STARK-TUSCARAWAS-WAYNE
JOINT SOLID WASTE MANAGEMENT DISTRICT

TUSCARAWAS COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2018

Charles E. Harris
& Associates, Inc.
CPAs and Government Consultants

Stark-Tuscarawas-Wayne Joint Solid Waste Management District
Tuscarawas County
Audit Report
For the Year Ended December 31, 2018

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, Ohio (the District), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, Ohio, as of December 31, 2018 and 2017, and the respective changes in financial position and cash flows thereof, for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance.

Charles E Harris Associates

Charles E. Harris & Associates, Inc.
June 20, 2019

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This discussion and analysis of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District's (the District) financial performance provides an overall review of the District's financial activities for the years ended December 31, 2018 and 2017. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Overview of the Financial Statements

The District's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standard Board (GASB). The financial information of the District is accounted for in a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets greater than or equal to $5,000 for all items except equipment and furniture and greater than or equal to $2,500 for equipment and furniture, are capitalized and are depreciated over their useful lives. See the notes to the financial statements for a summary of the District's significant accounting policies.

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

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

Financial Highlights

The District implemented the fourth year of its Solid Waste Plan approved by the Ohio EPA on December 24, 2014. After incurring two years of reduction in its net position to invest in vehicle acquisitions, recycling drop-off site improvements, and other recycling programs, the District recognized an increase in its net position in 2018. The increase was due to higher tipping fee revenue and an Ohio EPA Market Development Grant along with reduced expenses. The District continued to partner with the City of Canton Recycling Center and Canton City Health Department to once again provide a household hazardous waste collection as a year-round permanent site that serves all three counties. Additionally, a few satellite collection events were hosted by Buehler's Fresh Foods and disposed of by Clean Harbors.

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

Financial Position

The analysis below focuses on the District's financial position and the results of operations for 2018 compared to 2017:

	2018	2017	Change
Assets			
Current and Other Assets	$5,895,382	$5,475,377	$420,005
Capital Assets, Net	1,595,786	1,940,288	(344,502)
Total Assets	7,491,168	7,415,665	75,503
Deferred Outflows of Resources	287,003	444,445	(157,442)
Liabilities	1,741,467	1,637,198	(104,269)
Deferred Inflows of Resources	226,944	18,101	(208,843)
Net Position			
Investment in Capital Assets	1,595,786	1,940,288	(344,502)
Restricted for Other Purposes	2,725,486	3,041,794	(316,308)
Unrestricted	1,488,488	1,222,729	265,759
Total Net Position	$5,809,760	$6,204,811	($395,051)
Revenues			
Operating Revenues	$4,305,791	$4,160,101	$145,690
Non-operating Revenues	252,414	50,748	201,666
Total Revenues	4,558,205	4,210,849	347,356
Expenses	4,493,712	4,590,409	96,697
Change in Net Position	64,493	(379,560)	444,053
Net Position, Beginning of Year - Restated	5,745,267	6,584,371	(839,104)
Net Position, End of Year	$5,809,760	$6,204,811	($395,051)

The net pension liability (NPL) is the largest liability reported by the District at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27." For 2018, the District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefit (OPEB). For reasons discussed that follow, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

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

As a result of implementing GASB 75, the District is reporting a net OPEB liability and deferred inflows/outflows or resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from $6,204,811 to $5,745,267.

The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent year by $5,809,760 (net position), which is an increase of $64,493. Of this amount, $2,725,486 of restricted net position is available for plan implementation of the 10 allowable expenses according to H.B. 592 and pursuant to the Ohio Revised Code 3734.57, Section (G). Restricted net position decreased from the prior year by $316,308, or 10.4 percent.

Unrestricted net position increased from the prior year, increasing $265,759, or 21.73 percent, which can be attributed to the District receiving a Market Development Grant and crediting its recyclable income as unrestricted revenue compared to restricted revenue as in past years. This change was done as a result of an Ohio Attorney General opinion 2013-044 stating joint solid waste management districts may use revenue derived from its recycling program for purposes other than those listed in Ohio Revised Code 3734.57, Section (G). These unrestricted assets represent the accumulated interest income earned over time, in addition to the recycling income now also included, which may be used to fund expenses outside of the scope of the Solid Waste Plan or any proper purpose of the District.

