

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

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2022**

OHIO AUDITOR OF STATE
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, prepared by Julian & Grube, Inc., for the audit period January 1, 2022 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 07, 2023

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

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Independent Auditor's Report

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

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, Ohio, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Stark-Tuscarawas-Wayne Joint Solid Waste Management District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District, as of December 31, 2022, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Summarized Comparative Information

We have previously audited the Stark-Tuscarawas-Wayne Joint Solid Waste Management District's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 29, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Stark-Tuscarawas-Wayne Joint Solid Waste Management District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2023 on our consideration of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Stark-Tuscarawas-Wayne Joint Solid Waste Management District's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
June 14, 2023

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Management's Discussion and Analysis

For the Year Ended December 31, 2022

Unaudited

This discussion and analysis of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District's (the District) financial performance provides an overall review of the District's financial activities for the years ended December 31, 2022 and 2021. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Overview of the Financial Statements

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

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

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

Financial Highlights

The District implemented the final year of its 2019-2028 Solid Waste Plan, approved by the Ohio Environmental Protection Agency (EPA), on January 31, 2019, while also finalizing its 2023-2032 Solid Waste Plan to be submitted to the Ohio EPA in January 2023 for approval. Most of the District's grant funding levels and contracted expenses remained the same as in prior years, but the District did recognize a decrease in its net position, mainly due to decreased revenues from disposal fees. The District continued to partner with the City of Canton Recycling Center and the Canton City Health Department to provide a household hazardous waste collection as a year-round permanent site that serves all three counties. Additionally, the District partnered with the Wayne County Health Department to host two residential household hazardous waste collection events at the Wayne County Fairgrounds, as well as the District hosting a residential household hazardous waste collection event at the Tuscarawas County Fairgrounds, to better serve residents in all three counties. All residential household hazardous waste was disposed of by Clean Harbors. An appointment system is used for all residential household hazardous collections to better manage the flow of traffic, volume of material collected, and disposal costs.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Management's Discussion and Analysis

For the Year Ended December 31, 2022

Unaudited

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

Financial Position

The analysis below focuses on the District's financial position and the results of operations for 2022 compared to 2021:

	<u>2022</u>	<u>Restated 2021</u>	<u>Change</u>
Assets			
Current and Other Assets	\$4,743,891	\$4,962,658	(\$218,767)
Net OPEB Asset	186,645	99,805	86,840
Capital Assets, Net	814,657	972,606	(157,949)
<i>Total Assets</i>	<u>5,745,193</u>	<u>6,035,069</u>	<u>(289,876)</u>
Deferred Outflows of Resources	<u>286,779</u>	<u>240,139</u>	<u>46,640</u>
Liabilities	<u>930,511</u>	<u>1,261,751</u>	<u>331,240</u>
Deferred Inflows of Resources	<u>831,018</u>	<u>671,897</u>	<u>(159,121)</u>
Net Position			
Net Investment in Capital Assets	777,598	935,326	(157,728)
Restricted for OPEB Plan	11,234	0	11,234
Restricted for Other Purposes	1,320,279	1,563,225	(242,946)
Unrestricted	2,161,332	1,843,009	318,323
<i>Total Net Position</i>	<u>\$4,270,443</u>	<u>\$4,341,560</u>	<u>(\$71,117)</u>
Revenues			
Operating Revenues	\$3,965,668	\$4,161,732	(\$196,064)
Non-operating Revenues	156,819	(14,062)	170,881
<i>Total Revenues</i>	<u>4,122,487</u>	<u>4,147,670</u>	<u>(25,183)</u>
Expenses			
Operating Expenses	4,192,825	3,707,292	(485,533)
Non-operating Expenses	779	0	(779)
<i>Total Expenses</i>	<u>4,193,604</u>	<u>3,707,292</u>	<u>(486,312)</u>
<i>Change in Net Position</i>	(71,117)	440,378	(511,495)
Net Position, Beginning of Year	<u>4,341,560</u>	<u>3,901,182</u>	<u>440,378</u>
Net Position, End of Year	<u>\$4,270,443</u>	<u>\$4,341,560</u>	<u>(\$71,117)</u>

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Management's Discussion and Analysis

For the Year Ended December 31, 2022

Unaudited

The net pension liability (NPL) is the largest single liabilities reported by the District at December 31, 2022. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent year by \$4,270,443 (net position), which is a decrease of \$71,117. Of this amount, \$1,331,513 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 \$231,712, or 14.82 percent.

