

**AUDIT REPORT ON THE**  
**FINANCIAL STATEMENTS OF THE**  
**BERKELEY COUNTY SOLID WASTE AUTHORITY**  
**MARTINSBURG, WEST VIRGINIA**  
**For the Fiscal Year Ended June 30, 2020**

***LISA K. THORNBURG, CPA***

**BERKELEY COUNTY SOLID WASTE AUTHORITY**

**SCHEDULE OF FUNDS INCLUDED IN REPORT**

**For the Fiscal Year Ended June 30, 2020**

**PROPRIETARY FUND TYPES**

Major Funds

General Fund

**BERKELEY COUNTY SOLID WASTE AUTHORITY**

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**BERKELEY COUNTY SOLID WASTE AUTHORITY**

**BOARD OFFICIALS**

**For the Fiscal Year Ended June 30, 2020**

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Office	Name	Term Ends
Chairman	Clint R. Hogbin	June 30, 2023
Vice Chairman	Michael Roberts	June 30, 2024
Secretary	John Christensen	June 30, 2024
Board member	Mark Barney	June 30, 2021
Board member	Matthew Grove	June 30, 2022

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***Lisa K. Thornburg, CPA***

*2514 Bedford Chapel Road*

*Milton, WV 25541*

*(304) 617-2960*

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***INDEPENDENT AUDITOR'S REPORT***

Honorable Members of the Board  
Berkeley County Solid Waste Authority  
Martinsburg, WV 25405

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of the Berkeley County Solid Waste Authority (Authority) as of and for the year ended June 30, 2020, and the related notes to the 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 the 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 used 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 opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Berkeley County Solid Waste Authority, as of June 30, 2020, and the changes in financial position and the cash flows 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 management's discussion and analysis on pages 5 through 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. 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 an opinion on the Berkeley County Solid Waste Authority's financial statements, as a whole. The introductory section is presented for purposes 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.

The accompanying Schedule of State Grant Receipts and Expenditures and the Schedule of Equipment Purchased with State Grant Funds are presented for purposes of additional analysis as required by the West Virginia Solid Waste Management Board and are not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2022, on our consideration of the Berkeley County Solid Waste Authority'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 the 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's internal control over financial reporting and compliance.

Respectfully submitted,



Lisa K. Thornburg, CPA

March 21, 2022

**BERKELEY COUNTY SOLID WASTE AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

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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, 2020. 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 Revenues, Expenses and Changes in Net Position 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 FY20, 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.



**BERKELEY COUNTY SOLID WASTE AUTHORITY**  
**Management's Discussion and Analysis (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

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In FY20, the Berkeley County Recycling Program completed its 25th 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 2019, the drop off sites had 113,947 participants and marketed about 5,729.492 tons of recyclables. The drop off program continued to accept more than 22 separate categories of recyclables and is the primary disposal method for many items banned from placement in regional landfills, composting and resource recovery facilities. During calendar year 2019, Apple Valley Waste Services continued its "single stream" recycling program with 2,411 subscribers. In calendar year 2018, the "single stream" program collected and recycled 910 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 not to harm the tonnages associated with the 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 FY20, funding for the recycling program comes from state tipping fees, local landfill and resource recovery 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 FY20, 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 2019, the litter control program processed 104 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 six (6) consecutive years in the West Virginia Make it Shine Clean County Contest.

**BERKELEY COUNTY SOLID WASTE AUTHORITY**  
**Management's Discussion and Analysis (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

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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, which are common methods utilized for the promotion of the county's solid waste programs. Currently, there are over 3,372 people actively following the BCSWA Facebook account.

