

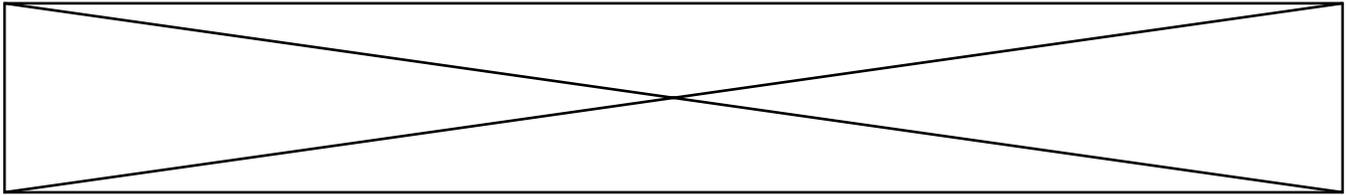
Resource Recovery and Recycling Authority of Southwest Oakland County

**Financial Report
with Supplemental Information
June 30, 2013**

Resource Recovery and Recycling Authority of Southwest Oakland County

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Independent Auditor's Report

To the Board of Directors
Resource Recovery and Recycling Authority
of Southwest Oakland County

Report on the Financial Statements

We have audited the accompanying financial statements of the General Fund and the governmental activities (modified accrual and full accrual columns, respectively) of Resource Recovery and Recycling Authority of Southwest Oakland County (the "Authority") as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise Resource Recovery and Recycling Authority of Southwest Oakland County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

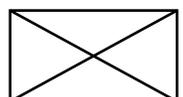
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and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

Auditor's Responsibility

Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



To the Board of Directors
Resource Recovery and Recycling Authority
of Southwest Oakland County

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund and the governmental activities of Resource Recovery and Recycling Authority of Southwest Oakland County as of June 30, 2013 and the respective changes in its financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, 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, which 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 supplemental 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.

Plante & Moran, PLLC

August 22, 2013

Resource Recovery and Recycling Authority of Southwest Oakland County

Management's Discussion and Analysis

Our discussion and analysis of Resource Recovery and Recycling Authority of Southwest Oakland County's (the "Authority" or RRRASOC) financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the Authority's financial statements.

Using this Annual Report

This annual report presents the financial position and the results of operations for each of the Authority's funds, as well as for the Authority as a whole. The individual funds are presented on the modified accrual basis of accounting, which is a short-term view that tells us how resources were spent during the year, as well as how much is available for future spending. This information is then aggregated and adjusted to the full accrual basis to present a longer-term view of the Authority as a whole. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the member communities have funded the full cost of providing waste management services.

The Authority as a Whole

The following table shows, in a condensed format, the net assets on a full accrual basis compared to the prior years:

	Year Ended June 30			Current Year Change	
	2011	2012	2013	Amount	Percent
Assets					
Current assets	\$ 461,126	\$ 502,228	\$ 497,457	\$ (4,771)	(0.9)
Capital assets	2,152,351	2,145,490	2,141,902	(3,588)	(0.2)
Total assets	2,613,477	2,647,718	2,639,359	(8,359)	(0.3)
Liabilities					
Current liabilities	160,799	238,609	119,746	(118,863)	(49.8)
Noncurrent liabilities	14,825	16,857	15,678	(1,179)	(7.0)
Total liabilities	175,624	255,466	135,424	(120,042)	(47.0)
Net Position					
Investment in capital assets	2,152,351	2,145,490	2,141,902	(3,588)	(0.2)
Unrestricted	285,502	246,762	362,033	115,271	46.7
Total net position	<u>\$ 2,437,853</u>	<u>\$ 2,392,252</u>	<u>\$ 2,503,935</u>	<u>\$ 111,683</u>	4.7

The Authority's combined net position increased approximately 4.7 percent from a year ago, from \$2,392,252 to \$2,503,935.

Resource Recovery and Recycling Authority of Southwest Oakland County

Management's Discussion and Analysis (Continued)

Unrestricted net position, the part of net position that can be used to finance day-to-day operations, increased by \$115,271 for the governmental activities. This represents an increase of approximately 46.7 percent. The current level of unrestricted net position for our governmental activities stands at \$362,033, or about 60.9 percent of expenses.

