

**INDEPENDENT AUDITOR'S REPORT OF THE
BERKELEY COUNTY SOLID WASTE
AUTHORITY, WEST VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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BERKELEY COUNTY SOLID WASTE AUTHORITY

Schedule of Funds

For the Year Ended June 30, 2018

GOVERNMENTAL FUND TYPE

MAJOR FUND

General

BERKELEY COUNTY SOLID WASTE AUTHORITY

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INTRODUCTORY SECTION

BERKELEY COUNTY SOLID WASTE AUTHORITY

Board Members

For the Year Ended June 30, 2018

<u>Office</u>	<u>Name</u>	<u>Term Expires</u>
Chairman	Clint R. Hogbin	06/30/19
Vice Chairman	Michael Roberts	06/30/20
Secretary	John Christensen	06/30/20
Board Member	Mark Barney	06/30/21
Board Member	Matthew Grove	06/30/18

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Board
Berkeley County Solid Waste Authority
Inwood, West Virginia 25428

Report on the Financial Statements

We have audited the accompanying financial statements of the Berkeley County Solid Waste Authority, West Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Berkeley County Solid Waste Authority, West Virginia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Berkeley County Solid Waste Authority, West Virginia, as of June 30, 2018, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 5–9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Berkeley County Solid Waste Authority, West Virginia's basic financial statements. The introductory section is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2019, on our consideration of the Berkeley County Solid Waste Authority, West Virginia'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 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 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 Berkeley County Solid Waste Authority, West Virginia's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Fizer & Associates, PLLC". The signature is written in a cursive, flowing style.

Fizer & Associates, PLLC
Charleston, West Virginia
June 27, 2019

BERKELEY COUNTY SOLID WASTE AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

This discussion and analysis of the Berkeley County Solid Waste Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2018. It should be read in conjunction with the accompanying financial statements which follow immediately after this discussion. This discussion and analysis includes comparative data from prior years.

1. Report Layout

This report consists of the Management's Discussion and Analysis (MD&A) as well as the basic financial statements and the notes to the financial statements.

Basic Financial Statements

The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the Authority owns, the liabilities it owes, and the net difference.

The Statement of Activities focuses on the gross and net costs of the Authority's programs and the extent to which such programs rely upon donations and intergovernmental revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Authority's financial condition.

The Management's Discussion and Analysis is intended to explain the significant changes in financial position and differences in operation between the current and prior years. Changes from prior years are explained in the following paragraphs.

2. Analysis of Financial Position and Results of Operations

The Berkeley County Commission established the Berkeley County Solid Waste Authority (BCSWA) on January 1, 1989. The Authority's primary responsibility is solid waste management, as defined in the West Virginia Solid Waste Management Act.

During FY18, the primary focus for the BCSWA has been to operate, manage and expand the Berkeley County Recycling Program and the Berkeley County Litter Control Program.

In FY18, the Berkeley County Recycling Program completed its 23rd year of operation. The purpose of the recycling program is to redirect select components of the waste stream into the commodities market for reuse or recycling in a manner that is cost efficient and effective. The drop off component of the recycling program currently operates at three locations around the County. In calendar year 2017, the drop off sites had 132,697 participants and marketed about 4,603 tons of recyclables. The drop off program accepts more than 20 separate categories of recyclables and is the primary disposal method for many items banned from placement in landfills. During calendar year 2017, Apple Valley Waste Services continued its “single stream” recycling program with about 1,703 subscribers. In calendar year 2017, the “single stream” program collected and recycled 586 tons of recyclables. The curbside program is required by its WV-PSC permit to deliver its recyclables to the Berkeley County Recycling Program so as to not to harm the historical BCSWA recycling program.

The Berkeley County Recycling Program is an award winning program that is generally considered the most comprehensive and unique recycling program in the four-state region and throughout the State. Through an on- going public awareness campaign, citizens and businesses are encouraged to utilize the recycling program to reduce litter, reduce open dumping, reduce their waste subscription fees, preserve landfill space, reduce landfill related pollution concerns, create employment and preserve natural resources. In FY18, funding for the recycling program comes from state tipping fees, local landfill host fees, Berkeley County Council, commodity market, Entsorga land lease, cost sharing processing fees and grants from the WV-DEP, WV-SWMB and other entities.

