# SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY
# SUMMIT COUNTY

## REGULAR AUDIT

## FOR THE YEAR ENDED DECEMBER 31, 2013

Dave Yost • Auditor of State

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

## TABLE OF CONTENTS

**THIS PAGE INTENTIONALLY LEFT BLANK.**

**INDEPENDENT AUDITOR'S REPORT**

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

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying financial statements of Summit/Akron Solid Waste Management Authority, Summit County, Ohio (the Authority), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Summit/Akron Solid Waste Management Authority, Summit County as of December 31, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Prior Period Financial Statements Audited by a Predecessor Auditor*

The financial statements of the Summit/Akron Solid Waste Management Authority, Summit County, Ohio, as of and for the year ended December 31, 2012, were audited by predecessor auditor whose report dated June 21, 2013 expressed an unmodified opinion on those statements.

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.

Dave Yost

**Dave Yost**
Auditor of State
Columbus, Ohio

October 17, 2014

SUMMIT/AKRON SOLID WASTE MANAGEMENT AUTHORITY
Management's Discussion and Analysis (MD&A)
For the Year Ended December 31, 2013
(UNAUDITED)

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, 2013. Please read it in conjunction with the Authority's financial statements, which begin on page 7.

GASB Statement #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 Position* presents information on all the Authority's assets and liabilities, 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 year. 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 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.

- The Authority reports its financial statements in accordance with generally accepted accounting principles and the requirements of GASB Statement #34. During 2012, the Authority adopted GASB Statement #63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. See Note A of the financial statements for a description of the "Measurement Focus/Basis of Accounting" in accordance with GASB Statement #63. During 2013, the Authority adopted GASB Statement #65, "Items Previously Reported as Assets and Liabilities".

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by $2,463,580 (net position). Of this amount, $1,525,609 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 position increased $177,692. This net increase is due to an increase in unrestricted generation fee revenue of $100,689 (see Note K within the notes to the financial statements) and decreases in community recycling grants and programs expense of $33,810, household hazardous waste recycling center expenses of $129,555, health department contracts of $8,000, personnel expense of $8,577, and various other small decreases in expenses. These decreases in expenses were offset by some increases in expenses such as landfill closure of $34,914, reduce, reuse, recycle programs of $25,704, advertising, promotion and education of $14,847, professional fee expenses of $4,896, and, other small increases in expenses. Restricted net position increased $106,331 due to an increase in restricted generation fee revenue and a decrease in the payouts for the Community Recycling Grant 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 and recorded as an intergovernmental liability at December 31, 2013.

- The Community Recycling Grant Program was established to provide grants to Summit County communities that are helping the Authority reach its State 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 grant-based approach to a reimbursement-based approach with the Summit County communities. Also during 2013, the Authority used these dollars to open and operate community recycling drop-offs in various locations in Summit County; for food recovery contracts; and, various recycling and education awareness programs. All of these community drop-off days were hugely successful.

- The Authority incurred a net increase in their net position for 2013 whereby their revenue exceeded their expenses by $274,884.

- The Authority's revenues decreased $2,531 (or .1 percent) and expenses decreased $316,032 (or 12.7 percent). The net decrease in revenue was due to a decrease in grant revenue of $188,455 offset by an increase in generation fee revenue of $179,801 and a small decrease in TV and tire fees and an increase in miscellaneous income. The net decrease in expenses was due to decreases in community recycling grants and programs; the recycling center; grant expense; personnel costs; occupancy; and, office and equipment. Those decreases in expenses were offset by increases in the landfill closure expenses; reduce, reuse, recycle programs; professional fees; vehicles and travel expense; and, advertising, promotion and education.