A portion of the District's net position ($1,595,786, or 27.47 percent, and $1,940,288, or 31.27 percent, at December 31, 2018 and 2017, respectively, for a net decrease of $344,502, or 17.76 percent) represents the District's investment in its capital assets. The decrease in the District's investment in its capital assets is the result of trading in two recycling trucks. Although two new recycling trucks were purchased at the end of 2017, the District extended the use of these trade-in trucks during the winter until the end of January 2018.

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available; therefore, 2017 functional expenses still include OPEB expense of $8,102 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of $53,784. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	$4,493,712
OPEB expense under GASB 75	(53,784)
2018 contractually required contribution	1,721
Adjusted 2018 program expenses	4,441,649
Total 2017 program expenses under GASB 45	4,590,409
Decrease in program expenses not related to OPEB	($148,760)

The District's revenues exceeded its expenses by $64,493. The main reason for this operating gain is due to the District receiving more tipping fees and an Ohio EPA Market Development Grant.

The District's revenues increased by $347,356, or 8.25 percent, and expenses decreased by $96,697, or 2.11 percent. The increase in revenue can be attributed to increased out-of-district tipping fees and receiving a $150,000 Ohio EPA Market Development Grant. The decrease in expenses is mainly due to the District spending less for education and awareness and not expending as much for plan update consulting services for the plan update that was substantially complete by the end of 2017.

The District's primary revenues are tipping fees. These receipts represented 90.83 percent of the total revenues received during the year. Tipping fee revenue for 2018 increased by $219,030 as compared to 2017. The increase in tipping fee revenue for outside district tipping fees can be attributed to changes in waste hauling contracts. In 2006, tipping fee revenue totaled $5,524,941 but was then reduced almost by half, because of the displacement of waste to facilities outside of the District, and it is not anticipated they will return to that historical level in the near future; however, the tipping fees have been steadily rebounding since 2010.

The District's primary expenses are grants to various municipalities and county government agencies to assist with recycling, waste reduction and safe and sanitary disposal of waste in the landfills. These expenses represent 29.65 percent of the total expenses incurred during the year. Grants to others for 2018 totaled $1,332,263, which is an increase of $85,509, compared to 2017. The increase is mainly due to $112,941 of yard waste block grants used to fund hauling costs of yard waste host sites rather than the District contracting directly with the private sector for the service. Grants also include funding for recycling makes sense grants, approved health departments, and sheriff litter grants.

Capital Assets

As of December 31, 2018, the District had $1,595,786 invested in land improvements, building and improvements, leasehold improvements, furniture, fixtures and equipment, and vehicles. The following table shows 2018 balances compared to 2017:

	2018	2017
Construction in Progress	$0	$4,750
Land Improvements	49,919	53,103
Building and Improvements	252,780	237,851
Leasehold Improvements	408,971	429,483
Furniture, Fixtures and Equipment	84,906	47,994
Vehicles	799,210	1,167,107
Totals	$1,595,786	$1,940,288

All capital assets are reported net of depreciation. In 2018, capital assets decreased by $344,502. This was primarily due to depreciation outpacing additions and the deletion of two recycling trucks during the year. For additional information on capital assets, see Note 12.

Current Known Facts and Conditions

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

The District's Solid Waste Plan was approved by the Ohio EPA on December 24, 2014, and is in full implementation for 2018. Throughout the planning process the District re-evaluated its goals and objectives along with its current financial position to determine how best to re-align revenues and expenses. Some grant programs were reinstated along with increased education and marketing to continue to increase recycling rates and opportunities for the community.

