

AUDIT REPORT OF  
BERKELEY COUNTY  
SOLID WASTE AUTHORITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010



LISA K. THORNBURG, CPA

BERKELEY COUNTY SOLID WASTE AUTHORITY

SCHEDULE OF FUNDS INCLUDED IN REPORT

For the Fiscal Year Ended June 30, 2010

GOVERNMENTAL FUND TYPE

Major Fund

General Fund

BERKELEY COUNTY SOLID WASTE AUTHORITY

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For the Fiscal Year Ended June 30, 2010

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BERKELEY COUNTY SOLID WASTE AUTHORITY

BOARD OFFICIALS

For the Fiscal Year Ended June 30, 2010

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Office	Name	Term Ends
Chair	Clint R. Hogbin	June 30, 2011
Vice chair	Edgar J. Mason	June 30, 2010
Secretary	Lynne Lashley	June 30, 2012
Board member	Gerry Fitzgerald	June 30, 2012
Board Member	Tim Feltner	June 30, 2013

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**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities of the Berkeley County Solid Waste Authority, as of and for the year ended June 30, 2010, which collectively comprise the Berkeley County Solid Waste Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Berkeley County Solid Waste Authority, as of June 30, 2010, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2011, on our consideration of the 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* and should be considered in assessing the results of our audit.

Honorable Members of the  
Berkeley County Solid Waste Authority  
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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Berkeley County Solid Waste Authority's financial statements as a whole. The introductory and supplementary sections are presented for purposes of additional analysis and are 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 Schedule of State Assistance in the supplementary section has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Lisa K. Thornburg, CPA

January 15, 2011

**BERKELEY COUNTY SOLID WASTE AUTHORITY**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2010**

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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, 2010. 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 Assets focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the Authority owns, the liabilities it owes, and the net difference.

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

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

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

**2. Analysis of Financial Position and Results of Operations**

The Berkeley County Commission established the Berkeley County Solid Waste Authority (BCSWA) in January, 1989. The Authority's primary responsibility is solid waste management, as defined in the West Virginia Solid Waste Management Act. During FY10, the primary focus of this responsibility has been to manage and expand the county's recycling program. The program reduces the amount of solid waste entering landfills by redirecting those commodities for reuse, reduction or into the recycling waste stream in a manner that is cost efficient. Further, the Authority efforts to preserve our county's natural beauty have also included litter control programs.

The Berkeley County Recycling Program has been operational since 1995 and is operating in compliance with the Berkeley County Recycling Plan, Berkeley County Commercial Solid Waste Facility Siting Plan and the Berkeley County Comprehensive Litter and Solid Waste Control Plan. The program currently operates at three locations around the County. In 2009, the program had over 100,000 participants and marketed over 3,891 tons of recyclables. Two WV-PSC certificated waste haulers also utilize the program as the primary disposal area for recyclables. The program accepts more than 20 separate categories of recyclables and is the primary disposal method for many items legislatively banned for placement in landfills. The program is generally considered the most comprehensive and unique recycling program in the four-state region and the State. Citizens and businesses are encouraged to utilize the 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.

Funding for the recycling program comes from the Berkeley County Solid Waste Authority, Berkeley County Commission, commodity market, cost sharing processing fees and random grants from the WV-DEP, WV-SWMB and other entities.

### 3. Authority as a Whole

A condensed comparative version of the Statement of Net Assets at June 30, 2010 and June 30, 2009, follows:

#### Net Assets at Year End

	2010	2009
Cash and cash equivalents	\$ 495,074.79	469,315.95
Accounts receivable	-	26,235.91
Capital assets	<u>1,838,533.40</u>	<u>1,801,352.39</u>
Total assets	<u>2,333,608.19</u>	<u>2,296,904.25</u>
Accounts payable	<u>17,125.02</u>	<u>18,102.98</u>
Total liabilities	<u>17,125.02</u>	<u>18,102.98</u>
Net assets:		
Invested in capital assets	1,838,533.40	1,801,352.39
Restricted	221,767.54	242,293.50
Unrestricted	<u>256,182.23</u>	<u>235,155.38</u>
Total net assets	<u>\$ 2,316,483.17</u>	<u>\$ 2,278,801.27</u>

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

For FY10, revenues exceeded expenses for the year by the amount of \$500.89. The BCSWA also received other state grants totaling \$74,180. The Berkeley County Commission contributed \$89,390.50 in funding. Finally, the income from commodity sales and cost sharing processing fees were \$76,578.68.