**3. Authority as a Whole**

**Net Position at Year End**

	2020	2019
Cash and cash equivalents	\$ 472,127.69	\$ 480,758.61
Capital assets, net	<u>1,904,404.87</u>	<u>1,864,722.51</u> (adjusted for 2020)
Total assets	<u>\$ 2,376,532.56</u>	<u>\$ 2,345,481.12</u>
Accounts payable	-	-
Compensated absences payable	<u>\$ 2,063.11</u>	<u>\$ 5,297.99</u>
Total liabilities	<u>2,063.11</u>	<u>5,297.99</u>
Net position:		
Net investment in capital assets	1,904,404.87	1,864,722.51
Restricted	267,242.75	306,241.48
Unrestricted	<u>202,821.83</u>	<u>169,219.14</u>
Total net position	<u>\$ 2,374,469.45</u>	<u>\$ 2,340,183.13</u>

**4. Analysis of Balances and Transactions of Major Funds**

For FY20, the Treasurer reported that revenues exceeded expenses for the year by the amount of \$13,047.67. The BCSWA also received other Federal and State grants totaling \$75,889.07. The Berkeley County Council contributed \$48,315.00 in funding for the recycling program. Finally, recycling program income from donations, commodity sales and cost sharing processing fees were \$148,244.46.

**BERKELEY COUNTY SOLID WASTE AUTHORITY**  
**Management's Discussion and Analysis (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

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In FY20, grant funding for the county's recycling and litter control programs from the Berkeley County Council continued its downward trending and was down about \$56,000 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 or donations 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. To that end, the BCSWA has actively supported an ongoing legislative effort to redirect expired LCAP funds to county solid waste authorities.

**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended June 30, 2020 and June 30, 2019**

	2020	2019
<b>PUBLIC SUPPORT AND REVENUES:</b>		
Public support	\$ 149,397.08	\$ 185,390.06
Revenues and other income	336,585.93	286,255.89
Total public support and revenues	485,983.01	447,377.70
<b>OPERATING EXPENSES:</b>		
Wages and related expenses	164,981.73	171,775.78
Other expenses	276,876.87	292,617.04
Depreciation	31,076.74	28,613.15
Total operating expenses	472,935.34	493,005.97
Change in net position	\$ 13,047.67	\$ (45,628.27)

**5. 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.

**BERKELEY COUNTY SOLID WASTE AUTHORITY**  
**Management's Discussion and Analysis (Continued)**  
**For the Fiscal Year Ended June 30, 2020**

**6. Description of Significant Capital Assets**

	Totals <u>6/30/19</u>	<u>Additions</u>	<u>Deletions</u>	Totals <u>06/30/20</u>
Land	\$1,510,000.00	-	\$ -	\$1,510,000.00
Buildings	223,187.00	-	-	223,187.00
Equipment	325,476.75	38,866.00	-	364,342.75
Land Improvements	<u>229,403.98</u>	<u>23,620.00</u>	-	<u>253,023.98</u>
Totals	<u>\$2,288,067.73</u>	<u>\$62,486.00</u>	<u>\$ -</u>	<u>\$2,350,553.73</u>

Changes in accumulated depreciation during the year were as follows:

	Totals <u>06/30/19</u>	Depreciation <u>Expense</u>	<u>Deletions</u>	Totals <u>06/30/20</u>
Land	\$ -	-	\$ -	\$ -
Buildings	105,864.63	7,406.11	-	113,270.74
Equipment	186,057.66	12,030.85	-	198,088.51
Land Improvements	<u>123,149.83</u>	<u>11,639.78</u>	-	<u>134,789.61</u>
Totals	<u>\$415,072.12</u>	<u>\$31,076.74</u>	<u>\$ -</u>	<u>\$446,148.86</u>

It was required to adjust the schedule of Capital Assets and Accumulated Depreciation from book to actual. This resulted in a restatement of the opening Net Position as follows:

Net position, beginning of year, as previously stated	\$2,340,183.13
Adjustment to Capital Assets and Accumulated Depreciation (Net)	<u>21,238.65</u>
Net position, beginning of year, as restated	<u>\$2,361,421.78</u>

**7. 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 FY20, revenue from the Entsorga land lease represented \$105,000.00 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 nearly all recyclables are at record lows. Historically, 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, commodity markets and grant funding.

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, 19 Recovery Way, Martinsburg, West Virginia 25405.