Unrestricted net position increased from the prior year by \$318,323, or 17.27 percent, which can be attributed to the District receiving more recyclable income and the timing of a pass-through Ohio EPA Market Development Grant. These unrestricted assets represent the accumulated interest and recyclable income earned over time 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 (\$777,598, or 18.21 percent, and \$935,326, or 21.54 percent, at December 31, 2022 and 2021, respectively, for a net decrease of \$157,728, or 16.86 percent) represents the District's investment in its capital assets. The decrease in the District's investment in its capital assets is the result of capital asset depreciation/amortization exceeding the minimal capital asset additions during the year.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Management's Discussion and Analysis

For the Year Ended December 31, 2022

Unaudited

The District's operating expenses exceeded its operating revenues by \$227,157. The main reason for this operating loss is due to the District receiving fewer tipping fees across the board while also realizing an increase in expenses. The District's operating expenses increased by \$485,533, or 13.1 percent. While some expenses did see decreases from the prior year, the increase was primarily due to wages and benefits resulting from GASB 68/75, which are the Pensions/Other Postemployment Benefits adjustments. It's also due to an increase in grants to others related to an Ohio EPA Market Development grant.

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 28.13 percent of the total operating expenses incurred during the year. Grants to others for 2022 totaled \$1,179,568, which is an increase of \$97,869 compared to 2021.

The District's operating revenues decreased by \$196,064, or 4.71 percent. The District's primary revenues are tipping fees. These receipts represented 89.38 percent of the total revenues received during the year. Tipping fee revenue for 2022 decreased by \$305,207 as compared to 2021. The decrease in tipping fee revenue can be attributed to changes in waste hauling contracts and inflation surging in 2022 resulting in a decrease in waste generation. In 2006, tipping fee revenue totaled \$5,524,941 but was then reduced 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.

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2022, the District had \$814,657 invested in an intangible asset, construction in progress, land improvements, building and improvements, leasehold improvements, furniture, fixtures and equipment, and vehicles. The following table shows 2022 balances compared to 2021:

	2022	Restated 2021
Construction in Progress	\$5,500	\$33,500
Land Improvements	37,325	40,436
Building and Improvements	192,175	207,326
Leasehold Improvements	326,923	347,435
Furniture, Fixtures and Equipment	76,114	50,853
Vehicles	139,851	255,776
Intangible Right to Use Asset - Land	36,769	37,280
Totals	<u>\$814,657</u>	<u>\$972,606</u>

All capital assets are reported net of depreciation/amortization. In 2022, capital assets decreased by \$157,949. This was primarily due to depreciation/amortization outpacing the minimal additions the District had during the year. For additional information on capital assets, see Note 11.

Debt Administration

As of December 31, 2022, the District had \$37,059 related to a lease payable for the land the District conducts operations. See Note 10 for additional information.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Management's Discussion and Analysis

For the Year Ended December 31, 2022

Unaudited

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 fully implemented its final year of the 2019 Solid Waste Plan and certified the ratification and submission of the final draft, amended 2023 Solid Waste Plan on January 20, 2023, to be approved by the Ohio EPA. 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. Although most grant programs remained the same in 2022 as the previous year there will be a noticeable decrease in grants to others with implementation of the approved 2023 Solid Waste Plan to better balance the budget and maintain core recycling programs. The District continues to educate and market the promotion of clean recycling, combat contamination at the public drop-offs, and improve recycling opportunities for the community.

Contacting the District's Management

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

Basic Financial Statements

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

*Statement of Net Position
December 31, 2022 and 2021*

	2022	2021
Assets		
<i>Current Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	\$4,311,451	\$4,419,438
Accrued Interest Receivable	10,105	10,659
Settlement Receivable	2,245	13,046
Tipping Fee Receivable	407,280	487,617
Recyclable Income Receivable	8,458	27,627
Intergovernmental Receivable	109	1,119
Prepaid Items	4,243	3,152
<i>Total Current Assets</i>	<u>4,743,891</u>	<u>4,962,658</u>
<i>Noncurrent Asset:</i>		
Restricted Asset:		
Net OPEB Asset (See Note 7)	186,645	99,805
Nondepreciable Capital Assets	5,500	33,500
Depreciable Capital Assets, Net	809,157	939,106
<i>Total Noncurrent Assets</i>	<u>1,001,302</u>	<u>1,072,411</u>
<i>Total Assets</i>	<u>5,745,193</u>	<u>6,035,069</u>
Deferred Outflows of Resources		
Pension	269,347	164,342
OPEB	17,432	75,797
<i>Total Deferred Outflows of Resources</i>	<u>286,779</u>	<u>240,139</u>
Liabilities		
<i>Current Liabilities:</i>		
Accounts Payable	80,718	77,768
Accrued Wages	42,509	37,806
Intergovernmental Payable	174,019	200,754
Compensated Absences Payable	52,004	38,644
Lease Payable	226	221
<i>Total Current Liabilities</i>	<u>349,476</u>	<u>355,193</u>
<i>Long-Term Liabilities:</i>		
Compensated Absences Payable (net of current portion)	17,392	23,380
Lease Payable	36,833	37,059
Net Pension Liability (See Note 6)	526,810	846,119
<i>Total Long-Term Liabilities</i>	<u>581,035</u>	<u>906,558</u>
<i>Total Liabilities</i>	<u>930,511</u>	<u>1,261,751</u>
Deferred Inflows of Resources		
Pension	638,175	365,844
OPEB	192,843	306,053
<i>Total Deferred Inflows of Resources</i>	<u>831,018</u>	<u>671,897</u>
Net Position		
Net Investment in Capital Assets	777,598	935,326
Restricted for OPEB Plan	11,234	0
Restricted for Other Purposes	1,320,279	1,563,225
Unrestricted	2,161,332	1,843,009
<i>Total Net Position</i>	<u>\$4,270,443</u>	<u>\$4,341,560</u>