Contacting the District's Management

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

Stark-Tuscarawas-Wayne Joint Solid Waste Management District
Statement of Net Position
December 31, 2018 and 2017

	2018	2017
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	$5,264,703	$4,830,184
Accrued Interest Receivable	10,240	8,892
Settlement Receivable	17,221	12,500
Tipping Fee Receivable	468,189	555,327
Recyclable Income Receivable	18,380	18,474
Intergovernmental Receivable	75,215	0
Prepaid Items	3,934	0
Total Current Assets	5,857,882	5,425,377
Noncurrent Assets:		
Settlement Receivable	37,500	50,000
Nondepreciable Capital Assets	0	4,750
Depreciable Capital Assets, Net	1,595,786	1,935,538
Total Noncurrent Assets	1,633,286	1,990,288
Total Assets	7,491,168	7,415,665
Deferred Outflows of Resources		
Pension	229,201	444,445
OPEB	57,802	0
Total Deferred Outflows of Resources	287,003	444,445
Liabilities		
Current Liabilities:		
Accounts Payable	70,510	132,463
Accrued Wages	47,224	43,919
Intergovernmental Payable	258,790	194,564
Unearned Revenue	0	155,624
Compensated Absences Payable	36,953	29,032
Total Current Liabilities	413,477	555,602
Long-Term Liabilities:		
Compensated Absences Payable (net of current portion)	24,480	23,843
Net Pension Liability (See Note 6)	773,577	1,057,753
Net OPEB Liability (See Note 7)	529,933	0
Total Long-Term Liabilities	1,327,990	1,081,596
Total Liabilities	1,741,467	1,637,198
Deferred Inflows of Resources		
Pension	187,468	18,101
OPEB	39,476	0
Total Deferred Inflows of Resources	226,944	18,101
Net Position		
Investment in Capital Assets	1,595,786	1,940,288
Restricted for Other Purposes	2,725,486	3,041,794
Unrestricted	1,488,488	1,222,729
Total Net Position	$5,809,760	$6,204,811

See accompanying notes to the basic financial statements

Stark-Tuscarawas-Wayne Joint Solid Waste Management District
Statement of Revenues,
Expenses and Changes in Net Position
For the Years Ended December 31, 2018 and 2017

	2018	2017
Operating Revenues		
Tipping Fees:		
Inside District	$938,925	$945,114
Outside District	3,171,073	2,941,201
Outside State	30,359	35,012
Recyclable Income	158,215	234,339
Other	7,219	4,435
Total Operating Revenues	4,305,791	4,160,101
Operating Expenses		
Wages and Benefits	1,222,897	1,121,269
Education and Awareness	131,797	207,595
Road Repairs Around District Landfills	0	3,515
Tire Collection	85,593	76,228
Newcomerstown Landfill Closure	8,303	0
Professional Fees	39,829	93,998
Administrative Office Supplies and Vehicle Expense	51,811	47,120
Utilities	13,361	12,234
Computer and Website	14,621	20,379
Postage and Delivery	3,148	3,176
Printing and Brochures	668	1,872
Administrative Travel and Expenses	809	1,185
Advertising	23	28
Cleaning and Maintenance	18,445	21,290
Insurance	40,261	34,488
Grants to Others:		
Financial Assistance to City/County Boards of Health	325,000	325,000
Community Recycling Grants	609,322	628,849
Yard Waste Grants	112,941	7,905
County Sheriff's Grants	285,000	285,000
Recycling Collection	644,245	607,936
Yard Waste Collection	302,736	484,488
Household Hazardous Waste/Electronics Collection	265,165	270,638
American Landfill Settlement	12,326	8,879
Depreciation Expense	305,411	309,307
Total Operating Expenses	4,493,712	4,572,379
Operating Loss	(187,921)	(412,278)
Non-Operating Revenues (Expenses)		
Insurance Claim	0	3,165
Interest	63,506	47,583
Market Development Grant	150,000	0
Gain on Sale of Capital Assets	38,908	0
Loss on Disposal of Capital Assets	0	(18,030)
Total Non-Operating Revenues (Expenses)	252,414	32,718
Change in Net Position	64,493	(379,560)
Net Position Beginning of Year - Restated (See Note 3)	5,745,267	6,584,371
Net Position End of Year	$5,809,760	$6,204,811