In FY10, grant funding for the county's recycling program from the Berkeley County Commission remained at decreased levels implemented in the previous year. Cost sharing processing fees and other miscellaneous revenue has increased due to the implementation of a brush-processing fee and mulch sales. Thus far, state grants remain relatively strong, though not significant enough to support the expected growth in coming years. It is the Authority's goal to eventually establish a program that is continuous and self-sustaining.

**Statement of Activities**

For the Years Ended June 30, 2010 and June 30, 2009

	<u>2010</u>	<u>2009</u>
<b>PUBLIC SUPPORT AND REVENUES:</b>		
Public support	\$ 183,903.52	\$ 174,242.16
Revenues and other income	<u>124,739.09</u>	<u>105,363.68</u>
Total public support and revenues	<u>308,642.61</u>	<u>279,605.84</u>
<b>OPERATING EXPENSES:</b>		
Contracted services	157,993.35	184,862.84
Other expenses	89,720.37	65,492.12
Depreciation	<u>20,035.99</u>	<u>20,035.99</u>
Total operating expenses	<u>267,749.71</u>	<u>270,390.95</u>
Other financing sources (uses)		
Gain (loss) on disposal of assets	<u>(3,211.00)</u>	<u>-</u>
Change in net assets	<u>\$ 37,681.90</u>	<u>\$ 9,214.89</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. Nor were there significant variations between the final budgeted amounts and the actual results for the general fund.

**6. Description of Significant Capital Assets**

At June 30, 2010, the Authority had \$2,065,135 invested in capital assets. This amount represents a net increase of \$ 48,565 from the prior year. The amounts and types of capital assets at June 30, 2010 and June 30, 2009 were as follows:

	<u>Totals</u> <u>06/30/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Totals</u> <u>06/30/10</u>
Land	\$1,510,000.00	\$ -	\$ -	\$1,510,000.00
Buildings	137,627.36	60,928.00	12,363.00	186,192.36
Equipment	290,350.80	-	-	290,350.80
Land Improvements	<u>78,591.98</u>	<u>-</u>	<u>-</u>	<u>78,591.98</u>
Totals	<u>\$2,016,570.14</u>	<u>\$60,928.00</u>	<u>\$12,363.00</u>	<u>\$2,065,135.14</u>

Changes in accumulated depreciation during the year were as follows:

	Totals <u>06/30/09</u>	Depreciation <u>Expense</u>	<u>Deletions</u>	Totals <u>06/30/10</u>
Land	\$ -	\$ -	\$ -	\$ -
Buildings	54,863.89	3,981.93	8,652.00	50,193.82
Equipment	138,373.14	12,125.13	-	150,498.27
Land Improvements	<u>21,980.72</u>	<u>3,928.93</u>	<u>-</u>	<u>25,909.65</u>
Totals	<u>\$215,217.75</u>	<u>\$20,035.99</u>	<u>\$8,652.00</u>	<u>\$226,601.74</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.**

The BCSWA does not anticipate any particular event that will have a significant financial impact on income or expenditures in the coming year. There are some concerns that the addition of electronics to the recycling program will be needed to support the new legislative landfill ban of these items. This may have an effect on the financial position of the BCSWA unless grant funding is obtained to assist in its implementation.

Unfortunately, the BCSWA receives significant funding from only a few sources. Therefore, it is more vulnerable to the ebb and flow of the state and local political climate, state and local economic activity and grant funding. Concerns are expressed in regard to continued sufficient funding support from the Berkeley County Commission, completion of the mandated 5 year updating of the Berkeley County Commercial Solid Waste Facility Siting Plan, and the viability of the AW Recycling operation. While these concerns are expressed, they are not meant for one to conclude they are inherently detrimental to the future of the program.