During FY18, the BCSWA continued its long standing efforts to preserve our county’s natural beauty through the operation of Berkeley County Litter Control Program. The Berkeley County Litter Control Program has been in operation since 1989. This program assists the public in cleanup of open dumps, contains an ongoing education program and a collection effort of items frequently found in open dumps. While cooperatives continue with the WV-DNR Conservation Officers, the primary enforcement efforts are now with the implementation of a litter law enforcement agreement under the control of the Berkeley County Sheriff’s Department. Special collection programs also exist as part of the litter control program for items such as tires, paint and household hazardous wastes as funding allows.

In calendar year 2017, the litter control program processed 157 complaints. The purpose of the cooperative is to significantly advance the local enforcement of the state’s litter control laws and increase litter and open dumping cleanup activity. The efforts in Berkeley County led to being awarded either 1st place or 2nd place for four (4) consecutive years in the West Virginia Make it Shine Clean County Contest.

Finally, the BCSWA continued its public education efforts to serve the public. For example, promotional efforts are ongoing with a well-developed webpage, Facebook site, newsprint, radio interviews, tours, roadside billboards and public speaking are common methods utilized for the promotion of the county's solid waste programs. Currently, there are over 1,830 people actively following the BCSWA Facebook account.

1. Authority as a Whole

Net Position at Year End

	2018	2017
Cash and cash equivalents	\$ 462,371.00	\$ 548,278.90
Capital assets, net	<u>1,895,975.73</u>	<u>1,840,146.72</u>
Total assets	<u>2,362,653.58</u>	<u>2,392,229.46</u>
Accounts payable	17,573.12	4,121.82
Compensated absences payable	<u>3,354.75</u>	<u>753.66</u>
Total liabilities	<u>20,927.87</u>	<u>4,875.48</u>
Net position:		
Net investment in capital assets	1,895,975.73	1,840,146.72
Restricted	262,654.00	318,012.54
Unrestricted	<u>183,095.98</u>	<u>229,194.72</u>
Total net position	<u>\$ 2,341,725.71</u>	<u>\$ 2,387,353.98</u>

2. Analysis of Balances and Transactions of Major Individual Funds.

For FY18, the Treasurer reported that expenses exceeded revenues for the year by the amount of \$45,628.27. The predominate reason that the BCSWA spent more than it received in FY18 was due to the timing of the grant money disbursements and depreciation expense. The BCSWA also received State grants totaling

\$47,940.00. The Berkeley County Council contributed \$66,128.00 in funding for the recycling program and an additional \$7,067.00 for the litter control program. Finally, the income from donations, commodity sales, lease revenues and cost sharing processing fees were \$326,242.70.

In FY18, grant funding for the county's recycling and litter control programs from the Berkeley County Council continued its downward trending and was down about \$30,000 when compared to 2009 funding levels. Cost sharing processing fees and other miscellaneous revenue increased with the continuation of the brush- processing fee, mulch sales and cost sharing fees implemented for the handling of electronics. Thus far, state grants remained relatively strong, though not significant enough to support the expected growth in coming years. It remains the BCSWA's stated goal to eventually establish a program that is continuous and self- sustaining.

Statement of Activities

For the Years Ended June 30, 2016 and
June 30, 2018

	2018	2017
PUBLIC SUPPORT AND REVENUES:		
Public support	\$ 151,310.06	\$ 169,470.45
Revenues and other income	<u>296,067.64</u>	<u>280,939.01</u>
Total public support and revenues	<u>447,377.70</u>	<u>450,409.46</u>
OPERATING EXPENSES:		
Wages and related expenses	171,775.78	197,393.65
Other expenses	292,617.04	139,871.05
Depreciation	<u>28,613.15</u>	<u>30,459.78</u>
Total operating expenses	<u>493,005.97</u>	<u>367,724.48</u>
Change in net position	<u>\$ (45,628.27)</u>	<u>\$ 82,684.98</u>

1. Analysis of Significant Variations Between the Original and Final Budget Amounts and Between the Final Budget Amounts and Actual Results for the General Fund.

There were no significant variations between the original and final budgeted amounts for either the litter control, recycling or the general accounts. Nor, were there significant variations between the final budgeted amounts and the actual results for any of these accounts.

