

AUDIT REPORT ON THE
FINANCIAL STATEMENTS OF THE
BERKELEY COUNTY SOLID WASTE AUTHORITY
MARTINSBURG, WEST VIRGINIA
For the Fiscal Year Ended June 30, 2022

LISA K. THORNBURG, CPA

BERKELEY COUNTY SOLID WASTE AUTHORITY

SCHEDULE OF FUNDS INCLUDED IN REPORT

For the Fiscal Year Ended June 30, 2022

PROPRIETARY FUND TYPE

Major Fund

General Fund

BERKELEY COUNTY SOLID WASTE AUTHORITY

TABLE OF CONTENTS

For the Fiscal Year Ended June 30, 2022

	Page
<u>Introductory Section</u>	
Board Officials	1
<u>Financial Section</u>	
Independent Auditor's Report	2-5
Management's Discussion and Analysis	6-10
<u>Basic Financial Statements</u>	
Statement of Net Position	11
Statement of Revenues, Expenses, and Changes in Net Position	12-13
Statement of Cash Flows	14
Notes to the Financial Statements	15-22
<u>Supplementary Information</u>	
Schedule of State Grant Receipts and Expenditures	24
Schedule of Equipment Purchased with WV SWMB Grant Funds	25
<u>Accompanying Information</u>	
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 <i>Government Auditing Standards</i>	26-27

BERKELEY COUNTY SOLID WASTE AUTHORITY

BOARD OFFICIALS

For the Fiscal Year Ended June 30, 2022

Office	Name	Term Ends	
Chairman	Clint R. Hogbin	June 30, 2023	
Vice Chairman	Michael Roberts	Jan. 26, 2022	Resigned
Secretary	John Christensen	June 30, 2024	
Board member	Mark Barney	June 30, 2025	
Board member	Matthew Grove	June 30, 2022	
Board member	Michele Gula-Atha	June 30, 2024	Appt'd 3/10/22

Lisa K. Thornburg, CPA

2514 Bedford Chapel Road

Milton, WV 25541

(304) 617-2960

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2022, and the related notes to the 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 financial position of the Berkeley County Solid Waste Authority, as of June 30, 2022, 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.

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 Berkeley County Solid Waste Authority 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 opinion.

Responsibilities of Management 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, 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 Berkeley County Solid Waste Authority'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 opinion. 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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 Board'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 Authority'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 on pages 6 through 10 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Berkeley County Solid Waste Authority's basic financial statements. The accompanying of State Grant Receipts and Expenditures and the Schedule of Equipment Purchased with WV SWMB 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Schedule of State Grant Receipts and Expenditures, and the Schedule of Equipment Purchased with WV SWMB Grants, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2023, 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

May 25, 2023

BERKELEY COUNTY SOLID WASTE AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

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, 2022. 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 Financial 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 FY22, 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, 2022

In FY22, the Berkeley County Recycling Program completed its 27th 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 2021, the drop off sites had 152,024 participants and marketed about 5,354.862 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 2021, Apple Valley Waste Services continued its "single stream" recycling program ending the year with 2,881 subscribers. In calendar year 2021, the "single stream" program collected and recycled 712.3 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 viewed as 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 FY22, 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 FY22, the BCSWA continued its long standing efforts to preserve the 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.

BERKELEY COUNTY SOLID WASTE AUTHORITY
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2022

In calendar year 2021, the litter control program processed 56 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 nine (9) 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, which are common methods utilized for the promotion of the county's solid waste programs. Currently, there are over 3,733 people actively following the BCSWA Facebook account.