**BERKELEY COUNTY SOLID WASTE AUTHORITY**  
**STATEMENT OF NET POSITION**  
**For the Fiscal Year Ended June 30, 2020**

**Assets**

Current assets:

Cash and cash equivalents	\$ 204,884.94
Total current assets	204,884.94

Restricted assets:

Restricted cash	267,242.75
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Capital assets:

Land	1,510,000.00
Land Improvements	253,023.98
Buildings	223,187.00
Equipment	364,342.75
Less: Accumulated depreciation	(446,148.86)
Total capital assets	1,904,404.87

<b>Total assets</b>	<b>\$ 2,376,532.56</b>
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**Liabilities**

Current liabilities:

Compensated absences	\$ 2,063.11
Total liabilities	2,063.11

**Net Position**

Net Position:

Net investment in capital assets	1,904,404.87
Restricted	267,242.75
Unrestricted	202,821.83
Total net position	2,374,469.45
<b>Total liabilities and net position</b>	<b>\$ 2,376,532.56</b>

*See notes to the financial statements*

**BERKELEY COUNTY SOLID WASTE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Fiscal Year Ended June 30, 2020**

**Operating expenses:**

Advertising/Legal publications	\$	5,355.49
Bank fees		460.94
Depreciation		31,076.74
Insurance		6,044.00
Workers Comp Insurance		5,331.75
Litter control expense		10,353.86
Maintenance and repairs - buildings and grounds		19,584.45
Maintenance and repairs - equipment		28,609.43
Miscellaneous		139.38
Other fringe benefits		1,000.00
Permitting expense		905.00
Recycling expense		138,634.60
Wages & related expense		162,254.49
<b>Total operating expenses</b>		409,750.13

**Administrative expenses:**

Audit costs		3,480.00
Departmental materials and supplies		1,108.30
Dues & subscriptions		150.00
Miscellaneous		35.68
Other fringe benefits		1,000.00
Postage		246.00
Professional services		13,225.16
Telephone		2,139.67
Travel		3,761.54
Utilities		2,334.37
Wages and related expenses		727.24
<b>Total administrative expenses</b>		28,207.96

**Operating revenues:**

County Solid Waste Authority Fee		57,264.38
Recycling Revenue		148,244.46
Miscellaneous		0.00
Lease/Rental		124,366.50
<b>Total operating revenues</b>		329,875.34

<b>Operating income (loss)</b>		(108,082.75)
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**BERKELEY COUNTY SOLID WASTE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Fiscal Year Ended June 30, 2020**

**Non operating revenues (expenses)**

Berkeley County Council	48,315.00
Magistrate Court	50.00
Other Income	6,710.59
State sources:	
DEP Recycling Assistance Grant Income	39,600.00
Recycling Assistance Grant Expenses	(18,504.19)
CBIG Grant Income	13,289.07
CBIG Grant Expenses	(909.19)
Litter Control Grant & Awards Income	3,000.00
CED Grant Income	20,000.00
CED Grant Expenses	(15,563.87)
Solid Waste Management Board Allocation	25,143.01
	121,130.42
Total non operating revenues (expenses)	121,130.42
Changes in net position	13,047.67
Net position, beginning of year, restated (see NOTE II.B)	2,361,421.78
Net position, end of year	\$ 2,374,469.45

*See notes to the financial statements*

**BERKELEY COUNTY SOLID WASTE AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2020**

<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 329,875.34
Cash paid for goods and services	<u>(410,116.35)</u>
Net cash provided (used) by operating activities	<u>(80,241.01)</u>
 <b>Cash flows from noncapital financing activities:</b>	
SWMB allocation fees	25,143.01
Other income	19,726.26
Acquisition of Capital Assets	(62,486.00)
Grants revenue	124,204.07
Grants expenses/disbursements	<u>(34,977.25)</u>
Net cash provided (used) by noncapital financing activities	71,610.09
Net increase (decrease) in cash and cash equivalents	(8,630.92)
Cash and cash equivalents, June 30, 2019 (including \$306,241.48 in restricted accounts)	<u>480,758.61</u>
Cash and cash equivalents, June 30, 2020 (including \$267,242.75 in restricted accounts)	<u>\$ 472,127.69</u>