See accompanying notes to the basic financial statements

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

*Statement of Revenues,
Expenses and Changes in Net Position
For the Years Ended December 31, 2022 and 2021*

	2022	2021
Operating Revenues		
Tipping Fees:		
Inside District	\$930,998	\$1,004,604
Outside District	2,727,274	2,953,390
Outside State	26,361	31,846
Recyclable Income	278,469	167,102
Other	2,566	4,790
<i>Total Operating Revenues</i>	<u>3,965,668</u>	<u>4,161,732</u>
Operating Expenses		
Wages and Benefits	962,292	593,264
Education and Awareness	192,002	175,777
Tire Collection	103,305	100,655
Professional Fees	38,348	53,955
Administrative Office Supplies and Vehicle Expense	57,958	60,950
Utilities	17,354	19,497
Computer and Website	15,747	16,647
Postage and Delivery	2,266	2,132
Printing and Brochures	1,158	942
Administrative Travel and Expenses	566	368
Advertising	41	0
Cleaning and Maintenance	41,336	16,423
Insurance	25,467	26,080
Grants to Others:		
Financial Assistance to City/County Boards of Health	325,000	325,000
Community Recycling Grants	362,618	431,882
Yard Waste Grants	6,950	39,817
County Sheriff's Grants	285,000	285,000
Market Development Grant	200,000	0
Recycling Collection	895,397	911,719
Yard Waste Collection	156,581	188,100
Household Hazardous Waste/Electronics Collection	310,806	268,051
American Landfill Settlement	12,500	12,500
Depreciation Expense	180,133	178,533
<i>Total Operating Expenses</i>	<u>4,192,825</u>	<u>3,707,292</u>
<i>Operating Income (Loss)</i>	<u>(227,157)</u>	<u>454,440</u>
Non-Operating Revenues (Expenses)		
Investment Earnings/Interest	(66,581)	(20,283)
Program Startup Recycling Grant	0	5,221
Community and Litter Grant	22,400	0
Market Development Grant	200,000	0
Public Entities Pool Safety Grant	1,000	1,000
Interest Expense	(779)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>156,040</u>	<u>(14,062)</u>
<i>Change in Net Position</i>	(71,117)	440,378
<i>Net Position Beginning of Year</i>	<u>4,341,560</u>	<u>3,901,182</u>
<i>Net Position End of Year</i>	<u>\$4,270,443</u>	<u>\$4,341,560</u>