2. Description of Significant Capital Assets

	Totals <u>6/30/16</u>	<u>Additions</u>	<u>Deletions</u>	Totals <u>06/30/17</u>
Land	\$1,510,000.00	\$ -	\$ -	\$1,510,000.00
Buildings	225,857.36	-	-	225,857.36
Equipment	300,345.80	84,442.06	-	384,787.86
Land Improvements	<u>209,728.98</u>	<u>-</u>	<u>-</u>	<u>209,728.98</u>
Totals	<u>\$2,245,932.14</u>	<u>84,442.06</u>	<u>\$ -</u>	<u>\$2,330,374.20</u>

Changes in accumulated depreciation during the year were as follows:

	Totals <u>06/30/17</u>	Depreciation <u>Expense</u>	<u>Deletions</u>	Totals <u>06/30/17</u>
Land	\$ -	\$ -	\$ -	\$ -
Buildings	93,099.39	7,495.12	-	100,594.51
Equipment	227,862.66	10,807.25	-	238,669.91
Land Improvements	<u>84,823.27</u>	<u>10,310.78</u>	<u>-</u>	<u>95,134.05</u>
Totals	<u>\$405,785.32</u>	<u>\$28,613.15</u>	<u>\$ -</u>	<u>434,398.47</u>

3. Description of Currently Known Facts, Decisions, or Conditions That are Expected to Have a Significant Effect on the Financial Position or Results of Operations.

During FY18, revenue from the Entsorga land lease represented \$70,000.00 in annual revenue to the BCSWA. However, these funds were immediately utilized to offset the ongoing reduced funding from the Berkeley County Council. Furthermore, the commodity market levels for some recyclables are at record lows. The BCSWA relies upon the commodity market for roughly 1/3 of its income into the recycling program.

Unfortunately, the BCSWA receives its funding from too few sources. As a result, it is vulnerable to the ebb and flow of the state and local political climate, state and local economic activity and grant funding. Board members are encouraged to assist in filling this gap by frequently visiting the recycling centers and discussing the details of the historical solid waste goals and priorities prior to implementing any new concepts.

This financial report is designed to provide a general overview of the BCSWA finances for all those with an interest in those finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Berkeley County Solid Waste Authority, Post Office Box 1227, Inwood, West Virginia 25428.

BERKELEY COUNTY SOLID WASTE AUTHORITY
Governmental Fund Balance Sheet/Statement of Net Position
June 30, 2018

	<u>General</u>	<u>Adjustments</u> <u>(Note II)</u>	<u>Statement of</u> <u>Net Position</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 199,717	\$ -	\$ 199,717
Restricted cash	262,654	-	262,654
Accounts receivable	4,307	-	4,307
Noncurrent assets:			
Capital assets, net	<u>-</u>	<u>1,895,976</u>	<u>1,895,976</u>
Total assets	<u>\$ 466,678</u>	<u>\$ 1,895,976</u>	<u>\$ 2,362,654</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 17,573	\$ -	\$ 17,573
Compensated absences payable	<u>3,355</u>	<u>-</u>	<u>3,355</u>
Total liabilities	<u>20,928</u>	<u>-</u>	<u>20,928</u>
FUND BALANCE/NET POSITION:			
Fund balance:			
Restricted	262,654	(262,654)	
Unassigned	<u>183,096</u>	<u>(183,096)</u>	
Total fund balance	<u>445,750</u>	<u>(445,750)</u>	
Total liabilities and fund balance	<u>\$ 466,678</u>	<u>(445,750)</u>	
Net position:			
Net investment in capital assets		1,895,976	1,895,976
Restricted		262,654	262,654
Unrestricted		<u>183,096</u>	<u>183,096</u>
Total net position		<u>\$ 2,341,726</u>	<u>\$ 2,341,726</u>

The accompanying notes are an integral part of these financial statements.

BERKELEY COUNTY SOLID WASTE AUTHORITY
Statement of Governmental Fund Revenues, Expenditures,
and Changes in Fund Balance/ Statement of Activities
For the Year Ended June 30, 2018