The following table shows the changes of the net position during the current year as compared to the prior two years:

	Year Ended June 30			Current Year Change	
	2011	2012	2013	Amount	Percent
Revenue					
Contributions from members	\$ 293,700	\$ 293,700	\$ 291,795	\$ (1,905)	(0.6)
MRF revenue sharing	194,041	217,868	143,299	(74,569)	(34.2)
Host fees	50,000	104,142	262,626	158,484	152.2
Interest income	879	762	2,677	1,915	251.3
Refunds and other	2,343	22,243	5,605	(16,638)	(74.8)
Total revenue	540,963	638,715	706,002	67,287	10.5
Expenses					
Salaries and benefits	262,520	260,704	260,118	(586)	(0.2)
Professional services	24,296	22,639	18,690	(3,949)	(17.4)
Other operating expenses	104,650	86,262	74,518	(11,744)	(13.6)
Drop-off expense	74,102	80,638	81,932	1,294	1.6
Revenue sharing distributed to communities	137,400	158,239	88,807	(69,432)	(43.9)
Depreciation	75,792	75,834	70,254	(5,580)	(7.4)
Total expenses	678,760	684,316	594,319	(89,997)	(13.2)
Change in Net Position	\$ (137,797)	\$ (45,601)	\$ 111,683	\$ 157,284	(344.9)

The MRF revenue sharing decreased as a result of a drop in the value of various commodities. Those values tend to fluctuate significantly as a result of market forces and in general cannot be depended upon for future revenue levels. Despite the decrease in commodity values, revenue from host fees increased 152 percent due to increased tonnage received from non-member communities.

The Authority was able to achieve excellent results in keeping its other costs down.

Resource Recovery and Recycling Authority of Southwest Oakland County

Management's Discussion and Analysis (Continued)

The Authority's Financial Statements

The financial statements are presented on both a modified accrual and full accrual basis of accounting. The Authority creates funds to help manage money for specific purposes as well as to show accountability for certain activities. For budgetary purposes, the Authority's funds include the General Administrative Fund and the Materials Recovery Facility Fund. For financial statement reporting purposes, the two funds are combined into a single modified accrual fund.

Budgetary Highlights

Overall, Authority expenditures remained below the budgeted amount by \$37,910. Expenditures included more than \$38,707 in unbudgeted revenue sharing distributed to member communities, reflecting the market for recyclable material and associated receipts \$41,299 greater than anticipated. Total revenue exceeded the budgeted amount by \$45,207. The overall fund balance remains at a healthy level. The Authority's fund balance at the beginning of the fiscal year represented 43.7 percent of actual expenditures. The overall fund balance ended the year at 66.2 percent of actual expenditures.

Capital Asset Administration

As described in Note 6, at the end of 2013, the Authority had \$2,141,902 invested in a range of capital assets (net of depreciation), including machinery and equipment and office furnishings and fixtures. Of this amount, \$1,550,000 relates to land originally purchased by Waste Management, Inc. during the year ended June 30, 1994. The land has been deeded to the Authority and the Authority worked with the materials recovery facility (MRF) operator (Waste Management, Inc.) to set rates charged by the operator to residents of member communities such that the costs incurred by the operator to purchase the land and approximately 20 percent of its costs to purchase the MRF were recovered within a 15-year period.

Economic Factors and Next Year's Budgets and Rates

Industry experts predict that demand for recyclable materials will fluctuate through the year, ranging from mild to adequate, as the global economy continues to change. Commodity values will remain at or near current levels during the near term, with some volatility throughout the year. Additionally, the Authority continues to take steps to contain and/or reduce costs in various areas, as well as explore opportunities for revenue enhancement and diversification.

Contacting the Authority's Management

This financial report is intended to provide our member communities with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives from the member communities. If you have questions about this report or need additional information, we welcome you to contact the Authority's office.