See accompanying notes to the basic financial statements

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Statement of Cash Flows

For the Years Ended December 31, 2018 and 2017

	2018	2017
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash Received from Tipping Fees	$4,227,495	$3,696,593
Cash Received from Recycling Income	158,309	239,486
Other Cash Receipts	7,004	4,435
Cash Payments to Employees for Services	(1,060,539)	(944,218)
Cash Payments for Goods and Services	(402,580)	(518,273)
Cash Payments for Grants to Others	(1,324,241)	(1,220,433)
Cash Payments for Recyclable Material Collections	(1,242,962)	(1,378,532)
Net Cash Provided by (Used for) Operating Activities	362,486	(120,942)
Cash Flows from Noncapital Financing Activities		
Landfill Settlement	12,500	12,500
Insurance Claims	0	3,165
Net Cash Provided by Noncapital Financing Activities	12,500	15,665
Cash Flows from Capital Activities		
Capital Grants	75,000	0
Acquisition of Capital Assets	(77,625)	(510,026)
Net Cash Used for Capital Activities	(2,625)	(510,026)
Cash Flows from Investing Activities		
Interest on Investments	62,158	48,788
Net Increase (Decrease) in Cash and Cash Equivalents	434,519	(566,515)
Cash and Cash Equivalents Beginning of Year	4,830,184	5,396,699
Cash and Cash Equivalents End of Year	$5,264,703	$4,830,184

	2018	2017
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities		
Operating Loss	($187,921)	($412,278)
Adjustments:		
Depreciation	305,411	309,307
(Increase) Decrease in Assets:		
Settlement Receivable	(4,721)	0
Tipping Fees Receivable	87,138	(224,734)
Recyclable Income Receivable	94	5,147
Intergovernmental Receivable	(215)	0
Prepaid Items	(3,934)	0
(Increase) Decrease in Deferred Inflows of Resources - Pension	175,597	158,112
(Increase) Decrease in Deferred Inflows of Resources - OPEB	33,194	0
Increase (Decrease) in Liabilities:		
Accounts Payable	(61,953)	10,483
Accrued Wages	3,305	5,832
Intergovernmental Payable	64,226	12,805
Compensated Absences Payable	8,558	10,277
Net Pension Liability	16,824	23,679
Net OPEB Liability	28,738	0
Decrease in Deferred Outflows of Resources - Pension	(91,986)	(19,572)
Decrease in Deferred Outflows of Resources - OPEB	(9,869)	0
Net Cash Provided by (Used for) Operating Activities	$362,486	($120,942)

See accompanying notes to the basic financial statements

Note 1 – Description of the Entity

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

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

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

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

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

Measurement Focus

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

Basis of Accounting

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

Deferred Outflows/Inflows of Resources

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

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

Cash and Investments

During 2018, investments were limited to federal home loan mortgage corporation notes, federal national mortgage association notes, commercial paper, US treasury bills, US treasury note, negotiable certificates of deposits, first American funds government obligations mutual fund and STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals of $25 million or more. STAR Ohio reserves the right to limit the transaction to $100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

Capital Assets

Capitalized assets utilized by the District are reported on the statement of net position. The District maintains a capitalization threshold of $5,000 for all capital assets except for furniture and fixtures which have a capitalization threshold of $2,500. Property and equipment are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. The cost of maintenance and repairs is expensed as incurred; significant betterments are generally capitalized. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. Donated capital assets are recorded at acquisition values as of the date received. Depreciation of property and equipment is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	10-40 years
Buildings and Improvements	10-40 years
Furniture and Fixtures	5-10 years
Vehicles	5-10 years

Compensated Absences

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

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

Pensions/Other Postemployment Benefits (OPEB)

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

Accrued Liabilities and Long-Term Obligations

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

Operating Revenues and Expenses

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

Estimates

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

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. For 2018, the District had restricted net position in the amount of $2,725,486. Net position restricted for other purposes includes tipping fees which are available for plan implementation of the 10 allowable expenses according to H.B. 592 and pursuant to the Ohio Revised Code 3734.57, Section (G). Investment in capital assets consists of capital assets less accumulated depreciation.