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

BERKELEY COUNTY SOLID WASTE AUTHORITY  
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS  
For the Fiscal Year Ended June 30, 2010

	General Fund	Adjustments (Note II)	Statement of Net Assets
<b>Assets</b>			
Cash	\$ 273,307.25	\$ -	\$ 273,307.25
Restricted cash	221,767.54	-	221,767.54
Capital assets	-	2,065,135.14	2,065,135.14
Less: Accumulated depreciation	-	(226,601.74)	(226,601.74)
Total assets	\$ 495,074.79	\$ 1,838,533.40	\$ 2,333,608.19
 <b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 17,125.02	\$ -	\$ 17,125.02
Total liabilities	17,125.02	-	17,125.02
 <b>Fund Balance/Net Assets</b>			
Fund balances:			
Restricted	221,767.54	(221,767.54)	
Unrestricted	256,182.23	(256,182.23)	
Total fund balances	477,949.77	(477,949.77)	
Total liabilities and fund balances	\$ 495,074.79	(477,949.77)	
 Net Assets:			
Invested in capital assets, net of related debt		1,838,533.40	1,838,533.40
Restricted		221,767.54	221,767.54
Unrestricted		256,182.23	256,182.23
Total net assets		\$ 2,316,483.17	\$ 2,316,483.17

The notes to the financial statements are an integral part of this statement.

BERKELEY COUNTY SOLID WASTE AUTHORITY  
STATEMENT OF GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES / STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2010

	General Fund	Adjustments (Note II)	Statement of Activities
<u>Expenditures</u>			
<u>Recycling:</u>			
Advertising / Legal Ads	\$ 3,228.10	\$ -	\$ 3,228.10
Bulky goods disposal	4,800.00	-	4,800.00
Contracted services	139,193.80	-	139,193.80
Capital outlay	45,266.08	(45,266.08)	-
Freight	3,118.76	-	3,118.76
Maintenance and repair - equipment	15,676.61	-	15,676.61
Maintenance and repair - grounds	16,903.71	-	16,903.71
Miscellaneous	896.90	-	896.90
Printing	4,009.80	-	4,009.80
Recycling equipment	11,073.82	-	11,073.82
Refund of unused grant funds	3.36	-	3.36
Telephone	989.64	-	989.64
Travel	907.56	-	907.56
<u>Litter control:</u>	-	-	-
Advertising/Legal publications	2,978.97	-	2,978.97
Miscellaneous	54.75	-	54.75
<u>Administration:</u>			
Audit	1,944.00	-	1,944.00
Contracted services	18,799.55	-	18,799.55
Capital outlay	15,661.92	(15,661.92)	-
Departmental materials and supplies	4,337.29	-	4,337.29
Depreciation	-	20,035.99	20,035.99
Dues and subscriptions	330.00	-	330.00
Insurance and fidelity bonds	8,348.00	-	8,348.00
Maintenance and repair - grounds	4,507.00	-	4,507.00
Miscellaneous	351.19	-	351.19
Professional services	1,438.50	-	1,438.50
Telephone	1,327.13	-	1,327.13
Travel	1,092.67	-	1,092.67
Utilities	1,402.61	-	1,402.61
<b>Total expenditures</b>	<b>308,641.72</b>	<b>(40,892.01)</b>	<b>267,749.71</b>

BERKELEY COUNTY SOLID WASTE AUTHORITY  
STATEMENT OF GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES / STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2010