**FINANCIAL POSITION**

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

| | | 2013 | | 2012 | | 2011 |
|---|---|---|---|---|---|---|
| ASSETS: | | | | | | |
| Current assets—unrestricted | $ | 2,339,045 | $ | 2,030,069 | $ | 2,102,995 |
| Current assets---restricted | | 721,205 | | 614,874 | | 578,312 |
| Capital assets | | 216,766 | | 225,905 | | 235,044 |
| Other noncurrent assets | | 566 | | 566 | | 566 |
| TOTAL ASSETS | $ | 3,277,582 | $ | 2,871,414 | $ | 2,916,917 |
| LIABILITIES: | | | | | | |
| Current liabilities | $ | 775,655 | $ | 651,603 | $ | 665,531 |
| Noncurrent liabilities | | 38,347 | | 31,115 | | 24,430 |
| TOTAL LIABILITIES | | 814,002 | | 682,718 | | 689,961 |

**FINANCIAL POSITION (continued)**

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

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| NET POSITION: | | | |
| Net investment in capital assets | 216,766 | 225,905 | 235,044 |
| Restricted net position | 721,205 | 614,874 | 578,312 |
| Unrestricted net position | 1,525,609 | 1,347,917 | 1,413,600 |
| TOTAL NET POSITION | 2,463,580 | 2,188,696 | 2,226,956 |
| TOTAL LIABILITIES AND NET POSITION | $ 3,277,582 | $ 2,871,414 | $ 2,916,917 |

A portion of the Authority's net position ($216,766 or 8.8 percent and $225,905 or 10.3 percent at December 31, 2013 and 2012, respectively, for a net decrease of $9,139 or 4.0 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 position ($721,205 or 29.3 percent and $614,874 or 28.2 percent at December 31, 2013 and 2012, respectively, for a net increase of $106,331 or 17.3 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:

| RESTRICTED NET POSITION | 2013 | 2012 | 2011 |
|---|---|---|---|
| Community Recycling Grants Program | $ 721,205 | $ 614,874 | $ 578,312 |

The remaining unrestricted net position of $1,525,609 and $1,347,917 at December 31, 2013 and 2012, respectively, for a net increase of $177,692 (or 13.2 percent) may be used to meet any of the Authority's ongoing obligations. The Authority anticipates these funds will be needed to pay future operational expenditures and to maintain adequate levels of working capital.

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

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Generation fees – operations | $ 1,354,354 | $ 1,253,665 | $ 1,400,280 |
| Generation fees – landfill closure fund | 580,437 | 537,285 | 600,120 |
| Generation fees – community recycling grants | 483,697 | 447,737 | 500,100 |
| Grants revenue | 19,925 | 208,380 | 12,855 |
| TV and tire fees | 2,579 | 3,443 | 2,919 |
| Miscellaneous | 11,506 | 4,519 | 826 |
| TOTAL OPERATING REVENUES | $ 2,452,498 | $ 2,455,029 | $ 2,517,100 |

Generation fees comprised 98.6 percent, 91.2 percent, and 99.3 percent of total operating revenues for 2013, 2012, and 2011, respectively. Of that 98.6, 91.2, and 99.3 percent, 44.0 percent is restricted for the Hardy Road Landfill and the community recycling grants for 2013, 2012, and 2011.

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

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Community recycling grants and programs | $ 377,366 | $ 411,176 | 646,735 |
| Landfill closure expenses | 581,171 | 546,257 | 578,598 |
| Household hazardous waste recycling center | 129,912 | 259,467 | 357,278 |
| Health department contracts | 160,000 | 168,000 | 168,000 |
| Reduce, reuse, recycle programs | 293,332 | 267,628 | 72,242 |
| ODNR market development grant | - | 208,380 | 12,856 |
| Personnel – salaries and benefits | 361,951 | 370,528 | 373,232 |
| Occupancy | 35,502 | 41,422 | 45,322 |
| Office and equipment | 27,435 | 32,272 | 30,566 |
| Professional fees | 147,573 | 142,677 | 156,724 |
| Depreciation | 9,139 | 9,139 | 13,293 |
| Vehicles and travel expense | 13,716 | 11,030 | 4,833 |
| Advertising, promotion and education | 41,651 | 26,804 | 6,120 |
| TOTAL OPERATING EXPENSES | $ 2,178,748 | $ 2,494,780 | $ 2,465,799 |

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

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Interest income | $ 1,134 | $ 1,491 | $ 1,105 |