Resource Recovery and Recycling Authority of Southwest Oakland County

Statement of Net Position/Governmental Funds Balance Sheet June 30, 2013

	Balance Sheet - Modified Accrual	Accrual Adjustments (Note 3)	Statement of Net Position - Full Accrual
Assets			
Cash and cash equivalents (Note 5)	\$ 411,682	\$ -	\$ 411,682
Accounts receivable	79,344	-	79,344
Prepaid expenses	6,431	-	6,431
Capital assets:			
Nondepreciable capital assets (Note 6)	-	1,550,000	1,550,000
Depreciable capital assets - Net (Note 6)	-	591,902	591,902
	<u>\$ 497,457</u>	2,141,902	2,639,359
Liabilities			
Accounts payable	\$ 97,373	-	97,373
Salaries payable	6,735	-	6,735
Compensated absences:			
Due within one year	-	15,638	15,638
Due in more than one year	-	15,678	15,678
	104,108	31,316	135,424
Equity - Fund balance			
Nonspendable	6,431	(6,431)	-
Unassigned	386,918	(386,918)	-
	393,349	(393,349)	-
	<u>\$ 497,457</u>		
Net Position			
Net investment in capital assets		2,141,902	2,141,902
Unrestricted		362,033	362,033
		<u>\$ 2,503,935</u>	<u>\$ 2,503,935</u>

Resource Recovery and Recycling Authority of Southwest Oakland County

Statement of Activities/Governmental Fund Revenue, Expenditures, and Changes in Fund Balance Year Ended June 30, 2013

	Modified Accrual	Accrual Adjustments (Note 3)	Full Accrual
Revenue			
Contributions from members	\$ 291,795	\$ -	\$ 291,795
MRF revenue sharing	143,299	-	143,299
Host fees	262,626	-	262,626
Interest income	2,677	-	2,677
Refunds and other	5,605	-	5,605
	<u>706,002</u>	<u>-</u>	<u>706,002</u>
Expenditures/Expenses			
Salaries and benefits	259,552	566	260,118
Professional services	18,690	-	18,690
Supplies	3,861	-	3,861
Printing and publishing	11,880	-	11,880
Postage and mailing	13,585	-	13,585
Utilities	5,355	-	5,355
Training and travel	5,968	-	5,968
Equipment maintenance	1,602	-	1,602
Other operating expenses	32,267	-	32,267
Drop-off expenses	81,932	-	81,932
Revenue sharing distributed to communities	88,807	-	88,807
Capital outlay	66,666	(66,666)	-
Depreciation	-	70,254	70,254
	<u>590,165</u>	<u>4,154</u>	<u>594,319</u>
Net Change in Fund Balances/Net Position	115,837	(4,154)	111,683
Fund Balances/Net Position - July 1, 2012	<u>277,512</u>	<u>2,114,740</u>	<u>2,392,252</u>
Fund Balances/Net Position - June 30, 2013	<u>\$ 393,349</u>	<u>\$ 2,110,586</u>	<u>\$ 2,503,935</u>

Resource Recovery and Recycling Authority of Southwest Oakland County

Notes to Financial Statements June 30, 2013

Note 1 - Summary of Significant Accounting Policies

Resource Recovery and Recycling Authority of Southwest Oakland County (the "Authority") is a municipal authority and body corporate, incorporated by the cities of Farmington, Farmington Hills, Novi, South Lyon, Southfield, Walled Lake, and Wixom and was created pursuant to Act 179, Michigan Public Acts of 1947, as amended. Currently, the Authority is engaged in assisting the communities in the coordination of their solid waste management activities. Its ultimate purpose is the collection and disposal of rubbish and acquisition and operation of a waste management system.

The accounting policies of Resource Recovery and Recycling Authority of Southwest Oakland County conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Resource Recovery and Recycling Authority of Southwest Oakland County:

Modified Accrual and Full Accrual Data

The Authority consists of a single fund, which is presented in these financial statements on both the modified accrual basis and full accrual basis. The modified accrual column represents the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenue to be available if it is collected within 45 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, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The full accrual column represents the total economic resources measurement focus and the accrual basis of accounting. Revenue is 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.

Assets, Liabilities, and Net Position or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Prepaid Items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Resource Recovery and Recycling Authority of Southwest Oakland County

Notes to Financial Statements June 30, 2013

Note I - Summary of Significant Accounting Policies (Continued)

Capital Assets - Capital assets, which include land and building for the MRF site, machinery and equipment, and office furniture and fixtures, are reported in the full accrual column. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$500 and 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.