	<u>General</u>	<u>Adjustments</u> <u>(Note II)</u>	<u>Statement of</u> <u>Activities</u>
OPERATING REVENUES:			
County Solid Waste Authority fee	\$ 57,578	\$ -	\$ 57,578
Recycling revenue	163,290	-	163,290
Lease/rental income	<u>75,200</u>	<u>-</u>	<u>75,200</u>
Total operating revenues	296,068	-	296,068
OPERATING EXPENSES:			
Advertising/legal publications	180	-	180
Contracted services	57,959	-	57,959
Promotional materials	556	-	556
Equipment expense	6,587	-	6,587
Insurance	11,343	-	11,343
Workers comp expense	5,638	-	5,638
Litter control expense	10,564	-	10,564
Maintenance and repairs - buildings	27,851	-	27,851
Maintenance and repairs - equipment	48,106	-	48,106
Miscellaneous	2,222	-	2,222
Other fringe benefits	66	-	66
Permitting expense	677	-	677
Recycling costs	144,622	-	144,622
Salaries and wages	55,358	-	55,358
Utilities	685	-	685
Capital outlays	-	(84,442)	(84,442)
Depreciation	<u>-</u>	<u>28,613</u>	<u>28,613</u>
Total operating expenses	372,414	(55,829)	316,585
ADMINISTRATIVE EXPENSES:			
Advertising/legal publications	5,037	-	5,037
Audit costs	3,000	-	3,000
Bank fees	350	-	350
Contracted services	4,947	-	4,947
Departmental materials and supplies	1,450	-	1,450
Dues and subscriptions	185	-	185
Manager's salary	42,453	-	42,453
Miscellaneous	693	-	693
Other fringe benefits	5,355	-	5,355
Postage	265	-	265
Professional services	22,172	-	22,172
Telephone	1,252	-	1,252
Travel	2,875	-	2,875
Utilities	<u>1,945</u>	<u>-</u>	<u>1,945</u>
Total administrative expenses	<u>91,979</u>	<u>-</u>	<u>91,979</u>
OPERATING INCOME (LOSS)	\$ (168,325)	\$ 55,829	\$ (112,496)

The accompanying notes are an integral part of these financial statements.

BERKELEY COUNTY SOLID WASTE AUTHORITY
Statement of Governmental Fund Revenues, Expenditures,
and Changes in Fund Balance/ Statement of Activities (Cont.)
For the Year Ended June 30, 2018

	<u>General</u>	<u>Adjustments (Note II)</u>	<u>Statement of Activities</u>
NONOPERATING REVENUES (EXPENSES)			
Berkeley County Council	\$ 73,195	\$ -	\$ 73,195
Magistrate court	50	-	50
Interest	306	-	306
Other income	5,473	-	5,473
State sources:			
DEP recycling assistance grant income	35,740	-	35,740
Litter control grant and awards income	4,000	-	4,000
Solid waste management board allocation	24,346	-	24,346
Solid waste management board grant income	<u>8,200</u>	<u>-</u>	<u>8,200</u>
Total nonoperating revenues (expenses)	<u>151,310</u>	<u>-</u>	<u>151,310</u>
Change in net position	(17,015)	55,829	38,814
Fund balance / net position (adjusted)			
Beginning of year	<u>462,765</u>	<u>(55,829)</u>	<u>2,302,912</u>
End of year	<u>\$ 445,750</u>	<u>\$ -</u>	<u>\$ 2,341,726</u>

The accompanying notes are an integral part of these financial statements.

BERKELEY COUNTY SOLID WASTE AUTHORITY

Notes to the Financial Statements

For the Year Ended June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the presentation of the financial report of the Berkeley County Solid Waste Authority conform to generally accepted accounting principles as applicable to governmental units.

A. Reporting Entity

The Berkeley County Solid Waste Authority (Authority) consists of five members. Two members are appointed by the local county council, and one each by the Department of Environmental Protection, the Public Service Commission, and the local Conservation District. The Authority is governed by a chairman who is elected by the board at the beginning of each year.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) and the fund financial statements report information on all of the activities of the Authority. These statements are presented using the dual statement presentation as suggested for single-purpose governments. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Interest on general long-term debt liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual are met. Expenditure-driven grants are recognizable as revenue when qualifying expenditures have been incurred and all other grant requirements have been met.

The government reports the following major governmental fund:

The *General fund* is the Authority's primary operating fund. It accounts for all financial sources of the general government.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

1. Deposits and Investments

The Berkeley County Solid Waste Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of less than three months from the date of acquisition.

2. Inventories

Materials and supplies are expensed at the time of purchase. As a result, they do not appear upon the Authority's financial statements.

3. Receivables and Payables

Receivables

Receivables are accounted for using the accrual basis of accounting for the government-wide financial statements and reflect the amounts that were billed for services and not collected at year end. Receivables are accounted for using the modified accrual basis of accounting for the fund financial statements and reflect the amounts accrued for sixty days after year end.