Note 3 – Change in Accounting Principles and Restatement of Net Position

For 2018, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus* 2017, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).*

For 2018, the District also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the District's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the District's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the District's 2018 financial statements; however, there was no effect on beginning net position.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

Net Position December 31, 2017	$6,204,811
Adjustments:	
Net OPEB Liability	(467,646)
Deferred Outflow - Payments Subsequent to Measurement Date	8,102
Restated Net Position December 31, 2017	$5,745,267

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

Note 4 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

6. The State Treasurer's investment pool (STAR Ohio);

7. Certain bankers' acceptances acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2018, $448,309 of the District's total bank balance of $1,491,541 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance. At December 31, 2017, the District was not exposed to custodial credit risk.

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

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

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

Investments

As of December 31, 2018, the District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value (NAV) Per Share:				
STAR Ohio	$77,656	44.9 Days	AAAm	N/A
Fair Value - Level 1 Inputs:				
First American Funds Government Obligations	3,872	Less Than One Year	N/A	0.10 %
Fair Value - Level 2 Inputs:				
Federal Home Loan Mortgage Corporation Notes	541,247	Less Than One Year	AA+	14.33
Federal National Mortgage Association Notes	673,124	Less Than Two Years	AA+	17.82
Federal National Mortgage Association Notes	189,493	Less Than Three Years	AA+	5.02
Commercial Paper	535,046	Less Than One Year	A-1	14.16
Commercial Paper	358,493	Less Than One Year	A-1+	9.49
US Treasury Bills	595,475	Less Than One Year	A-1+	15.76
US Treasury Note	327,822	Less Than One Year	AA+	8.68
Negotiable Certificates of Deposit	475,268	Less Than One Year	N/A	12.58
Total Investments	$3,777,496			

As of December 31, 2017, the District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value (NAV) Per Share:				
STAR Ohio	$76,157	52.1 Days	AAAm	N/A
Fair Value - Level 2 Inputs:				
Federal Home Loan Mortgage Corporation Notes	538,294	Less Than Two Years	AA+	21.45 %
Federal National Mortgage Association Notes	99,837	Less Than One Year	AA+	3.98
Federal National Mortgage Association Notes	673,790	Less Than Three Years	AA+	26.85
Federal National Mortgage Association Notes	189,240	Less Than Five Years	AA+	7.54
Commercial Paper	869,160	Less Than One Year	A-1	34.63
First American Funds Government Obligations	63,374	Less Than One Year	N/A	2.53
Total Investments	$2,509,852			

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The preceding chart identifies the District's recurring fair value measurements as of December 31, 2018. The First American Funds Government Obligations Mutual Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). The District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

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

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

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

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

Note 5 – Receivables

Receivables at December 31, 2018 and 2017, consisted of accrued interest, a legal settlement receivable, tipping fees, recyclable income, and intergovernmental arising from a grant and reimbursement. All receivables are deemed collectible in full.

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

Intergovernmental Receivables

A summary of the principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities:	
Ohio Environmental Protection Agency Grant	$75,000
Workers' Compensation Reimbursement	215
Total	$75,215

Note 6 – Defined Benefit Pension Plan

The Statewide retirement system provides both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability

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

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

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

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

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

Plan Description

Plan Description – District employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

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

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

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

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

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

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

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

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

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

For 2018, the District's contractually required contribution was $102,645 for the traditional plan and $4,302 for the member-directed plan. The District does not contribute to the combined plan. Of these amounts, $7,613 is reported as an intergovernmental payable for the traditional plan and $319 for the member-directed plan.

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

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the District's defined benefit pension plans:

	OPERS
Proportion of the Net Pension Liability:	
Current Measurement Date	0.004931%
Prior Measurement Date	0.004658%
Change in Proportionate Share	0.000273%
Proportionate Share of the Net Pension Liability	$773,577
Pension Expense	$203,080

2018 pension expense for the member-directed defined contribution plan was $4,302.