See accompanying notes to the basic financial statements

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Statement of Cash Flows

For the Years Ended December 31, 2022 and 2021

	2022	2021
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
Cash Flows from Operating Activities		
Cash Received from Tipping Fees	\$3,764,970	\$3,820,087
Cash Received from Recycling Income	297,638	150,083
Other Cash Receipts	2,576	4,741
Cash Payments to Employees for Services	(1,244,745)	(1,233,247)
Cash Payments for Goods and Services	(502,109)	(456,723)
Cash Payments for Grants to Others	(1,207,919)	(1,163,540)
Cash Payments for Recyclable Material Collections	(1,366,633)	(1,471,114)
<i>Net Cash Used for Operating Activities</i>	<u>(256,222)</u>	<u>(349,713)</u>
Cash Flows from Noncapital Financing Activities		
Grants	224,400	70,721
Landfill Settlement	13,046	13,800
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>237,446</u>	<u>84,521</u>
Cash Flows from Capital Activities		
Acquisition of Capital Assets	(22,184)	(33,500)
Principal Payment	(221)	0
Interest Payment	(779)	0
<i>Net Cash Used for Capital Activities</i>	<u>(23,184)</u>	<u>(33,500)</u>
Cash Flows from Investing Activities		
Interest on Investments	(66,027)	(17,722)
<i>Net Decrease in Cash and Cash Equivalents</i>	<u>(107,987)</u>	<u>(316,414)</u>
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>4,419,438</u>	<u>4,735,852</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$4,311,451</u></u>	<u><u>\$4,419,438</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities		
Operating Income (Loss)	(\$227,157)	\$454,440
Adjustments:		
Depreciation	180,133	178,533
(Increase) Decrease in Assets:		
Settlement Receivable	(2,245)	(546)
Tipping Fees Receivable	80,337	(169,753)
Recyclable Income Receivable	19,169	(17,019)
Intergovernmental Receivable	10	(49)
Prepaid Items	(1,091)	344
Net OPEB Asset	2,706	(482,331)
Decrease in Deferred Outflows of Resources - Pension	230,831	202,968
Decrease in Deferred Outflows of Resources - OPEB	89,381	122,436
Increase (Decrease) in Liabilities:		
Accounts Payable	2,950	(24,892)
Accrued Wages	4,703	(24,077)
Intergovernmental Payable	(26,735)	(123,810)
Compensated Absences Payable	7,372	6,652
Net Pension Liability	(30,267)	(4,534)
Decrease in Deferred Inflows of Resources - Pension	(352,547)	(253,114)
Decrease in Deferred Inflows of Resources - OPEB	(233,772)	(214,961)
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$256,222)</u></u>	<u><u>(\$349,713)</u></u>

See accompanying notes to the basic financial statements

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 1 – Description of the Entity

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

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

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

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

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

Measurement Focus

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

Basis of Accounting

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

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

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 assets 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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include pension and OPEB plans. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 6 and 7).

Cash and Investments

During 2022, investments were limited to commercial paper, a money market account, federal home loan mortgage corporation notes, federal national mortgage association notes, federal farm credit bank notes, federal home loan bank notes, U.S. treasury notes, negotiable certificates of deposits, and STAR Ohio, the State Treasurer's Investment Pool. Investments are reported at fair value except for commercial paper and STAR Ohio. The District's commercial paper is measured at amortized cost, as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

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 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates; however, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

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, 2022, 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.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Restricted Assets

Assets are reported as restricted when limitations on their usage change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions. The restricted asset represents the amount held in trust by the OPEB plan for future benefits.

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. All capital assets (except for intangible right to use lease assets which are discussed later) 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/amortization are removed from the accounts and any resulting gain or loss is recognized in income for the period. Donated capital assets are recorded at acquisition values as of the date received. Depreciation of property and equipment is computed using the straight-line method over the following useful lives:

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

The District is reporting intangible right to use assets related to leased land. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, these intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Pensions/Other Postemployment Benefits (OPEB)

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

Accrued Liabilities and Long-Term Obligations

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

Operating Revenues and Expenses

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

Estimates

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

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. For 2022, the District had restricted net position in the amount of \$1,331,513. The amount restricted for the OPEB plan represents the corresponding restricted asset amount after considering the related deferred outflows and deferred inflows. 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). Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 3 – Change in Accounting Principles

For fiscal year 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* and related guidance from (GASB) Implementation Guide No. 2019-3, *Leases*. The District also implemented GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 92, *Omnibus 2020*, GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, and *Implementation Guide No. 2020-1*

GASB Statement 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the District's 2022 financial statements. The District recognized \$37,280 in a lease payable at January 1, 2022 which was offset by the intangible asset, right to use lease - land.

GASB 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB 92 addresses a variety of topics including reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers and references to nonrecurring fair value measurements of assets or liabilities in authoritative literature. These changes did not impact the City's financial statements.

GASB 97, among other items, requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan.

The changes for GASB 87, GASB 91 and GASB 97 were incorporated in the District's 2022 financial statements; however, there was no effect on beginning net position.

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.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

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

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

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.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

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, 2022, \$6,353 of the District's total bank balance of \$518,464 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, 2021, \$84,249 of the District's total bank balance of \$556,563 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized.

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

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

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

Investments

As of December 31, 2022, the District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Amortized Cosst:				
Commercial Paper	\$1,243,987	Less Than One Year	A-1/A-1+	32.66 %
Fair Value - Level 1 Inputs:				
Money Market Account	4,994	Less Than One Year	N/A	N/A
Fair Value - Level 2 Inputs:				
Federal Home Loan Mortgage Corporation Notes	125,377	Less Than Three Years	AA+	N/A
Federal National Mortgage Association Notes	192,548	Less Than Three Years	AA+	5.05
Federal Farm Credit Bank Notes	324,706	Less Than Five Years	AA+	8.52
Federal Home Loan Bank Notes	360,825	Less Than Two Years	AA+/A-1+	9.47
U.S. Treasury Notes	417,408	Less Than Two Years	AA+	10.96
Negotiable Certificates of Deposit	905,295	Less Than Two Years	N/A	23.77
Net Asset Value (NAV) Per Share:				
STAR Ohio	234,140	31.9 Days	AAAm	N/A
Total Investments	<u>\$3,809,280</u>			