Capital assets are depreciated using the straight-line method over the following useful lives:

Land (MRF site)	Not depreciated
Building	50 years
Machinery and equipment	5-15 years
Office furniture and fixtures	3-10 years

Compensated Absences (Vacation and Sick Leave) - It is the Authority's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A portion of accumulated sick leave is payable upon death or retirement and is accrued. All vacation pay and the portion of sick leave eligible for payout upon death or retirement are accrued when incurred in the full accrual column. A liability for these amounts is reported in the governmental funds only for employee terminations as of year end.

Fund Equity - In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the board of directors.
- **Assigned:** Intent to spend resources on specific purposes expressed by the governing body

Resource Recovery and Recycling Authority of Southwest Oakland County

Notes to Financial Statements June 30, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

- Unassigned: Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been restricted, committed, or assigned to specific purposes in the General Fund.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Accounting and Reporting Change - During the year, the Authority adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. The statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Since the Authority has no deferred outflows or inflows until adoption of GASB No. 65 (see Note 2), the only impact of the adoption of GASB No. 63 on the Authority is a change in terminology from "net assets" to "net position."

Note 2 - Upcoming Accounting Pronouncements

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the Authority as of fiscal year 2013-2014.

Resource Recovery and Recycling Authority of Southwest Oakland County

Notes to Financial Statements June 30, 2013

Note 3 - Reconciliation of Individual Fund Columns of the Statement of Net Position/Statement of Activities

Net position reported in the statement of net position column is different than the fund balance reported in the individual fund column because of the different measurement focus and basis of accounting, as discussed in Note 1. Below is a reconciliation of the differences:

Fund Balance - Modified Accrual Basis	\$ 393,349
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	2,141,902
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	<u>(31,316)</u>
Net Position - Full Accrual Basis	<u>\$ 2,503,935</u>

The change in net position reported in the statement of activities column is different than the change in fund balance reported in the individual fund columns because of the different measurement focus and basis of accounting, as discussed in Note 1. Below is a reconciliation of the differences:

Net Change in Fund Balances - Modified Accrual Basis	\$ 115,837
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	66,666
Depreciation expense	(70,254)
Increase in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	<u>(566)</u>
Change in Net Position of Governmental Activities	<u>\$ 111,683</u>

Resource Recovery and Recycling Authority of Southwest Oakland County

Notes to Financial Statements June 30, 2013

Note 4 - Stewardship, Compliance, and Accountability

Budgetary Information - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end. The budget is prepared by the general manager and approved by the board of directors. The budget document presents information by fund and line items. The legal level of budgetary control adopted by the governing body is the line item level (i.e., the level at which expenditures may not legally exceed appropriations). Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds - In the Materials Recovery Facility Fund, revenue sharing distributed to communities expenditures exceeded the budget by \$38,707 due to greater than budgeted revenue-sharing revenue. Total revenue-sharing revenue exceeded the budgeted amount in that fund by \$41,299.

Note 5 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Authority has designated three banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Authority's deposits and investment policies are in accordance with statutory authority.

Resource Recovery and Recycling Authority of Southwest Oakland County

**Notes to Financial Statements
June 30, 2013**

Note 5 - Deposits and Investments (Continued)

The Authority's cash and investments are subject to three types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank 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 does not have a deposit policy for custodial credit risk. At year end, the Authority had no bank deposits that were uninsured and uncollateralized. The Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. In accordance with its investment policy, the Authority manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to a range of 90 days to three years. The Authority's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. As of year end, the Authority held \$252,635 invested in an investment pool with a weighted average maturity of 721 days.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Authority has no investment policy that would further limit its investment choices. As of year end, the Authority held \$303,766 in investment pools that were not rated.