At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$790
Changes of assumptions	92,447
Changes in proportion and differences between District contributions and proportionate share of contributions	33,319
District contributions subsequent to the measurement date	102,645
Total Deferred Outflows of Resources	$229,201
Deferred Inflows of Resources	
Differences between expected and actual experience	$15,245
Net difference between projected and actual earnings on pension plan investments	$166,077
Changes in proportion and differences between District contributions and proportionate share of contributions	6,146
Total Deferred Inflows of Resources	$187,468

$102,645 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2019	$82,989
2020	(2,526)
2021	(73,132)
2022	(68,243)
Total	($60,912)

Actuarial Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented as follows:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

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

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

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the traditional pension plan, the defined benefit component of the combined plan and the annuitized accounts of the member-directed plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table that follows displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members; therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	$1,373,678	$773,577	$273,276

Changes between Measurement Date and Report Date

In October of 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the District's net pension liability is not known.

Note 7 – Postemployment Benefits

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

Plan Description

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' financial report referenced later for additional information.

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

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

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, State and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 1.0 percent during calendar year 2017. As recommended by

OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2018 was 4.0 percent.

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

The District's contractually required contribution was $1,721 for 2018. Of this amount, $128 is reported as an intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The District's proportion of the net OPEB liability was based on the District's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.004880%
Prior Measurement Date	0.004630%
Change in Proportionate Share	0.000250%
Proportionate Share of the Net Pension Liability	$529,933
OPEB Expense	$53,784

At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$413
Changes of assumptions	38,585
Changes in proportion and differences between District contributions and proportionate share of contributions	17,083
District contributions subsequent to the measurement date	1,721
Total Deferred Outflows of Resources	$57,802
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$39,476

$1,721 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending December 31:	
2019	$16,944
2020	16,944
2021	(7,415)
2022	(9,868)
Total	$16,605

Actuarial Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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

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

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the traditional pension plan, combined plan and member-directed plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The following table displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
District's proportionate share of the net OPEB liability	$704,038	$529,933	$389,082

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

Retiree health care valuations use a health care cost trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
District's proportionate share of the net OPEB liability	$507,032	$529,933	$553,587

Changes between Measurement Date and Report Date

In October of 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the District's net pension liability is not known.

Note 8 – Risk Management

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

During 2018, the District obtained commercial insurance through Assured Partners, Incorporated, for the following risks:

Coverage	Limit
Property	$975,000
Automobile	1,000,000
General Liability	1,000,000
Public Officials	1,000,000
Umbrella	3,000,000

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

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

Note 9 – Employee Benefits

Insurance Benefits

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

Note 10 – Long-Term Obligations

A schedule of changes in bonds and other long-term obligations of the District during 2018 follows:

	Principal Outstanding 12/31/2017	Additions	Deletions	Principal Outstanding 12/31/2018	Amounts Due in One Year
Long-Term Obligations:					
OPERS Net Pension Liability	$1,057,753	$0	($284,176)	$773,577	$0
OPERS Net OPEB Liability	467,646	62,287	0	529,933	0
Compensated Absences	52,875	37,590	(29,032)	61,433	36,953
Total Long-Term Obligations	$1,578,274	$99,877	($313,208)	$1,364,943	$36,953

Note 11 – Capital Leases

In prior years, the District entered into two leases, one with Stark County and one with Wayne County. Both leases were for garage expansion projects at the respective counties. The terms of each lease required the District to pay $100,000 towards the construction of additional space in the Counties' garages. The construction payment was in lieu of paying rent for a ten-year period. The District is using the new garage space for the ten-year period, at which point the terms of the leases will be renegotiated. The Stark County lease expires December 31, 2019 and the Wayne County lease expires December 31, 2020. The assets were not capitalized, per District policy.