**Reconciliation of operating income to net cash provided (used) by operating activities**

Operating income (loss)	\$ (108,082.75)
Adjustments:	
Depreciation expense	31,076.74
Increase (decrease) in compensated absences	<u>(3,235.00)</u>
Total adjustments	27,841.74
Net cash provided from operating activities	<u>\$ (80,241.01)</u>

*See notes to the financial statements*



**BERKELEY COUNTY SOLID WASTE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The Authority consists of five members, two of which are appointed by the local County Council, one each by the Department of Environmental Protection, the Public Service Commission, and the local Conservation District and is governed by a chairman who is elected by the board at the beginning of each fiscal year.

**B. Financial Statements**

The financial statements of this special purpose government (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows) report information on the business-type activities of the Authority. Business-type activities rely to a significant extent on fees and charges for support.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Authority is charges to customers for services. Operating expenses for the enterprise fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The government reports the following major proprietary fund:

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

**BERKELEY COUNTY SOLID WASTE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Fiscal Year Ended June 30, 2020**

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**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits**

The 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.

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the government reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in fair value of investments, are recognized as revenue in the operating statement. Fair value is determined by quoted market prices.

Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount which reasonably estimates fair value.

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the state of West Virginia; obligations of the federal national mortgage association; indebtedness secured by first lien deed of trusts for property situated within this state if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that is properly graded as in the top two or three highest rating grades; interest earning deposits which are fully insured or collateralized; and mutual funds registered with the SEC which have fund assets over three hundred million dollars.

**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 and reflect the amounts that were billed for services and not collected at year end. No allowance for doubtful accounts is used due to a history of negligible losses.

**BERKELEY COUNTY SOLID WASTE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Fiscal Year Ended June 30, 2020**

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*Accounts Payable*

Accounts payable are accounted for using the accrual basis of accounting.

**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 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 primary government are depreciated using the straight line method over the estimated useful life of between 5 to 40 years.

**5. Compensated absences**

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payment upon termination are included.

The Authority has in place a policy that causes the employee to use any accrued leave within one fiscal period and therefore classifies the liability as current.

**6. Equity classification**

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

- a. Invested in capital assets - 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, which the Board does not have.
- b. Restricted net position - Consists of net position with constraints placed on the use of either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

**BERKELEY COUNTY SOLID WASTE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Fiscal Year Ended June 30, 2020**

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**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.

**II. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

At year end, the government's carrying amount of deposits and bank balances was \$472,127.69. The entire bank balance was covered by Federal Deposit Insurance Corporation coverage or by collateral security coverage provided by the bank. The Authority's balances at June 30, 2020, did not exceed this FDIC coverage or collateral coverage at any time during the year.

The Authority's cash balance at June 30, 2020, was composed of the following accounts:

General Checking Accounts	204,884.94
Other accounts	-
Restricted Grant Checking Accounts	14,331.59
Other restricted accounts	<u>252,911.16</u>
Total cash and cash equivalents	<u>\$ 472,127.69</u>

**B. Restricted cash**

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

Litter Control account	\$ 8,610.56
CED Grant account	4,439.12
SWMB Grant account	1,281.91
Business CD Old Shenandoah	48,911.16
Performance bond *	<u>204,000.00</u>
Total restricted assets	<u>\$ 267,242.75</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 (groundwater, surface water and air quality). All landfills are required to have a pool of money set aside to repair inevitable future environmental issues. It is called a "performance bond".

**BERKELEY COUNTY SOLID WASTE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Fiscal Year Ended June 30, 2020**

**B. Capital Asset Activity**

Capital Asset activity for the fiscal year ended June 30, 2020 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-type activities:				
Capital assets	2,288,067.73	\$ 62,486.00	\$ -	\$2,350,553.73
Less:				
Total accumulated depreciation	<u>(415,072.12)</u>	<u>(31,076.74)</u>	<u>-</u>	<u>(446,148.86)</u>
Business-type activities				
Capital assets, net of accum'd depreciation	<u>\$1,872,995.61</u>	<u>\$ 31,409.26</u>	<u>-</u>	<u>\$1,904,404.87</u>

Depreciation expense for FY 2020 was \$31,076.74 as reflected in the financial statements.