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

As of December 31, 2021, the District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Amortized Cost:				
Commercial Paper	\$739,377	Less Than One Year	A-1 - A-1+	19.08 %
Fair Value - Level 1 Inputs:				
Money Market Account	11,290	Less Than One Year	N/A	0.29
Fair Value - Level 2 Inputs:				
Federal Home Loan Mortgage Corporation Notes	137,101	Less Than Five Years	AA+	3.54
Federal National Mortgage Association Notes	210,061	Less Than Five Years	AA+	5.42
Federal Farm Credit Bank Notes	188,598	Less Than Three Years	AA+	4.87
Federal Home Loan Bank Notes	277,272	Less Than Three Years	AA+ - AAA	7.15
Negotiable Certificates of Deposit	2,081,407	Less Than Three Years	N/A	53.71
Net Asset Value (NAV) Per Share:				
STAR Ohio	230,201	51.3 Days	AAA _m	N/A
Total Investments	<u>\$3,875,307</u>			

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The preceding chart identifies the District's recurring fair value measurements as of December 31, 2022. The money market account 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 AAA_m 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 commercial paper, money market account, federal home loan mortgage corporation notes, federal national mortgage association notes, federal farm credit bank notes, federal home loan bank notes, U.S. treasury notes, and negotiable certificates of deposit are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty. The District has no investment policy dealing with investment custodial credit risk beyond the requirements in State statute that requires securities shall be delivered into the custody of the treasurer or governing board or an agent designated by the treasurer or governing board.

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

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 5 – Receivables

Receivables at December 31, 2022 consisted of accrued interest, a legal settlement receivable, tipping fees, recyclable income, and intergovernmental monies 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

Intergovernmental receivables consisted of an Ohio Bureau of Workers' Compensation safety rebate for \$109.

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

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

Net Pension Liability (Asset) /Net OPEB Liability (Asset)

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

The Ohio Revised Code limits the District's obligation for this liability 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 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

Plan Description

District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

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

Final Average Salary (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. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), 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. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

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

	<u>State and Local</u>
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2022 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	<u>0.0</u>
Total Employer	<u><u>14.0 %</u></u>
Employee	<u><u>10.0 %</u></u>

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

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

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

For 2022, the District’s contractually required contribution was \$120,511 for the traditional plan and \$7,106 for the member-directed plan. Of these amounts, \$24,417 is reported as an intergovernmental payable for the traditional plan and \$1,029 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 (asset) for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F’s total pension liability was measured as of December 31, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. The District’s proportion of the net pension liability (asset) was based on the District’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the District’s defined benefit pension plans:

	<u>OPERS</u>
Proportion of the Net Pension Liability:	
Current Measurement Date	0.006055%
Prior Measurement Date	0.005714%
Change in Proportionate Share	<u><u>0.000341%</u></u>
 Proportionate Share of the Net Pension Liability	 \$526,810
Pension Expense	(\$31,472)

2022 pension expense for the member-directed defined contribution plan was \$5,036. The aggregate pension expense for all pension plans was a negative (\$26,436) for 2022.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	<u>OPERS</u> <u>Traditional Plan</u>
Deferred Outflows of Resources	
Differences between expected and actual experience	\$26,856
Changes of assumptions	65,877
Changes in proportion and differences between District contributions and proportionate share of contributions	56,103
District contributions subsequent to the measurement date	<u>120,511</u>
Total Deferred Outflows of Resources	<u><u>\$269,347</u></u>
Deferred Inflows of Resources	
Differences between expected and actual experience	\$11,554
Net difference between projected and actual earnings on pension plan investments	<u>626,621</u>
Total Deferred Inflows of Resources	<u><u>\$638,175</u></u>

\$120,511 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 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>
2023	(\$38,878)
2024	(203,435)
2025	(147,344)
2026	<u>(99,682)</u>
Total	<u><u>(\$489,339)</u></u>

Actuarial Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, prepared as of December 31, 2021, reflecting experience study results, are presented as follows:

	<u>OPERS Traditional Plan</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2022, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

Key actuarial assumptions and methods used in the prior actuarial valuation, prepared as of December 31, 2020, are presented as follows:

	<u>OPERS Traditional Plan</u>
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	0.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

For 2020, 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 the previously described tables.