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

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

Note 12 – Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance 12/31/2017	Additions	Deductions	Balance 12/31/2018
Capital Assets not being depreciated:				
Construction in Progress	$4,750	$4,750	($9,500)	$0
Capital Assets being depreciated:				
Land Improvements	91,745	0	0	91,745
Building and Improvements	493,214	30,086	0	523,300
Leasehold Improvements	476,501	0	0	476,501
Furniture, Fixtures and Equipment	117,270	52,289	(2,986)	166,573
Vehicles	2,045,205	0	(415,000)	1,630,205
Total Capital Assets being depreciated	3,223,935	82,375	(417,986)	2,888,324
Less Accumulated Depreciation				
Land Improvements	(38,642)	(3,184)	0	(41,826)
Building and Improvements	(255,363)	(15,157)	0	(270,520)
Leasehold Improvements	(47,018)	(20,512)	0	(67,530)
Furniture, Fixtures and Equipment	(69,276)	(15,377)	2,986	(81,667)
Vehicles	(878,098)	(251,181)	298,284	(830,995)
Total Accumulated Depreciation	(1,288,397)	(305,411)	301,270	(1,292,538)
Total Capital Assets being Depreciated, net	$1,935,538	($223,036)	($116,716)	$1,595,786
Total Capital Assets, net	$1,940,288	($218,286)	($126,216)	$1,595,786

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance 12/31/2016	Additions	Deductions	Balance 12/31/2017
Capital Assets not being depreciated:				
Construction in Progress	$37,000	$149,665	($181,915)	$4,750
Capital Assets being depreciated:				
Land Improvements	91,745	0	0	91,745
Building and Improvements	482,596	10,618	0	493,214
Leasehold Improvements	331,329	145,172	0	476,501
Furniture, Fixtures and Equipment	109,548	43,097	(35,375)	117,270
Vehicles	1,569,222	475,983	0	2,045,205
Total Capital Assets being depreciated	2,584,440	674,870	(35,375)	3,223,935
Less Accumulated Depreciation				
Land Improvements	(35,155)	(3,487)	0	(38,642)
Building and Improvements	(242,067)	(13,296)	0	(255,363)
Leasehold Improvements	(26,506)	(20,512)	0	(47,018)
Furniture, Fixtures and Equipment	(96,794)	(7,857)	35,375	(69,276)
Vehicles	(613,943)	(264,155)	0	(878,098)
Total Accumulated Depreciation	(1,014,465)	(309,307)	35,375	(1,288,397)
Total Capital Assets being Depreciated, net	$1,569,975	$365,563	$0	$1,935,538
Total Capital Assets, net	$1,606,975	$515,228	($181,915)	$1,940,288

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

	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.004931%	0.004658%	0.004797%	0.004027%	0.004027%
District's Proportionate Share of the Net Pension Liability	$773,577	$1,057,753	$830,901	$485,701	$474,731
District's Covered Payroll	$651,623	$602,142	$597,064	$493,742	$494,300
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	118.72%	175.67%	139.16%	98.37%	96.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

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

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

See accompanying notes to the required supplementary information

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

	2018	2017
District's Proportion of the Net OPEB Liability	0.004880%	0.004630%
District's Proportionate Share of the Net OPEB Liability	$529,933	$467,646
District's Covered Payroll	$691,273	$602,142
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.66%	77.66%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

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

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

See accompanying notes to the required supplementary information

See accountant's compilation report

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

	2018	2017	2016	2015	2014	2013
Net Pension Liability - Traditional Plan						
Contractually Required Contribution	$102,645	$84,711	$72,257	$71,648	$59,249	$64,259
Contributions in Relation to the Contractually Required Contribution	(102,645)	(84,711)	(72,257)	(71,648)	(59,249)	(64,259)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0
District Covered Payroll	$733,179	$651,623	$602,142	$597,064	$493,742	$494,300
Pension Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
Net OPEB Liability - OPEB Plan (3)						
Contractually Required Contribution	$1,721	$8,102	$12,043			
Contributions in Relation to the Contractually Required Contribution	(1,721)	(8,102)	(12,043)			
Contribution Deficiency (Excess)	$0	$0	$0			
District Covered Payroll (2)	$776,204	$691,273	$602,142			
OPEB Contributions as a Percentage of Covered Payroll	0.22%	1.17%	2.00%			

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

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

(3) Information prior to 2016 is not available.

See accompanying notes to the required supplementary information

Changes in Assumptions – OPERS Pension

Amounts reported beginning in 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented as follows:

	2017	2016 and prior
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

Changes in Assumptions – OPERS OPEB

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, Ohio (the District) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 20, 2019. We noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Charles E. Harris & Associates, Inc.
June 20, 2019