It was required to adjust the schedule of Capital Assets and Accumulated Depreciation from book to actual. This resulted in a restatement of the opening Net Position as follows.

Net position, beginning of year, as previously stated	\$2,340,183.13
Adjustment to Capital Assets and Accumulated Depreciation (Net)	<u>21,238.65</u>
Net position, beginning of year, as restated	<u>\$2,361,421.78</u>

**III. Other Information**

**A. Risk Management**

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

**B. Subsequent Events**

The Authority's management has evaluated the effect that subsequent events would have on the financial statements through March 21, 2022, which is the date the financial statements were available to be released.

**BERKELEY COUNTY SOLID WASTE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Fiscal Year Ended June 30, 2020**

**C. Custodial Credit Risk and Interest Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's policy for custodial credit risk is to comply with statutory provisions for depository bond coverage, which provides that no public money should be deposited until the banking institution designated executes a bond with good and sufficient sureties which may not be less than the maximum sum that is deposited in the depository at any one time. The Authority's deposits did not exceed the amount of coverage and pledged collateral at any time during the year.

<u>Depository Accounts</u>	<u>Book Balance</u>	<u>Bank Value</u>
Insured	\$ 439,634.10	\$ 445,550.22
Collateralized by securities held by pledging bank in the bank's name	32,493.59	32,629.37
Uninsured and uncollateralized	<u>-</u>	<u>-</u>
Total Deposits	<u>\$ 472,127.69</u>	<u>\$ 478,179.59</u>

**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. 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 system.

**F. Contingencies**

The Authority receives a substantial portion of its revenue from the Berkeley County Council and a landfill. A significant reduction in the Council's support and/or the operation of the local landfill could have a major impact upon the Authority's programs and activities.

Amounts received from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed expenditures could constitute a liability of the applicable funds. If any expenditures were to be disallowed the government expects such amounts to be immaterial.

**BERKELEY COUNTY SOLID WASTE AUTHORITY**  
**For the Fiscal Year Ended June 30, 2020**

**SUPPLEMENTARY INFORMATION**

**BERKELEY COUNTY SOLID WASTE AUTHORITY**  
**SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES**  
**For the Fiscal Year Ended June 30, 2020**

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<b>WV Agency Grant Number Grant Award</b>	<b>Grant Beginning Balance</b>	<b>Grant Receipts</b>	<b>Grant Expenditures</b>	<b>Grant Ending Balance</b>
DEP Recycling	42,557.39	39,600.00	(80,990.19)	1,167.20
CBIG Grant	3,165.32	13,289.07	(909.19)	15,545.20
Litter Control Grant	-	3,000.00	(3,000.00)	-
DEP (CED Grant)	-	20,000.00	(15,563.87)	4,436.13



**BERKELEY COUNTY SOLID WASTE AUTHORITY**  
**SCHEDULE OF EQUIPMENT PURCHASED WITH STATE GRANT FUNDS**  
**For the Fiscal Year Ended June 30, 2020**

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

<u>Equipment</u>	<u>Date</u>	<u>Purchase Price</u>
Fruehauf trailer	October 2001	\$ 6,500.00
10x12 shed	October 2001	\$ 1,740.00
Concrete barriers	October 2001	\$ 5,933.00
Sea container	January 2003	\$ 2,230.00
Kubota tractor L4300DT-F 52425	March 2003	\$ 17,700.00
Skid steer	January 2008	\$ 38,825.00
Skid steer	February 2018	\$ 50,602.84
Fork Lift	Sept. 2017	\$ 33,839.22
Concrete barriers	May 2019	\$ 1,700.00

***Lisa K. Thornburg, CPA***

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**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  
Martinsburg, WV 25405

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Berkeley County Solid Waste Authority, as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated March 21, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing the 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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 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 Authority's basic 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 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.

Respectfully submitted,



Lisa K. Thornburg, CPA

March 21, 2022