3. Authority as a Whole

	Net Position at Year End	
	2022	2021
Cash and cash equivalents	\$ 494,473.97	\$ 523,032.29
Capital assets, net	<u>1,911,572.16</u>	<u>1,873,236.77</u>
Total assets	<u>2,406,046.13</u>	<u>2,396,269.06</u>
Accounts payable	-	-
Compensated absences payable	<u>3,189.67</u>	<u>3,091.71</u>
Total liabilities	<u>3,189.67</u>	<u>3,091.71</u>
Net position:		
Net investment in capital assets	1,911,572.16	1,873,236.77
Restricted	209,745.84	401,274.29
Unrestricted	<u>281,538.46</u>	<u>118,666.29</u>
Total net position	<u>\$ 2,402,856.46</u>	<u>\$ 2,393,177.35</u>

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

For FY22, the Treasurer reported that total revenues exceeded total expenses for the year by the amount of \$9,678.11. The BCSWA received other Federal and State grants totaling \$139,248.58. The Berkeley County Council contributed \$100,705.00 in funding for the recycling program and an additional \$8,928.00 for the litter control program. Finally, recycling program income from donations, commodity sales and cost sharing processing fees were \$177,966.11.

BERKELEY COUNTY SOLID WASTE AUTHORITY
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2022

In FY22, grant funding for the county's recycling and litter control programs from the Berkeley County Council substantially increased due to the announcement by Entsorga WV that it was temporarily closing. 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 a now successful legislative effort to redirect expired LCAP funds to county solid waste authorities.

Statement of Activities
For the Years Ended June 30, 2022 and June 30, 2021

	<u>2022</u>	<u>2021</u>
PUBLIC SUPPORT AND REVENUES:		
Public support	\$ 265,954.95	\$ 281,547.19
Revenues and other income	<u>302,612.72</u>	<u>312,082.03</u>
Total public support and revenues	<u>568,567.67</u>	<u>593,629.22</u>
OPERATING EXPENSES:		
Wages and related expenses	173,303.34	183,490.46
Other expenses	353,005.61	310,656.27
Depreciation	<u>32,579.61</u>	<u>31,169.09</u>
Total operating expenses	<u>558,888.56</u>	<u>525,315.82</u>
Change in net position	<u>\$ 9,679.11</u>	<u>\$ 68,313.40</u>

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, 2022

6. Description of Significant Capital Assets

	Totals <u>6/30/21</u>	<u>Additions</u>	<u>Deletions</u>	Totals <u>06/30/22</u>
Land	\$ 1,510,001.00	\$ -	\$ -	\$1,510,001.00
Land Improv'mts	253,023.98	36,665.00	-	289,688.98
Buildings	223,187.00	-	-	223,187.00
Equipment	<u>364,342.75</u>	<u>34,250.00</u>	<u>-</u>	<u>398,592.75</u>
Totals	<u>\$2,350,554.73</u>	<u>\$70,915.00</u>	<u>\$ -</u>	<u>\$2,421,469.73</u>

Changes in accumulated depreciation during the year were as follows:

	Totals <u>06/30/21</u>	Depreciation <u>Expense</u>	<u>Deletions</u>	Totals <u>06/30/22</u>
Land	\$ -	\$ -	\$ -	\$ -
Land Improv'mts	147,015.42	12,922.78	-	159,938.20
Buildings	119,684.38	6,413.64	-	126,098.02
Equipment	<u>210,618.16</u>	<u>13,243.19</u>	<u>-</u>	<u>223,861.35</u>
Totals	<u>\$477,317.96</u>	<u>\$32,579.61</u>	<u>\$ -</u>	<u>\$509,897.57</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 FY22, revenue from the Entsorga land lease was expected to represent \$113,000.00 in annual revenue to the BCSWA. However, in April 2022, Entsorga announced a temporary closure and did not pay the 3rd and 4th quarter lease revenues. These funds were expected to be utilized to offset the ongoing reduced funding from the Berkeley County Council and increased expenses. Upon this announcement, the Berkeley County Council contributed an additional \$46,125.00 to aid the solid waste authority's recycling program. 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, 2022

Assets

Current assets:

Cash and cash equivalents	\$ 284,728.13
Total current assets	<u>284,728.13</u>

Restricted assets:

Restricted cash	<u>209,745.84</u>
-----------------	-------------------

Capital assets:

Land	1,510,001.00
Land Improvements	289,688.98
Buildings	223,187.00
Equipment	398,592.75
Less: Accumulated depreciation	<u>(509,897.57)</u>
Total capital assets	<u>1,911,572.16</u>

Total assets	<u>\$ 2,406,046.13</u>
---------------------	-------------------------------

Liabilities

Current liabilities:

Compensated absences	\$ <u>3,189.67</u>
Total liabilities	<u>3,189.67</u>

Net Position

Net Position:

Net investment in capital assets	1,911,572.16
Restricted	209,745.84
Unrestricted	<u>281,538.46</u>
Total net position	<u>2,402,856.46</u>
Total liabilities and net position	<u>\$ 2,406,046.13</u>

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, 2022

Operating revenues:

County Solid Waste Authority Fee	\$ 57,916.61
Recycling Revenue	177,966.11
Lease/Rental	66,730.00
Total operating revenues	<u>302,612.72</u>

Operating expenses:

Bulky goods disposal	771.39
Contracted services	135,308.48
Depreciation	32,579.61
Departmental materials and supplies	2,135.02
Insurance	11,567.00
Litter control expense	11,562.00
Mandatory disposal expense	3,600.21
Maintenance and repairs - equipment	49,872.26
Other fringe benefits	1,500.00
Permitting expense	1,633.00
Recycling expense	3,487.16
Wages & related expense	173,303.34
Workers Compensation	3,767.00
Total operating expenses	<u>431,086.47</u>

Administrative expenses:

Advertising/Legal Publications	1,791.00
Audit costs	3,240.00
Dues & subscriptions	150.00
Miscellaneous	4,505.38
Maintenance and repairs - building & grounds	19,954.49
Postage	208.37
Professional services	14,533.31
Telephone	3,062.42
Travel	1,753.45
Utilities	2,835.34
Total administrative expenses	<u>52,033.76</u>

Operating income (loss)	(180,507.51)
--------------------------------	---------------------

BERKELEY COUNTY SOLID WASTE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONT'D)
For the Fiscal Year Ended June 30, 2022

Non operating revenues (expenses)

Berkeley County Council	109,633.00
Berkeley County Public Service Stormwater District	12,000.00
Interest Revenue	2,980.95
Other Income	14,092.42
State sources:	
Assessment Fees-STO	19,336.42
DEP Recycling Assistance Grant Income	59,800.00
Recycling Assistance Grant Expenses	(54,273.92)
Litter Control Grant Income	2,000.00
Litter Control Grant Expenses	(2,000.00)
CED Grant Income	12,000.00
CED Grant Expenses	(10,599.80)
Solid Waste Management Board Grant Income	10,000.00
Solid Waste Management Board Grant 2021 Expenses	(418.10)
Solid Waste Management Board Grant 2022 Expenses	(8,476.51)
Solid Waste Management Board Allocation	24,112.16
Total non operating revenues (expenses)	190,186.62
Changes in net position	9,679.11
Net position, beginning of year	2,393,177.35
Net position, end of year	\$ 2,402,856.46

See notes to the financial statements

BERKELEY COUNTY SOLID WASTE AUTHORITY
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2022

Cash flows from operating activities:

Cash received from customers	\$ 302,612.72
Cash paid for goods and services	(450,442.66)
Net cash provided (used) by operating activities	(147,829.94)

Cash flows from noncapital financing activities:

SWMB allocation fees	24,112.16
Assessment Fees - STO	19,336.42
Other income	17,073.37
Acquisition of Capital Assets	(70,915.00)
Grants revenue	205,433.00
Grants expenses/disbursements	(75,768.33)

Net cash provided (used) by noncapital financing activities	119,271.62

Net increase (decrease) in cash and cash equivalents	(28,558.32)
--	-------------

Cash and cash equivalents, June 30, 2021 (including \$403,274.29 in restricted accounts)	523,032.29

Cash and cash equivalents, June 30, 2022 (including \$209,745.84 in restricted accounts)	\$ 494,473.97

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

Operating income (loss)	\$ (180,507.51)
Adjustments:	
Depreciation expense	32,579.61
Increase (decrease) in compensated absences	98.96
Total adjustments	32,678.57
Net cash provided from operating activities	\$ (147,828.94)

See notes to the financial statements

BERKELEY COUNTY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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, 2022

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.