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For the Year Ended December 31, 2022

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 15.3 percent for 2021.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	24.00%	1.03%
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	<u>4.00</u>	2.85
Total	<u>100.00%</u>	<u>4.21%</u>

Discount Rate The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan and the combined plan. The discount rate for the prior year was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability (asset)	\$1,388,956	\$526,810	(\$190,611)

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

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

Plan Description

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced as follows for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 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 \$2,030 for 2022. Of this amount, \$411 is reported as an intergovernmental payable.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The District's proportion of the net OPEB liability (asset) 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:

	<u>OPERS</u>
Proportion of the Net OPEB Liability (Asset):	
Current Measurement Date	0.005959%
Prior Measurement Date	0.005602%
Change in Proportionate Share	<u>0.000357%</u>
Proportionate Share of the Net OPEB Asset	(\$186,645)
OPEB Expense	(\$139,655)

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

	<u>OPERS</u>
Deferred Outflows of Resources	
Changes in proportion and differences between District contributions and proportionate share of contributions	\$15,402
District contributions subsequent to the measurement date	<u>2,030</u>
Total Deferred Outflows of Resources	<u>\$17,432</u>
Deferred Inflows of Resources	
Differences between expected and actual experience	\$28,311
Changes of assumptions	75,552
Net difference between projected and actual earnings on OPEB plan investments	<u>88,980</u>
Total Deferred Inflows of Resources	<u>\$192,843</u>

\$2,030 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

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For the Year Ended December 31, 2022

Year Ending December 31:	OPERS
2023	(\$105,927)
2024	(39,293)
2025	(19,441)
2026	(12,780)
Total	(\$177,441)

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 health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

	December 31, 2021	December 31, 2020
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases,	2.75 to 10.75 percent	3.25 to 10.75 percent
	including wage inflation	including wage inflation
Single Discount Rate	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.5 percent, initial	8.5 percent, initial
	3.50 percent, ultimate in 2034	3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

For 2020, 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, 2020.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 14.3 percent for 2021.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00%	0.91%
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	<u>100.00%</u>	<u>3.45%</u>

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Discount Rate A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index’s “20-Year Municipal GO AA Index”). 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 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the District’s Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following table presents the District’s proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 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 (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease <u>(5.00%)</u>	Current Discount Rate <u>(6.00%)</u>	1% Increase <u>(7.00%)</u>
City’s proportionate share of the net OPEB liability (asset)	(\$109,765)	(\$186,645)	(\$250,457)

Sensitivity of the District’s Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease <u></u>	Current Health Care Cost Trend Rate Assumption <u></u>	1% Increase <u></u>
District’s proportionate share of the net OPEB liability (asset)	(\$188,662)	(\$186,645)	(\$184,252)

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

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 2022, the District obtained commercial insurance through Public Entities Pool of Ohio (PEP), for the following risks:

<u>Coverage</u>	<u>Limit</u>
Property	\$971,500
Automobile	4,000,000
General Liability	4,000,000
Public Officials	4,000,000
Cyber Liability	4,000,000
Umbrella	4,000,000

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

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.

Deferred Compensation

District employees may participate in the Ohio Public Employees Deferred Compensation Plan and the Ohio County Employees Retirement Plan. These plans were created in accordance with Internal Revenue Code Section 456 and are considered other employee benefit plans. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 10 – Long-Term Obligations

A schedule of changes in bonds and other long-term obligations of the District during 2022 follows:

	Restated Principal Outstanding 12/31/2021	Additions	Deletions	Principal Outstanding 12/31/2022	Amounts Due in One Year
<i>Long-Term Obligations:</i>					
Compensated Absences	\$62,024	\$46,016	(\$38,644)	\$69,396	\$52,004
Lease Payable	37,280	0	(221)	37,059	226
OPERS Net Pension Liability	846,119	0	(319,309)	526,810	0
<i>Total Long-Term Obligations</i>	<u>\$945,423</u>	<u>\$46,016</u>	<u>(\$358,174)</u>	<u>\$633,265</u>	<u>\$52,230</u>

The District has an outstanding agreement to lease land. Due to the implementation of GASB Statement 87, the lease has met the criteria of leases, thus requiring it to be recorded by the District. The future lease payments were discounted based on the interest rate implicit in the lease or using the District's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. A summary of the principal and interest amounts for the remaining lease is as follows:

Year	Principal	Interest
2023	\$226	\$774
2024	230	770
2025	235	765
2026	240	760
2027	245	755
2028-2032	1,304	3,696
2033-2037	1,446	3,554
2038-2042	1,604	3,396
2043-2047	1,778	3,222
2048-2052	1,972	3,028
2053-2057	2,187	2,813
2058-2062	2,425	2,575
2063-2067	2,690	2,310
2068-2072	2,983	2,017
2073-2077	3,308	1,692
2078-2082	3,668	1,332
2083-2087	4,067	933
2088-2092	4,511	489
2093-2094	1,940	60
Total	<u>\$37,059</u>	<u>\$34,941</u>