	General Fund	Adjustments (Note II)	Statement of Activities
<u>General Revenues:</u>			
Intergovernmental:			
Local sources:			
Berkeley County Commission	\$ 89,390.50	\$ -	\$ 89,390.50
Magistrate court	400.00	-	400.00
State sources:			
Solid Waste Management Board assessment fees	19,933.02	-	19,933.02
Solid Waste Management Board grant funds	10,000.00	-	10,000.00
REAP grant funds	62,680.00	-	62,680.00
Litter Control grant funds	1,500.00	-	1,500.00
County Solid Waste Authority Fee	30,509.29	-	30,509.29
Recycling revenue	76,578.68	-	76,578.68
Proceeds from sale of capital asset	500.00	(500.00)	-
Other	6,911.08	-	6,911.08
Interest	10,740.04	-	10,740.04
Total revenues	<u>309,142.61</u>	<u>(500.00)</u>	<u>308,642.61</u>
Excess (deficiency) of revenues over expenditures	500.89		
Other financing sources (uses):			
Gain (loss) on disposal of assets		(3,211.00)	(3,211.00)
Change in net assets		37,181.01	37,681.90
Fund balance/Net assets			
Beginning of year	<u>477,448.88</u>	<u>1,801,352.39</u>	<u>2,278,801.27</u>
End of year	<u>\$ 477,949.77</u>	<u>\$ 1,838,533.40</u>	<u>\$ 2,316,483.17</u>

The notes to the financial statements are an integral part of this statement.

BERKELEY COUNTY SOLID WASTE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2010

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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 commission, 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. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the *Governmental activities*, which normally are supported by tipping fees, grants and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are 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.

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

The government reports the following major governmental fund:

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

BERKELEY COUNTY SOLID WASTE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Fiscal Year Ended June 30, 2010

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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.

**2. Inventories**

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

**3. Receivables and Payables**

*Receivables*

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

*Accounts Payable*

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

**4. Capital Assets and Depreciation**

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year. Such assets costing over \$10,000 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 20 years.

**5. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

BERKELEY COUNTY SOLID WASTE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
For the Fiscal Year Ended June 30, 2010

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**6. Equity Classification**

Equity is classified as net assets and displayed in three components

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assts, 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.
- b. Restricted net assets - Consists of net assets 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 assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assts, net of related debt".

**7. Estimates**

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

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets**

The governmental fund balance sheet includes a reconciliation between fund balance total governmental funds and net assets. Capital assets and accumulated depreciation are not reported on the governmental fund level, but are reported in net assets. The details of this difference are as follows:

Capital assets	\$ 2,065,135.14
Accumulated Depreciation	<u>(226,601.74)</u>
Net adjustment to increase <i>fund balance- total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ 1,838,533.40</u>

BERKELEY COUNTY SOLID WASTE AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 For the Fiscal Year Ended June 30, 2010

**B. Explanation of adjustments shown on the Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes an adjustment between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the Statement of Activities. In addition, capital assets are expensed at the fund level but are capitalized and depreciated in the Statement of Activities. The details of this difference are as follows:

Capital outlay	\$ (60,428.00)
Gain (loss) on disposal of assets	3,211.00
Depreciation expense	<u>20,035.99</u>

Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (37,181.01)</u>
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**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Cash on hand and deposits with banking institutions either in checking or savings accounts are presented as cash in the accompanying financial statements. Such deposits at June 30, 2010, were entirely covered by federal depository insurance or were collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.

**B. Capital Asset Activity**

Capital Asset activity for the fiscal year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets	\$2,016,570.14	\$60,928.00	\$(12,363.00)	\$2,065,135.14
Less:				
Total accumulated depreciation	(215,217.75)	(20,035.99)	<u>8,652.00</u>	(226,601.74)
Governmental activities capital assets, net of accum'd depreciation	<u>\$1,801,352.39</u>	<u>\$40,892.01</u>	<u>\$(3,711.00)</u>	<u>\$1,838,533.40</u>

Depreciation expense for June 30, 2010 was \$20,035.99 as reflected in the financial statements.