Resource Recovery and Recycling Authority of Southwest Oakland County

Notes to Financial Statements June 30, 2013

Note 6 - Capital Assets

Capital asset activity was as follows:

Governmental Activities	Balance July 1, 2012	Additions	Disposals and Adjustments	Balance June 30, 2013
Capital assets not being depreciated - Land (MRF site)	\$ 1,550,000	\$ -	\$ -	\$ 1,550,000
Capital assets being depreciated:				
Building	500,000	-	-	500,000
Machinery and equipment	727,165	64,178	-	791,343
Office furnishings and fixtures	56,991	2,488	-	59,479
Subtotal	1,284,156	66,666	-	1,350,822
Accumulated depreciation:				
Building	40,000	10,000	-	50,000
Machinery and equipment	595,998	58,766	-	654,764
Office furnishings and fixtures	52,668	1,488	-	54,156
Subtotal	688,666	70,254	-	758,920
Net capital assets being depreciated	595,490	(3,588)	-	591,902
Net capital assets	<u>\$ 2,145,490</u>	<u>\$ (3,588)</u>	<u>\$ -</u>	<u>\$ 2,141,902</u>

The land, building, and machinery and equipment were all donated to the Authority. The donations were comprised of a \$500,000 state grant, received in 1994, that was used to purchase machinery and equipment. In addition, the former operator donated \$1,550,000 in land at the initiation of its MRF contract in 1994 as well as \$320,000 in machinery and equipment upon the expiration of its contract in 2008.

Upon termination of the MRF operating agreement in 2023, ownership of the retrofit equipment installed in 2011 will be transferred to the Authority. The Authority will record the facility at its fair value, if any, at the time of transfer (the original cost of the equipment is approximately \$4.5 million).

Note 7 - Risk Management

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Authority has purchased commercial insurance for medical benefits, workers' compensation, and general liability claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Required Supplemental Information

Resource Recovery and Recycling Authority of Southwest Oakland County

Required Supplemental Information Budgetary Comparison Schedules Year Ended June 30, 2013

Budgetary Presentation

For budgetary purposes, the Authority budgets the general administrative activities separately from the material recovery facilities activity.

- a. The General Administrative Fund accounts for all financial activity that is not otherwise accounted for in the Materials Recovery Facility Fund.
- b. The Materials Recovery Facility Fund reports the operation of the materials recovery facility. The fund's major revenue sources are revenue sharing, host fees, and a portion of member contributions.

Below is a reconciliation of the two separate activities to the modified accrual basis General Fund:

	General Administrative	Materials Recovery Facility	Total Modified Accrual
Total revenue	\$ 230,364	\$ 475,638	\$ 706,002
Total expenditures	<u>(216,338)</u>	<u>(373,827)</u>	<u>(590,165)</u>
Excess of revenue over expenditures	14,026	101,811	115,837
Fund balance - Beginning of year	<u>76,692</u>	<u>200,820</u>	<u>277,512</u>
Fund balance - End of year	<u><u>\$ 90,718</u></u>	<u><u>\$ 302,631</u></u>	<u><u>\$ 393,349</u></u>

Resource Recovery and Recycling Authority of Southwest Oakland County

Required Supplemental Information Budgetary Comparison Schedule - General Administrative Fund Year Ended June 30, 2013

	Current Year				
	Prior Year Actual	Amended		Actual	Over (Under)
		Original Budget	Budget		Amended Budget
Revenue					
Member contributions	\$ 223,405	\$ 224,009	\$ 224,009	\$ 224,009	\$ -
Interest income	431	300	500	750	250
Other	5,450	5,000	5,000	5,605	605
Total revenue	229,286	229,309	229,509	230,364	855
Expenditures					
Supervisory salaries	53,792	53,892	53,892	51,283	(2,609)
Permanent salaries	57,337	57,034	57,034	54,522	(2,512)
Overtime	4,037	4,637	4,637	4,637	-
FICA	9,234	9,192	9,353	9,352	(1)
Medical and dental insurance	35,215	38,675	39,180	38,634	(546)
Unemployment insurance	233	302	237	235	(2)
Workers' compensation	715	715	729	729	-
ICMA contribution	11,641	11,686	11,686	11,641	(45)
Operating supplies	1,000	1,000	1,000	478	(522)
Office supplies	3,500	3,500	3,500	3,383	(117)
Postage and mailing	929	2,000	2,000	1,313	(687)
Magazines and periodicals	1,108	1,200	1,200	971	(229)
Books	-	100	100	-	(100)
Audit	7,500	7,500	7,500	7,500	-
Consulting services - Engineers	-	250	-	-	-
Consulting services - Legal	2,805	2,000	-	-	-
Consulting services - Accounting	-	250	-	-	-
Membership dues	877	1,047	1,047	816	(231)
Contractual services	10,484	9,956	9,778	9,090	(688)
Telephone	3,108	3,178	3,514	3,514	-
Vehicle allowance	4,800	4,800	4,800	4,800	-
Community relations	3,931	2,500	3,500	3,400	(100)
Printing and publishing	1,414	1,650	1,650	386	(1,264)
Building and liability insurance	-	500	-	-	-
Equipment maintenance	250	250	250	229	(21)
Building and grounds maintenance	281	285	12,740	644	(12,096)
Office equipment rental	2,887	3,120	3,120	3,035	(85)
Conferences and workshops	1,991	2,500	2,500	2,472	(28)
Expenses and mileage	2,140	2,500	2,500	2,494	(6)
Education and training	-	500	500	-	(500)
Computer software	342	380	380	154	(226)
Office equipment	2,774	2,800	630	626	(4)
Contingency	-	4,000	-	-	-
Total expenditures	224,325	233,899	238,957	216,338	(22,619)
Excess of Expenditures Over (Under) Revenue	4,961	\$ (4,590)	\$ (9,448)	14,026	\$ 23,474
Fund Balance - Beginning of year	71,731			76,692	
Fund Balance - End of year	\$ 76,692			\$ 90,718	