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

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Total operating revenues | $ 2,452,498 | $ 2,455,029 | $ 2,517,100 |
| Total operating expenses before depreciation | (2,169,609) | (2,485,641) | (2,452,506) |
| Operating income/(loss) before depreciation | 282,889 | (30,612) | 64,594 |
| Depreciation | (9,139) | (9,139) | (13,293) |
| Operating income/(loss) | 273,750 | (39,751) | 51,301 |
| Nonoperating income/(loss) | 1,134 | 1,491 | 1,105 |
| Increase/(decrease) in net position | 274,884 | (38,260) | 52,406 |
| Net position, beginning of year | 2,188,696 | 2,226,956 | 2,174,550 |
| NET POSITION, END OF YEAR | $ 2,463,580 | $ 2,188,696 | $ 2,226,956 |

- Operating income/ (loss) before depreciation increased $313,501 between 2013 and 2012. The majority of this increase is the result of an increase in solid waste tonnage, resulting in an increase in generation fees and, a decrease in expenses due to decreases in community recycling grants and programs expense, household hazardous waste recycling center expenses, health department contracts, personnel expenses, and various other small decreases in expense categories. A portion of the decrease in expenses was offset by an increase in landfill closure expenses, reduce, reuse, recycle programs, advertising, promotion and education, professional fee expenses, and, other small increases in expense categories.

## CAPITAL ASSETS

The Authority's capital assets as of December 31, 2013 and 2012 totaled $216,766 and $225,905 (net of accumulated depreciation), respectively. This investment in capital assets includes land and land improvements, building and building improvements, a vehicle, equipment, and leasehold improvements. See Note D for additional information.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Authority's board of trustees considered many factors when setting the calendar year 2014 budget. Generation fees have a direct correlation to economic conditions and consumer spending. The economic climate in 2013 was a bit more optimistic. Consequently, as opposed to previous years, generation fee revenue for 2013 was 8.0 percent higher than 2012. In formulating the 2014 budget, it was anticipated this trend, although modest, would continue throughout 2014.

The objectives in the development of the 2014 budget were to:

- Begin to use reserves to supplement the financing of recycling education and promotion programs.
- Project revenues based on generating and receiving fees for 480,000 tons of trash during the year.
- Focus on trimming program expenditures for the Household Hazardous Waste Recycling Center and other recycling program expenditures to offset the persistent increases in medical benefit costs for employees.

During the first quarter of 2014 the severe weather conditions significantly impacted most segments of our economy. Generation fee revenue was no exception to this phenomenon and we experienced a 6.2 percent decline as compared to 2013. However, as the year progresses we expect improvement in forecasts for the economy and weather.

## 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.**

**THIS PAGE INTENTIONALLY LEFT BLANK.**

Summit/Akron Solid Waste Management Authority
COMPARATIVE STATEMENT OF NET POSITION
December 31, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | $ 307,616 | $ 434,301 |
| Cash and cash equivalents – unrestricted | 1,846,300 | 1,411,498 |
| Cash and cash equivalents – temporarily restricted | 721,205 | 614,874 |
| Total cash and cash equivalents | 2,875,121 | 2,460,673 |
| Accounts/grants receivable | 174,755 | 177,811 |
| Prepaid expenses | 10,374 | 6,459 |
| TOTAL CURRENT ASSETS | 3,060,250 | 2,644,943 |
| NONCURRENT ASSETS | | |
| Capital assets, net of accumulated depreciation | 216,766 | 225,905 |
| OTHER ASSETS | | |
| Deposits | 566 | 566 |
| TOTAL NONCURRENT ASSETS | 217,332 | 226,471 |
| TOTAL ASSETS | $ 3,277,582 | $ 2,871,414 |
| LIABILITIES AND NET POSITION | | |
| CURRENT LIABILITIES | | |
| Accounts payable | $ 31,129 | $ 95,668 |
| Accrued payroll and payroll withholdings | 2,747 | 9,679 |
| Intergovernmental payable | 741,779 | 546,256 |
| TOTAL CURRENT LIABILITIES | 775,655 | 651,603 |
| NONCURRENT LIABILITIES | | |
| Compensated absences | 38,347 | 31,115 |
| TOTAL LIABILITIES | 814,002 | 682,718 |
| NET POSITION | | |
| Net investment in capital assets | 216,766 | 225,905 |
| Restricted for community recycling grants | 721,205 | 614,874 |
| Unrestricted | 1,525,609 | 1,347,917 |
| TOTAL NET POSITION | 2,463,580 | 2,188,696 |
| TOTAL LIABILITIES AND NET POSITION | $ 3,277,582 | $ 2,871,414 |