Accounts Payable

Accounts payable are accounted for using the accrual basis of accounting for the government-wide financial statements.

4. Capital Assets and Depreciation

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets of the government are depreciated using the straight-line method over the following estimated useful lives of 5 to 40 years.

5. Compensated Absences

The Authority has a liability of \$754 for compensated absences at June 30, 2018.

6. Fund Balance and Equity Classification

In the governmental fund financial statements, fund balance is reported in five classifications.

Nonspendable fund balance	Inventories and prepaid amounts represent fund balance amounts that are not in spendable form.
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Restricted	The restricted category is the portion of fund balance that is externally imposed by creditors, grantors, contributors or laws or regulations. It also is imposed by law through constitutional provisions or enabling legislation.
Committed	The committed category is the portion of fund balance whose use is constrained by limitations which have been approved by an order (the highest level of formal action) of the Authority, and that remain binding unless removed in the same manner. The approval does not automatically lapse at the end of the fiscal year. The government does not have any committed fund balance this fiscal year.
Assigned	The assigned category is the portion of fund balance that has been approved for formal action of the other official authorized to assign amounts for any amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. The government does not have any assigned fund balance this fiscal year.
Unassigned	The unassigned category is the portion of fund balance that has not been reported in any other classification. Only the general fund can report a positive amount of unassigned fund balance. However, any governmental fund in a deficit position could report a negative amount of unassigned fund balance.

The Board is the Authority's highest level of decision-making authority. The Authority would take formal action to establish, and modify or rescind, a fund balance commitment or to assign fund balance amounts to a specific purpose. The Authority has adopted a revenue spending policy that provides guidance for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Board has the authority to deviate from this policy if it is in the best interest of the Berkeley County Solid Waste Authority.

Equity is classified as net position and displayed in three components:

Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position – consists of net position with constraints placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – consists of all other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

7. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Adjustments Shown on the Governmental Fund Balance Sheet/Statement of Net Position

The governmental fund balance sheet/statement of net position includes an adjustment between the governmental fund balance total and the governmental activities net position as reported in the statement of net position. Capital assets and accumulated depreciation are not reported on the governmental fund level but are reported in net position. The details of this difference are as follows:

Fund balance - total government funds	\$ 445,750
Capital assets	<u>1,895,976</u>
Net position - total	<u>\$ 2,341,726</u>

Explanation of Adjustments Shown on the Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances/statement of activities includes an adjustment between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the Statement of Activities. The details of this difference are as follows:

Change in fund balance - total government funds	\$ (17,015)
Capital outlays	84,442
Depreciation expense	<u>(28,613)</u>
Change in net position	<u>\$ 38,814</u>

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Custodial credit risk

For deposits, the Authority could be exposed to risk in the event of a bank failure where the Authority's deposits may not be returned. At June 30, 2018, the Authority's bank balances were \$462,371, which were fully covered by the Federal Depository Insurance Corporation or by collateral security coverage provided by the bank.

The Authority's cash balance at June 30, 2018 was composed of the following accounts:

General checking accounts	\$ 121,204
Other accounts	78,513
Restricted grant checking accounts	1,616
Other restricted accounts	<u>261,038</u>
Total cash and cash equivalents	<u>\$462,371</u>

B. Restricted Cash

The balances of the restricted cash accounts for the Authority are as follows:

Anti-litter account	\$ 8,126
SWMB grant account	1,616
Business CD Old Shenandoah	48,912
Performance bond (Berkeley County Landfill)	<u>204,000</u>
Total restricted cash	<u>\$262,654</u>

The Berkeley County Solid Waste Authority previously operated the Berkeley County Landfill. That landfill operation is now closed, and a private company currently operates a landfill of its own in another location. The now closed Berkeley County Landfill has been formally accepted into the WV Landfill Closure Assistance Program (LCAP). It has been closed and capped per all Subtitle D State and Federal regulations for closed landfills. It is monitored by the WV-DEP (ground water, surface water and air quality). All landfills are required to have a pool of money set aside to repair inevitable future environmental issues. This pool of capital is called a "performance bond".