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 11 – Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	Restated Balance 12/31/2021	Additions	Deductions	Balance 12/31/2022
Capital Assets not being depreciated:				
Construction in Progress	\$33,500	\$0	(\$28,000)	\$5,500
Capital Assets being depreciated/amortized:				
Land Improvements	91,745	0	0	91,745
Building and Improvements	523,300	0	0	523,300
Leasehold Improvements	476,501	0	0	476,501
Furniture, Fixtures and Equipment	182,704	50,184	0	232,888
Vehicles	1,040,749	0	0	1,040,749
Intangible Right to Use Asset - Land	37,280	0	0	37,280
Total Capital Assets being depreciated/amortized	<u>2,352,279</u>	<u>50,184</u>	<u>0</u>	<u>2,402,463</u>
Less Accumulated Depreciation/Amortization				
Land Improvements	(51,309)	(3,111)	0	(54,420)
Building and Improvements	(315,974)	(15,151)	0	(331,125)
Leasehold Improvements	(129,066)	(20,512)	0	(149,578)
Furniture, Fixtures and Equipment	(131,851)	(24,923)	0	(156,774)
Vehicles	(784,973)	(115,925)	0	(900,898)
Intangible Right to Use Asset - Land	0	(511)	0	(511)
Total Accumulated Depreciation/Amortization	<u>(1,413,173)</u>	<u>(180,133)</u>	<u>0</u>	<u>(1,593,306)</u>
Total Capital Assets being Depreciated/Amortized, net	<u>939,106</u>	<u>(129,949)</u>	<u>0</u>	<u>809,157</u>
Total Capital Assets, net	<u>\$972,606</u>	<u>(\$129,949)</u>	<u>(\$28,000)</u>	<u>\$814,657</u>

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance 12/31/2020	Additions	Deductions	Balance 12/31/2021
Capital Assets not being depreciated:				
Construction in Progress	\$0	\$33,500	\$0	\$33,500
Capital Assets being depreciated/amortized:				
Land Improvements	91,745	0	0	91,745
Building and Improvements	523,300	0	0	523,300
Leasehold Improvements	476,501	0	0	476,501
Furniture, Fixtures and Equipment	182,704	0	0	182,704
Vehicles	1,040,749	0	0	1,040,749
Intangible Right to Use Asset - Land	37,280	0	0	37,280
Total Capital Assets being depreciated/amortized	<u>2,352,279</u>	<u>0</u>	<u>0</u>	<u>2,352,279</u>
Less Accumulated Depreciation/Amortization				
Land Improvements	(48,198)	(3,111)	0	(51,309)
Building and Improvements	(300,822)	(15,152)	0	(315,974)
Leasehold Improvements	(108,554)	(20,512)	0	(129,066)
Furniture, Fixtures and Equipment	(114,160)	(17,691)	0	(131,851)
Vehicles	(662,906)	(122,067)	0	(784,973)
Total Accumulated Depreciation/Amortization	<u>(1,234,640)</u>	<u>(178,533)</u>	<u>0</u>	<u>(1,413,173)</u>
Total Capital Assets being Depreciated/Amortized, net	<u>1,117,639</u>	<u>(178,533)</u>	<u>0</u>	<u>939,106</u>
Total Capital Assets, net	<u>\$1,117,639</u>	<u>(\$145,033)</u>	<u>\$0</u>	<u>\$972,606</u>

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023.

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 Nine Years (1) **

	2022	2021	2020
District's Proportion of the Net Pension Liability	0.006055%	0.005714%	0.005414%
District's Proportionate Share of the Net Pension Liability	\$526,810	\$846,119	\$1,070,115
District's Covered Payroll	\$878,821	\$804,721	\$761,721
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	59.95%	105.14%	140.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%

(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

2019	2018	2017	2016	2015	2014
0.005428%	0.004931%	0.004658%	0.004797%	0.004027%	0.004027%
\$1,486,619	\$773,577	\$1,057,753	\$830,901	\$485,701	\$474,731
\$733,179	\$651,623	\$602,142	\$597,064	\$493,742	\$494,300
202.76%	118.72%	175.67%	139.16%	98.37%	96.04%
74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

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

	2022	2021	2020
District's Proportion of the Net OPEB Liability	0.005959%	0.005602%	0.005315%
City's Proportionate Share of the Net OPEB Asset	\$186,645	\$99,805	\$0
District's Proportionate Share of the Net OPEB Liability	\$0	\$0	\$734,140
District's Covered Payroll	\$929,171	\$847,146	\$802,996
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	20.09%	11.78%	91.43%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	128.23%	115.57%	47.80%

