,053)	$	95,591

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

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

Nature of Activities

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

Financial Reporting Entity

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

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

Basis of Presentation

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

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

Measurement Focus/Basis of Accounting

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

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

Measurement Focus/Basis of Accounting (Continued)

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

Budgeted Revenues and Expenses

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

Encumbrances

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

Cash and Cash Equivalents

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

Receivables

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

Investments

Investments are stated at fair value.

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.

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

Net Assets

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

Use of Estimates

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

NOTE B – CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this statement will provide more consistent recognition, measurement, display and disclosure guidance for governments that file for Chapter 9 bankruptcy.

The implementation of these GASB Statements had no material effect on the financial statements of the Authority.

NOTE C – DEPOSITS AND INVESTMENTS

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

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

NOTE C – DEPOSITS AND INVESTMENTS (Continued)

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 2010, the Authority complied with the provisions of these statutes pertaining to the types of investments held and institutions in which deposits were made. The Authority was also in compliance with applicable statutes pertaining to the public deposits and investments.

Deposits

At December 31, 2010, the carrying amount of the Authority's deposits was $313,709 and the bank balance was $414,316. The difference between the carrying amount and bank balance were outstanding checks and deposits in transit. Of the December 31, 2010 bank balance, $250,000 was covered by federal depository insurance and $164,316 was collateralized by a pool pursuant to Section 135.81, Ohio Revised Code, of which the Authority has a proportionate interest.

Unrestricted Investments

The Authority's unrestricted investments at December 31, 2010 and 2009 consisted of the following:

	Carrying Value	Fair Value
Uncategorized Investments:		
2010 STAR Ohio	$808,063	$808,063
2009 STAR Ohio	$1,045,399	$1,045,399

Restricted Investments

During 2004, the Authority increased its generation fees for the purpose of administering two new programs (see Note M). The Authority deposits these fees in the STAR Ohio account and holds them until the grants are awarded in the following year. At December 31, 2010 and 2009 the Authority reflected its commitment to these programs as restricted investments and restricted net assets.

The Authority's restricted investments at December 31, 2010 and 2009 is as follows:

	Carrying Value	Fair Value
Restricted Investments:		
2010 STAR Ohio	$1,316,714	$1,316,714
2009 STAR Ohio	$1,492,252	$1,492,252

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2010.

NOTE C – DEPOSITS AND INVESTMENTS (Continued)

As of December 31, 2010, the Authority had the following investments and maturities.

			Investment Maturities (In Years)		
Investment Type	**Fair Value**	**Credit Rating(*)**	**<1**	**1-2**	**2-3**
STAR Ohio	**$ 2,124,777**	**AAA**	**$ 2,124,777**	**$ 0**	**$ 0**

Credit rating was obtained from Standard & Poor's for all investments.

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

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

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

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

NOTE D – COMPENSATED ABSENCES PAYABLE

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

The Authority's sick leave policy requires all leave of 3 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. The hours may be carried over but cannot be used as early retirement or time off. The policy does not provide for paying terminated employees for unused sick leave.

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

NOTE E – CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

Description	2010 Beginning Balance	2010 Additions	2010 Disposals/ Deletions	2010 Ending Balance
Total capital assets not being depreciated				
Land	$ 18,748	-	-	$ 18,748
Capital assets being depreciated				
Land Improvements	131,692	-	-	131,692
Building Improvements	217,525	-	-	217,525
Vehicles	19,509	-	-	19,509
Equipment	67,675	-	-	67,675
Leasehold Improvements	11,529	-	-	11,529
Total capital assets being depreciated	447,930	-	-	447,930
Less: Accumulated depreciation	(205,048)	(13,293)	-	(218,341)
Total capital assets being depreciated, net	242,882	(13,293)	-	229,589
Net Capital Assets	$ 261,630	$ (13,293)	-	$ 248,337

NOTE F – RETIREMENT BENEFITS

Plan Description - Pension

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

(1) The Traditional Pension Plan (TP) – a cost sharing, multiple-employer defined benefit pension plan.

(2) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year.) Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

(3) The Combined Plan (CO) – a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

NOTE F – RETIREMENT BENEFITS (Continued)

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

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

Funding Policy - Pension

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans. Members in the local divisions, such as the Authority, may participate in all three plans.

The 2010 member contribution rate was 10.0% of covered payroll for members in local classifications. For local government units, such as the Authority, the 2010 employer contribution rate was 14.0% of covered payroll including the percentages used to fund post-retirement health care benefits. The Authority's total contributions to OPERS for pension benefits (excluding the amount related to post-retirement benefits) for the years ended December 31, 2010, 2009, and 2008 were approximately $16,936, $17,269, and $16,898, respectively.

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

In addition to the pension benefits described previously, OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

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

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, local employers, such as the Authority, contributed at a rate of 14.0% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local employer units. Active members do not make contributions to the OPEB Plan.

NOTE F – RETIREMENT BENEFITS (Continued)

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Authority's contributions for post-employment benefits to OPERS for the year ended December 31, 2010, 2009, and 2008 were approximately $16,824, $16,859, and $16,731, respectively, equal to 100 percent of the contributions for the year.

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

NOTE G – DEFERRED COMPENSATION PLAN

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

NOTE H – OPERATING LEASE

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

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

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

Effective February 2010, a three-year copier lease was entered into requiring monthly payments of $307. The copier lease expense was $3,684 for the year ended December 31, 2010.

NOTE I – OPTION ON SALE OF REAL ESTATE

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

NOTE J– 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 K – REDUCE, REUSE, RECYCLE GRANTS

The Authority has the authority to make grants to various municipalities and organizations under its education/awareness grant programs, special community programs, and request for recycling programs. No such grants were made for the years ended December 31, 2010 and 2009.

NOTE L – GRANT AGREEMENTS

The Authority was awarded $237,750 and $69,000 for the years ending December 31, 2010 and 2009, respectively, from the Ohio Department of Natural Resources for marketing development grants.

NOTE M – RESTRICTED NET ASSETS

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

NOTE N – COMMITMENTS

Effective October 2009, a three-year software subscription was entered into requiring annual payments of $5,118. The software subscription expense for the years ended December 31, 2010 and 2009 was $5,118 and $1,280, respectively.

NOTE O – CONTINGENCIES

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

NOTE P – 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 Q - SUBSEQUENT EVENTS

Subsequent events were evaluated by management through June 7, 2011, the date the financial statements were available to be issued.

This page intentionally left blank

VARNEY, FINK & ASSOCIATES, INC.

CERTIFIED PUBLIC ACCOUNTANTS
121 College Street
Wadsworth, Ohio 44281
330-336-1706 Fax 330-334-5118

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

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

To the Board of Trustees:

We have audited the financial statements of the Summit/Akron Solid Waste Management Authority, Summit County, (the Authority), as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards.*

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain matter not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated June 7, 2011.

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

Varney, Fink & Associates

.
VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

June 7, 2011

This Page is Intentionally Left Blank.

Dave Yost • Auditor of State

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 2, 2011