See accompanying notes to the financial statements.

Summit/Akron Solid Waste Management Authority
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended December 31, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| OPERATING REVENUES | | |
| Generation fees | $ 2,418,488 | $ 2,238,687 |
| Grant revenue | 19,925 | 208,380 |
| TV and tire fees | 2,579 | 3,443 |
| Miscellaneous | 11,506 | 4,519 |
| TOTAL OPERATING REVENUES | 2,452,498 | 2,455,029 |
| OPERATING EXPENSES | | |
| Community recycling grants and programs | 377,366 | 411,176 |
| Landfill closure expenses | 581,171 | 546,257 |
| Household hazardous waste recycling center | 129,912 | 259,467 |
| Health department contracts | 160,000 | 168,000 |
| Reduce, reuse, recycle programs | 293,332 | 267,628 |
| ODNR market development grant | - | 208,380 |
| Personnel – salaries and benefits | 361,951 | 370,528 |
| Occupancy | 35,502 | 41,422 |
| Office and equipment | 27,435 | 32,272 |
| Professional fees | 147,573 | 142,677 |
| Depreciation | 9,139 | 9,139 |
| Vehicles and travel expense | 13,716 | 11,030 |
| Advertising, promotion and education | 41,651 | 26,804 |
| TOTAL OPERATING EXPENSES | 2,178,748 | 2,494,780 |
| OPERATING INCOME/(LOSS) | 273,750 | (39,751) |
| NONOPERATING REVENUES: | | |
| Interest income | 1,134 | 1,491 |
| TOTAL NONOPERATING REVENUES | 1,134 | 1,491 |
| CHANGE IN NET POSITION | 274,884 | (38,260) |
| NET POSITION, BEGINNING OF YEAR | 2,188,696 | 2,226,956 |
| NET POSITION, END OF YEAR | $ 2,463,580 | $ 2,188,696 |

See accompanying notes to the financial statements.

Summit/Akron Solid Waste Management Authority
COMPARATIVE STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Generation fee receipts | $ 2,456,459 | $ 2,243,723 |
| Grants income | 19,925 | 208,380 |
| TV and tire fees | 2,579 | 3,443 |
| Other cash received | 11,506 | 4,519 |
| | 2,490,469 | 2,460,065 |
| Health Department contracts | (162,000) | (168,000) |
| Payments to suppliers | (730,054) | (818,077) |
| Payments to employees | (361,651) | (363,231) |
| Other payments | (823,450) | (1,110,102) |
| | (2,077,155) | (2,459,410) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 413,314 | 655 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 1,134 | 1,491 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | 1,134 | 1,491 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 414,448 | 2,146 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 2,460,673 | 2,458,527 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | $ 2,875,121 | $ 2,460,673 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Operating income/(loss) | $ 273,750 | $ (39,751) |
| Adjustments to reconcile increase in net position to net cash provided by/(used by) operating activities | | |
| Depreciation | 9,139 | 9,139 |
| Change in assets and liabilities: | | |
| Accounts/grants receivable | 3,056 | 37,378 |
| Prepaid expenses | (3,915) | 1,132 |
| Accounts payable | (64,539) | 17,802 |
| Grants payable | - | - |
| Compensated absences payable | 7,232 | 6,685 |
| Accrued payroll and payroll withholdings | (6,932) | 612 |
| Intergovernmental payable | 195,523 | (32,342) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | $ 413,314 | $ 655 |

See accompanying notes to the financial statements.