BERKELEY COUNTY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2022

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.

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 these financial statements. Capital assets are defined by the government as assets costing more than \$10,000 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 Authority 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.

BERKELEY COUNTY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2022

6. Equity classification

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

- a. Net investment 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".

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 \$494,473.97. 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, 2022 did not exceed this FDIC coverage or collateral coverage at any time during the year.

The Authority's cash balance at June 30, 2022, was composed of the following accounts:

General Checking Accounts	284,728.13
Restricted accounts	<u>209,745.84</u>
Total cash and cash equivalents	<u><u>\$ 494,473.97</u></u>

BERKELEY COUNTY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2022

B. Restricted cash

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

FY22 SWMB Grant	\$	1,045.64
FY21 CED Grant		4,700.20
Performance bond *		204,000.00
Total restricted assets	\$	<u>209,745.84</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".

C. Capital Asset Activity

Capital Asset activity for the fiscal year ended June 30, 2022 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental activities:				
Capital assets	\$2,350,554.73	\$ 70,915.00	\$ -	\$2,421,469.73
Less:				
Total accumulated depreciation	<u>(477,317.96)</u>	<u>(32,579.61)</u>	<u>-</u>	<u>(509,897.57)</u>
Governmental activities				
Capital assets, net of accum'd depreciation	<u>\$1,873,236.77</u>	<u>\$ 38,335.39</u>	<u>\$ -</u>	<u>\$1,911,572.16</u>

Depreciation expense for FY 2022 was \$32,579.61 as reflected in the financial statements.

BERKELEY COUNTY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2022

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. 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	\$ 450,354.97	\$ 450,398.91
Collateralized by securities held by pledging bank in the bank's name	44,119.00	44,245.06
Uninsured and uncollateralized	-	-
Total Deposits	<u>\$ 494,473.97</u>	<u>\$ 494,643.97</u>

C. Employee Retirement Systems and Pension Plans

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

D. 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.

BERKELEY COUNTY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2022

E. 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.

F. Subsequent Events

The Authority's management has evaluated the effect that subsequent events would have on the financial statements through May 25, 2023, which is the date the financial statements were available to be released.

Entsorga WV Lease

On March 24, 2022, the Berkeley County SWA issued a "Notice of Default" to notify Entsorga WV that it had 90 days to take measures to initiate compliance with certain defaulted areas of the property lease. The 90 day period ended with no response by Entsorga WV. This notice was sent as a result of a letter received from Entsorga WV announcing a temporary closure of the facility.

On July 23, 2022, the Berkeley County SWA called E-911 to report that the Entsorga facility was smoldering and on fire. Smoldering and fire related activity continued to occur at the site for several days. On July 27, 2022, the WV-DEP issued Order #SW-23-001 to Entsorga WV to immediately take measures to initiate compliance with all terms of its permit and pertinent laws and rules. Entsorga WV reported that Apple Valley would initiate efforts of security, fire suppression, vermin control and waste remediation on their behalf as part of a plan to come into compliance. These efforts continued throughout the remaining months of 2022 and were substantially completed in December, 2022. Additionally, throughout 2022, Apple Valley Waste's management indicated that they were making progress in its efforts to transfer ownership of the Entsorga facility to Apple Valley.