(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

2019	2018	2017
0.005351%	0.004880%	0.004630%
\$0	\$0	\$0
\$697,645	\$529,933	\$467,646
\$776,204	\$691,273	\$602,142
89.88%	76.66%	77.66%
46.33%	54.14%	54.04%

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 Ten Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Pension Liability - Traditional Plan			
Contractually Required Contribution	\$120,511	\$123,035	\$112,661
Contributions in Relation to the Contractually Required Contribution	<u>(120,511)</u>	<u>(123,035)</u>	<u>(112,661)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$860,793	\$878,821	\$804,721
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
 Net OPEB Liability - OPEB Plan (2)			
Contractually Required Contribution	\$2,030	\$2,014	\$1,697
Contributions in Relation to the Contractually Required Contribution	<u>(2,030)</u>	<u>(2,014)</u>	<u>(1,697)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll (1)	\$911,543	\$929,171	\$847,146
OPEB Contributions as a Percentage of Covered Payroll	<u>0.22%</u>	<u>0.22%</u>	<u>0.20%</u>

(1) 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.

(2) Information prior to 2016 is not available.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014	2013
\$106,641	\$102,645	\$84,711	\$72,257	\$71,648	\$59,249	\$64,259
<u>(106,641)</u>	<u>(102,645)</u>	<u>(84,711)</u>	<u>(72,257)</u>	<u>(71,648)</u>	<u>(59,249)</u>	<u>(64,259)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$761,721	\$733,179	\$651,623	\$602,142	\$597,064	\$493,742	\$494,300
<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$1,651	\$1,721	\$8,102	\$12,043			
<u>(1,651)</u>	<u>(1,721)</u>	<u>(8,102)</u>	<u>(12,043)</u>			
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			
\$802,996	\$776,204	\$691,273	\$602,142			
<u>0.21%</u>	<u>0.22%</u>	<u>1.17%</u>	<u>2.00%</u>			

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Required Supplementary Information

For the Year Ended December 31, 2022

Changes in Assumptions – OPERS Pension – Traditional Plan

Amounts reported beginning in 2022 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented as follows:

	2022	2019	2018 and 2017	2016 and prior
Wage Inflation	2.75 percent	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:				
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age

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

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

2022	3.0 percent, simple through 2022 then 2.05 percent, simple
2021	0.5 percent, simple through 2021 then 2.15 percent, simple
2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple 5.50 to 5.00 percent

Amounts reported beginning in 2022 use pre-retirement mortality rates based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Notes to the Required Supplementary Information

For the Year Ended December 31, 2022

Amounts reported beginning in 2017 use 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 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 Pension – Combined Plan

	2022	2019	2018
Wage Inflation	2.75 percent	3.25 percent	3.25 percent
Future Salary Increases	2.75 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:			
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

For 2022, 2021 and 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013, retirees as the Traditional Plan.

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

*Notes to the Required Supplementary Information
For the Year Ended December 31, 2022*

Changes in Assumptions – OPERS OPEB

Wage Inflation:	
2022	2.75 percent
2021 and prior	3.25 percent
Projected Salary Increases (including wage inflation):	
2022	2.75 to 10.75 percent
2021 and prior	3.25 to 10.75 percent
Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2022	1.84 percent
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2022	6.00 percent
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2022	5.5 percent, initial 3.5 percent, ultimate in 2034
2021	8.5 percent, initial 3.5 percent, ultimate in 2035
2020	10.5 percent, initial 3.5 percent, ultimate in 2030
2019	10.0 percent, initial 3.25 percent, ultimate in 2029
2018	7.5 percent, initial 3.25 percent, ultimate in 2028

Changes in Benefit Terms – OPERS OPEB

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

**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 Boulevard, NE
Bolivar, Ohio 44612

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Stark-Tuscarawas-Wayne Joint Solid Waste Management District, Tuscarawas County, Ohio, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Stark-Tuscarawas-Wayne Joint Solid Waste Management District's basic financial statements, and have issued our report thereon dated June 14, 2023.

Report on Internal Control over Financial Reporting

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

Stark-Tuscarawas-Wayne Joint Solid Waste Management District

Tuscarawas County

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*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Stark-Tuscarawas-Wayne Joint Solid Waste Management District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Stark-Tuscarawas-Wayne Joint Solid Waste Management 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 Stark-Tuscarawas-Wayne Joint Solid Waste Management District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

June 14, 2023

OHIO AUDITOR OF STATE KEITH FABER



STARK-TUSCARAWAS-WAYNE JOINT SOLID WASTE MANAGEMENT DISTRICT

TUSCARAWAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/19/2023

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

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