Resource Recovery and Recycling Authority of Southwest Oakland County

Required Supplemental Information Budgetary Comparison Schedule - Materials Recovery Facility Year Ended June 30, 2013

	Current Year				Over (Under) Amended Budget
	Prior Year	Original Budget	Amended	Actual	
	Actual		Budget		
Revenue					
Member contributions	\$ 70,295	\$ 67,786	\$ 67,786	\$ 67,786	\$ -
Interest income	331	1,000	2,000	1,927	(73)
Revenue sharing:					
Curbside	188,580	181,160	85,000	122,629	37,629
Drop-off	29,288	30,000	17,000	20,670	3,670
Host fees	104,142	144,000	259,500	262,626	3,126
Grant revenue, refunds, and other	16,793	-	-	-	-
Total revenue	409,429	423,946	431,286	475,638	44,352
Expenditures					
Supervisory salaries	43,665	44,093	47,384	45,347	(2,037)
Permanent salaries	14,216	14,051	16,721	16,155	(566)
FICA	4,890	4,844	5,537	5,536	(1)
Medical and dental insurance	12,089	13,186	13,268	13,122	(146)
Unemployment insurance	98	130	102	102	-
Workers' compensation	346	357	357	357	-
ICMA contribution	7,900	7,930	7,930	7,900	(30)
Operating supplies	387	400	400	-	(400)
Office supplies	900	900	900	-	(900)
Postage and mailing	20,267	23,537	15,864	12,272	(3,592)
Audit	1,850	1,900	2,100	2,100	-
Consulting services - Engineers	-	1,000	-	-	-
Consulting services - Legal	-	4,000	-	-	-
Consulting services - Accounting	-	500	-	-	-
Drop-off	80,638	74,400	82,305	81,932	(373)
Contractual services - Scales	-	-	-	-	-
Telephone	1,941	2,000	2,000	1,841	(159)
Printing and publishing	13,000	17,379	11,749	11,494	(255)
Building and liability insurance	17,048	17,048	19,757	17,269	(2,488)
Equipment maintenance	2,731	52,653	1,653	1,602	(51)
Conferences and workshops	-	1,000	1,000	945	(55)
Expenses and mileage	-	500	500	57	(443)
Office equipment	464	1,250	1,250	323	(927)
Capital outlay	107,165	-	106,346	66,666	(39,680)
Contingency	-	5,000	1,895	-	(1,895)
Revenue sharing distributed to communities	158,239	152,270	50,100	88,807	38,707
Total expenditures	487,834	440,328	389,118	373,827	(15,291)
Excess of Expenditures (Under) Over Revenue	(78,405)	(16,382)	42,168	101,811	59,643
Other Financing Sources - Proceeds from sale of capital assets	40,000	-	-	-	-
Net Change in Fund Balance	(38,405)	\$ (16,382)	\$ 42,168	101,811	\$ 59,643
Fund Balance - Beginning of year	239,225			200,820	
Fund Balance - End of year	\$ 200,820			\$ 302,631	