On February 06, 2023, Entsorga WV filed a Chapter 11 bankruptcy case #3:23-bk-00046 in the US Bankruptcy Court in the Northern District of West Virginia before Honorable Judge David Bissett. On March 10, 2023, Judge Bissett dismissed the Chapter 11 filing because the debtor reported its inability to obtain insurance upon its property. The Bondholders also reported that negotiations to transfer the facility to Apple Valley had ended without success.

BERKELEY COUNTY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2022

On March 22, 2023, the Berkeley County SWA sent a “Notification of Termination of Lease and Notification of Forfeiture of Bond” to Entsorga WV. On March 27, 2023, the Sheriff of Berkeley County issued a “Notice of Distrain” on the personal property and “Notice to Auction to Satisfy Delinquent Property Taxes at Entsorga”. This notice states that should the delinquent taxes not be satisfied by April 15, 2023, the Sheriff will begin auctioning off Entsorga’s property until the delinquent taxes are satisfied. Additionally, on March 28, 2023, the Berkeley County SWA sent a “New Lease Notice and Notice of Rights to Cure Defaults” to the Bondholders. With this notice, the lease allows for the Bondholders to restore the defaulted conditions of the lease default in 60 days.

As of April 2, 2023, the Berkeley County SWA has not received its lease revenue from Entsorga since January 2022. To date, the Berkeley County SWA is owed \$161,061.20 from the Entsorga lease and other unpaid fees. To offset the loss of revenue, for FY23, the Berkeley County SWA reduced public services and staff. To assist, the Berkeley County Council granted an additional \$46,125.00 to the solid waste authority for its recycling services. In addition, the Berkeley County SWA was successful in being awarded a \$15,000.00 grant from the WV-SWMB and \$144,600.00 from the WV-DEP REAP Recycling Assistance Grant Program. These additional funds were vital in sustaining the county’s recycling and litter control program for FY23. For FY24, the Berkeley County SWA has requested \$191,061.00 in funds from the Berkeley County Council. Without these funds, or the timely restoration of Entsorga lease revenue, the Berkeley County SWA may need to significantly cut additional services.

BERKELEY COUNTY SOLID WASTE AUTHORITY
For the Fiscal Year Ended June 30, 2022

SUPPLEMENTARY INFORMATION

BERKELEY COUNTY SOLID WASTE AUTHORITY
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
For the Fiscal Year Ended June 30, 2022

WV Agency Grant Number Grant Award	Grant Beginning Balance	Grant Receipts	Grant Expenditures	Grant Ending Balance
* DEP Recycling	\$64,983.04	59,800.00	(54,273.92)	\$70,509.12
CARES Grant	\$2,243.30	-	-	\$2,243.30
CBIG Grant	\$3,183.55	-	-	\$3,183.55
Litter Control	\$0.00	2,000.00	(2,000.00)	\$0.00
CED Grant	\$3,300.00	12,000.00	(10,599.80)	\$4,700.20
SWMB Grant	\$0.00	10,000.00	(8,954.36)	\$1,045.64

* \$70,915.00 of the Recycling Assistance Grant was used to purchase Capital Assets. Such items are "capitalized" and subsequently "expensed" over a period of years through entries of depreciation expense.

BERKELEY COUNTY SOLID WASTE AUTHORITY
SCHEDULE OF EQUIPMENT PURCHASED WITH WV SWMB GRANT FUNDS
For the Fiscal Year Ended June 30, 2022

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	\$ 6,524.69
10x12 shed - Best Homes Brokering	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	\$ 18,905.00
Concrete barriers	May 2019	\$ 1,700.00

Lisa K. Thornburg, CPA

2514 Bedford Chapel Road

Milton, WV 25541

(304) 617-2960

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, 2022, and the related notes to the financial statements, and have issued our report thereon dated May 25, 2023.

Report on 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 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 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.

Report on 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 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 Authority'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,

A handwritten signature in black ink, reading "Lisa K. Thornburg". The signature is written in a cursive, flowing style.

Lisa K. Thornburg, CPA

May 25, 2023