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Government			
	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets	<u>2,245,932</u>	<u>84,442</u>	<u>-</u>	<u>2,330,374</u>
Less:				
Total accumulated depreciation	<u>(405,785)</u>	<u>(28,613)</u>	<u>-</u>	<u>(434,398)</u>
Governmental activities				
Capital assets, net	<u>\$ 1,840,147</u>	<u>\$ 55,829</u>	<u>\$ -</u>	<u>\$ 1,895,976</u>

IV. OTHER INFORMATION

A. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Authority carries insurance with the West Virginia County Risk Pool, for umbrella (general liability) insurance.

Workers' Compensation Fund (WCF): Private insurance companies could begin to offer workers compensation coverage to government employees beginning July 1, 2010. Workers compensation coverage is provided for this entity by Brick Street Insurance.

Liabilities are reported when it is probable a loss has occurred, and the amount of the loss can be reasonably estimated.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

It is the opinion of the government's counsel that there are no pending lawsuits or unasserted claims against the Berkeley County Solid Waste Authority.

C. Equipment Purchased with Solid Waste Management Board Grant Funds

The West Virginia Solid Waste Management Board has requested that the following "cumulative list of equipment purchased with Solid Waste Management Board and REAP grant funds" be provided:

<u>Equipment</u>	<u>Purchase Date</u>	<u>Purchase Price</u>
Fruehauf trailer	October 2001	\$ 6,500
10X12 shed	October 2001	\$ 1,740
Concrete barriers	October 2001	\$ 5,933
Sea container 1879SC	January 2003	\$ 2,230
Kubota tractor L4300DT-F 52425	March 2003	\$ 17,700
Skid steer	January 2008	\$ 38,825
Fork lift	September 2017	\$ 50,603
Skid steer	February 2018	\$ 33,839

D. Employee retirement systems and Pension Plans

The governing body of the Berkeley County Solid Waste Authority does not provide a retirement system.

E. Budgetary Information

The Board reviews and approves the budget for three accounts (general, recycling and litter control) on a monthly basis as part of its internal control program. Grant accounts each have their own budgets and each budget is reviewed as required by the grant.

This Authority is not required by law to prepare an annual budget. The Authority has prepared and uses an annual budget as part of its internal control budget.

F. Subsequent Events

Subsequent events were evaluated through June 27, 2019, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

BERKELEY COUNTY SOLID WASTE AUTHORITY
Schedule of State Assistance
For the Year Ended June 30, 2018

RECYCLING ASSISTANCE GRANT

Revenues:		
Grant proceeds	\$ 35,740	
Total revenues		35,740
Expenditures:		
Grant expenses	<u>89,292</u>	
Total expenditures		<u>89,292</u>
Excess (deficiency) of revenues over expenditures		(53,552)
Grant balance at beginning of year		<u>53,552</u>
Grant balance at end of year		<u>\$ -</u>

CED GRANT

Revenues:		
Grant proceeds	\$ -	
Total revenues		-
Expenditures:		
Grant expenses	<u>9,653</u>	
Total expenditures		<u>9,653</u>
Excess (deficiency) of revenues over expenditures		(9,653)
Grant balance at beginning of year		<u>9,653</u>
Grant balance at end of year		<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

BERKELEY COUNTY SOLID WASTE AUTHORITY
Schedule of State Assistance (Cont.)
For the Year Ended June 30, 2018

SWMB GRANT

Revenues:		
Grant proceeds	\$ 8,200	
Total revenues		8,200
Expenditures:		
Grant expenses	<u>6,584</u>	
Total expenditures		<u>6,584</u>
Excess (deficiency) of revenues over expenditures		1,616
Grant balance at beginning of year		<u>-</u>
Grant balance at end of year		<u>\$ 1,616</u>

LITTER CONTROL GRANT

Revenues:		
Grant proceeds	\$ 3,000	
Clean city award	<u>1,000</u>	
Total revenues		4,000
Expenditures:		
Grant expenses	<u>4,000</u>	
Total expenditures		<u>4,000</u>
Excess (deficiency) of revenues over expenditures		-
Grant balance at beginning of year		<u>-</u>
Grant balance at end of year		<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

ACCOMPANYING INFORMATION

**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**

Honorable Members of the Board
Berkeley County Solid Waste Authority
Inwood, West Virginia 25428

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 Berkeley County Solid Waste Authority, West Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Berkeley County Solid Waste Authority, West Virginia's basic financial statements, and have issued our report thereon dated June 27, 2019.

Internal Control over Financial Reporting

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

statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Fizer & Associates, PLLC
Charleston, West Virginia
June 27, 2019