**THIS PAGE INTENTIONALLY LEFT BLANK.**

## 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 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. 3*", 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, and miscellaneous income. Operating expenses for the Authority includes the cost of personnel, 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 position and the operating statements present increases (revenues) and decreases (expenses) in net total position. 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.

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

Measurement Focus/Basis of Accounting (Continued)

The Authority implemented Governmental Accounting Standards Board Statement No. 63, *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position"* (GASB #63) in 2012. GASB #63 establishes financial reporting requirements and related disclosures for certain elements of a statement of financial 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 assets by a government that is applicable to a future reporting period; a deferred inflow of resources as an acquisition of net assets 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 financial position (the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources). Under GASB #63, amounts for items that the GASB has designated to be deferred outflows of resources are to be presented in a statement of financial 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 financial position. Since the Authority had no deferred outflows or inflows of resources at December 31, 2012 and 2013, the Authority's implementation of GASB #63 had no material effect on the presentation of its 2012 and 2013 financial statements.

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 outflow 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. The implementation of GASB Statement No. 65 had no effect on the financial statements of the Authority.

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.

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 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.

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows in the statement of financial position. Net position is comprised of the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: net investment in capital assets; restricted for community recycling grants and other expenses; and unrestricted net position. Investment in capital assets consists of all capital assets net of accumulated depreciation. Restricted net position consists of net position for which limitations have been imposed on their use either through the enabling legislations adopted by the Authority or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Unrestricted net position consists of all other net assets not included in the above categories.

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 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

NOTE B – DEPOSITS AND INVESTMENTS (Continued)

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 STAR Ohio Plus) 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.

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 2013, 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.

Cash on Hand

At December 31, 2013, the Authority had $100 in undeposited cash on hand which is included in the financial statements as part of "Cash".

Deposits

At December 31, 2013, the carrying amount of the Authority's deposits was $2,307,910 and the bank balances were $2,331,847. The difference between the carrying amount and bank balance were outstanding checks and deposits in transit. Beginning January 1, 2013, the FDIC insured the Authority's bank balance up to the standard maximum deposit insurance amount of $250,000 per bank. The balances held at these institutions exceeded the FDIC insured limit by $81,453 as of December 31, 2013. This amount was covered by pooled, pledged collateral with securities held by the pledging financial institutions trust departments in accordance with Ohio law.

Investments

The Authority's investments at December 31, 2013 and 2012 consisted of the following:

| Investments: | Carrying Value: | Fair Value: |
|---|---|---|
| 2013 STAR Ohio | $ 567,111 | $ 567,111 |
| 2012 STAR Ohio | $ 2,026,372 | $ 2,026,372 |

NOTE B – DEPOSITS AND INVESTMENTS (Continued)

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2013.

As of December 31, 2013, 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** | **$ 567,111** | **AAAm** | **$ 567,111** | **$ 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 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

NOTE C – COMPENSATED ABSENCES PAYABLE (Continued)

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 $38,347 and $31,115 for compensated absences as of December 31, 2013 and 2012, respectively, and an expense in Personnel-salaries and Benefits of $7,232 and $6,685 for the years ended December 31, 2013 and 2012, 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.

NOTE D – CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

| Description | 2013 Beginning Balance | 2013 Additions | 2013 Disposals/ Deletions | 2013 Ending Balance |
|---|---|---|---|---|
| Total capital assets not being depreciated | | | | |
| Land | $ 18,748 | $ - | $ - | $ 18,748 |
| Capital assets being depreciated | | | | |
| Land Improvements | 131,692 | - | - | 131,692 |
| Building and 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 | (240,773) | (9,139) | - | (249,912) |
| Total capital assets being depreciated, net | 207,157 | (9,139) | - | 198,018 |
| Net Capital Assets | $ 225,905 | $ (9,139) | $ - | $ 216,766 |

NOTE E – 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.

NOTE E – RETIREMENT BENEFITS (continued)

(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 percent 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.