BERKELEY COUNTY SOLID WASTE AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 For the Fiscal Year Ended June 30, 2010

**IV. 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 State Board of Risk, 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 (3 banks)	\$ 405,237.27	\$ 405,237.27
Collateralized by securities held by pledging bank in the bank's name (1 bank)	89,837.52	107,847.76
Uninsured and uncollateralized	-	-
Total Deposits	<u>\$ 495,074.79</u>	<u>\$ 513,085.03</u>

**C. Compensated absences**

The authority is not currently liable for any compensated absences.

**D. Employee Retirement Systems and Pension Plans**

The governing body of the Berkeley County Solid Waste Authority does not provide a retirement system. The Authority has no employees. The Authority secures all personnel services through Aerotek, a third party provider.

**E. Budgetary Information**

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, 2010

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**F. Contingencies**

The Authority receives a substantial portion of its revenue from the Berkeley County Commission and a landfill. A significant reduction in the Commission's support and/or the operation of the 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, 2010

SUPPLEMENTARY INFORMATION

BERKELEY COUNTY SOLID WASTE AUTHORITY  
Schedule of State Assistance  
For the Fiscal Year Ended June 30, 2010

**REAP Grant**

Revenues:

Grants received	\$	62,680.00	
Interest earned		<u>86.15</u>	
Total revenues			62,766.15

Expenditures:

Advertising / Legal Ads		2,770.60	
Capital outlay		45,266.08	
Contracted services		23,529.00	
Maintenance and repair - equipment		7,452.61	
Printing		3,200.00	
Recycling equipment		<u>11,073.82</u>	
Total expenditures			<u>93,292.11</u>

Excess (deficiency) of revenues over expenditures			(30,525.96)
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Grant balance at beginning of year			<u>38,293.50</u>
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Grant balance at end of year			<u>\$ 7,767.54</u>
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**Litter Control Grant**

Revenues:

Grants received	\$	1,500.00	
Interest earned		<u>3.00</u>	
Total revenues			1,503.00

Expenditures:

Advertising & legal		<u>1,503.00</u>	
Total expenditures			<u>1,503.00</u>

Excess (deficiency) of revenues over expenditures			-
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Grant balance at beginning of year			<u>-</u>
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Grant balance at end of year			<u>\$ -</u>
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BERKELEY COUNTY SOLID WASTE AUTHORITY  
Schedule of State Assistance  
For the Fiscal Year Ended June 30, 2010

**REAP / CED Grant**

Revenues:

Grants received	\$ 17,800.00	
Total revenues		17,800.00
Expenditures:		
Advertising & legal	32.46	
Total expenditures		<u>32.46</u>
Excess (deficiency) of revenues over expenditures		17,767.54
Grant balance at beginning of year		<u>-</u>
Grant balance at end of year		<u>\$ 17,767.54</u>

**SWMB Grant**

Revenues:

Grants received	\$ 10,000.00	
Total revenues		10,000.00
Expenditures:		
Contracted services	10,000.00	
Total expenditures		<u>10,000.00</u>
Excess (deficiency) of revenues over expenditures		-
Grant balance at beginning of year		<u>-</u>
Grant balance at end of year		<u>\$ -</u>

**Equipment Purchased with Solid Waste Management Board Grant Funds**

The West Virginia Solid Waste Management Board has requested that the following "cumulative list of equipment purchased with Solid Waste Management Board 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 1879SC	January 2003	\$ 2,230.00
Kubota tractor L4300DT-F 52425	March 2003	\$ 17,700.00
Skid steer	January 2008	\$ 38,825.00

BERKELEY COUNTY SOLID WASTE AUTHORITY  
For the Fiscal Year Ended June 30, 2010

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*

**LISA K. THORNBURG, CPA**

2514 BEDFORD CHAPEL ROAD

MILTON, WV 25541

(304) 743-8192

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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  
Berkeley County Solid Waste Authority  
Inwood, West Virginia 25428

We have audited the financial statements of the governmental activities of the Berkeley County Solid Waste Authority, as of and for the year ended June 30, 2010, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated January 15, 2011. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free of 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*.

This report is intended solely for the information and use of the audit committee, management and members of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Lisa K. Thornburg, CPA

January 15, 2011