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 visiting https://www.opers.org/investments/cafr.shtml, or 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 2013, 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 2013 member contribution rate was 10.0 percent of covered payroll for members in local classifications. The 2013 employer contribution rate for local employers was 14.0 percent of covered payroll. The Authority's total contributions to OPERS for pension benefits (excluding the amount related to post-retirement benefits) for the years ended December 31, 2013, 2012, and 2011 were approximately $28,226, $17,827, and $17,065, 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 the OPEB plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB plan is provided in Chapter 145 of the Ohio Revised Code.

NOTE E – RETIREMENT BENEFITS (continued)

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 coverage 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 coverage. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, local employers, such as the Authority, contributed at a rate of 14.0 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS 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 1.0% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0 percent during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2.0 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Authority did not make contributions for post-employment benefits other than pension provided through OPERS for the years ended December 31, 2013, 2012, and 2011 were approximately $2,125, $17,669, and $17,084, respectively.

The OPERS Board of Trustees adopted changes to the health care plan on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

NOTE F – 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 G – OPERATING LEASE

Effective August 1, 2012, the Authority signed a new lease agreement for its facilities for a period of two years. The Authority also leases a copier and postage meter under a 39-month and a 66-month operating lease, respectively. The facility lease requires monthly rent of $2,390 and will expire in July 2014. The Authority has the option to renew the facilities agreement for another two-year period expiring in July 2016 for a monthly rent of $2,590. The copier lease requires monthly rent of $273 with a possible 3% increase per year and will expire in August 2016. The postage meter lease requires monthly rent of $110 and will expire in September 2014.

NOTE G – OPERATING LEASE (Continued)

The following is a schedule of future minimum rental payments required under the above operating leases as of December 31, 2013:

| Year Ending December 31 | | Amount |
|---|---|---|
| 2014 | $ | 33,946 |
| 2015 | | 34,356 |
| 2016 | | 20,314 |
| | $ | 88,616 |

Facility lease expense and office equipment lease expense for the year ended December 31, 2013 and 2012 was $33,759 and $40,473 respectively.

NOTE H – 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 I– 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 J – 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 solid waste plan is to implement a commercial/industrial grant program for the reduction of waste going into landfills. Funds for this grant are exclusively targeted toward recycling and education and awareness activities in the commercial sector of Summit County. Projects are restricted to activities that provide quantitative data in which the effect on waste reduction and recycling can be directly measured or through variables that demonstrate a very high correlation with the amount of waste reduced or recycled. No grants were distributed in 2013 or 2012.

NOTE K – RESTRICTED NET POSITION AND INTER-GOVERNMENTAL LIABILITY

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 recorded as an inter-governmental liability, 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 and is recorded as a restricted net position and restricted cash in the amount of $721,205.

## NOTE L – 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 M – 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 N - SUBSEQUENT EVENTS

Subsequent events were evaluated by management through October 29, 2014, the date the financial statements were available to be issued.

## NOTE O – RECLASSIFICATION OF NET POSITION

For the year ending December 31, 2012, the Authority determined that the generation fees collected on behalf of the City of Akron (Akron) for Akron's closure of the Hardy Road landfill should be shown as a liability versus a restricted net position as it had been shown in prior years. The effect on both total net position and restricted net position was a decrease of $546,256 and $578,598 as of December 31, 2012 and 2011, respectively. Liabilities increased by $546,256 and $578,598 as of December 31, 2012 and 2011, respectively.

**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
12 East Exchange Street
3rd Floor
Akron, Ohio 44308

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Summit/Akron Solid Waste Management Authority, Summit County, (the Authority) as of and for the year ended December 31, 2013, and the related notes to the financial statements and have issued our report thereon dated October 17, 2014, wherein we noted that other auditors audited the basic financial statements of the Authority as of and for the year ended December 31, 2012.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

101 Central Plaza South, 700 Chase Tower, Canton, Ohio 44702-1509
Phone: 330-438-0617 or 800-443-9272 Fax: 330-471-0001
www.ohioauditor.gov

***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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dave Yost

**Dave Yost**
Auditor of State
Columbus, Ohio

October 17, 2014

**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**
**NOVEMBER 6, 2014**