
Resource Recovery and Recycling Authority of
Southwest Oakland County

**Financial Report
with Supplemental Information
June 30, 2020**

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 Administrative Fund and the governmental activities (modified accrual and full accrual columns, respectively) of the Resource Recovery and Recycling Authority of Southwest Oakland County (the "Authority") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the 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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Administrative Fund and the governmental activities of the Resource Recovery and Recycling Authority of Southwest Oakland County as of June 30, 2020 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.

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

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 schedule, 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 21, 2020

Resource Recovery and Recycling Authority of Southwest Oakland County

Management's Discussion and Analysis

Our discussion and analysis of the Resource Recovery and Recycling Authority of Southwest Oakland County's (RRRASOC or the "Authority") financial performance provides an overview of the Authority's financial activities for the year ended June 30, 2020. Please read it in conjunction with the Authority's financial statements.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances. 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 fund financial statements present a short-term view; they tell the member communities how the resources were spent during the year, as well as how much is available for future spending.

The Authority as a Whole

	Governmental Activities				
	2018	2019	2020	Change	Percent Change
Assets					
Current and other assets	\$ 650,173	\$ 619,337	\$ 623,744	\$ 4,407	0.7
Capital assets	7,969,949	7,737,037	7,472,994	(264,043)	(3.4)
Total assets	8,620,122	8,356,374	8,096,738	(259,636)	(3.1)
Liabilities					
Current liabilities	97,536	52,148	23,037	(29,111)	(55.8)
Noncurrent liabilities	58,735	56,799	54,570	(2,229)	(3.9)
Total liabilities	156,271	108,947	77,607	(31,340)	(28.8)
Net Position					
Net investment in capital assets	7,969,949	7,737,037	7,472,994	(264,043)	(3.4)
Unrestricted	493,902	510,390	546,137	35,747	7.0
Total net position	<u>\$ 8,463,851</u>	<u>\$ 8,247,427</u>	<u>\$ 8,019,131</u>	<u>\$ (228,296)</u>	(2.8)

The Authority's total net position decreased by approximately 2.8 percent from a year ago from \$8,247,427 to \$8,019,131. Unrestricted net position, the part of net position that can be used to finance day-to-day operations, increased by \$35,747 for the governmental activities.

Resource Recovery and Recycling Authority of Southwest Oakland County
Management's Discussion and Analysis (Continued)

The Authority's Changes in Net Position

	Governmental Activities				Percent Change
	2018	2019	2020	Change	
Revenue					
Member contributions	\$ 330,794	\$ 330,794	\$ 330,794	\$ -	-
Host fees	341,913	304,616	288,489	(16,127)	(5.3)
MRF revenue sharing	84,910	-	-	-	-
Other revenue:					
Refunds and other	32,292	6,779	4,433	(2,346)	(34.6)
Interest income	2,134	2,683	2,914	231	8.6
Total revenue	792,043	644,872	626,630	(18,242)	(2.8)
Expenditures					
Printing and publishing	26,177	50,039	28,265	(21,774)	(43.5)
Postage and mailing	17,994	30,694	4,416	(26,278)	(85.6)
Utilities	5,774	5,671	5,930	259	4.6
Transfers, distributions, and other	60,793	-	-	-	-
Salaries and benefits	274,474	266,692	269,078	2,386	0.9
Supplies	2,563	1,543	2,312	769	49.8
Professional services	54,570	56,397	85,825	29,428	52.2
Drop-off expenses	103,683	119,413	135,787	16,374	13.7
Training and travel	3,055	3,271	977	(2,294)	(70.1)
Other operating expenses	63,074	54,351	49,104	(5,247)	(9.7)
Capital outlay	19,844	-	-	-	-
Depreciation	273,388	273,225	273,232	7	-
Total expenditures	905,389	861,296	854,926	(6,370)	(0.7)
Net Change in Net Position	(113,346)	(216,424)	(228,296)	(11,872)	5.5
Net Position - Beginning of year	8,577,197	8,463,851	8,247,427	(216,424)	(2.6)
Net Position - End of year	<u>\$ 8,463,851</u>	<u>\$ 8,247,427</u>	<u>\$ 8,019,131</u>	<u>\$ (228,296)</u>	(2.8)

The Material Recovery Facility (MRF) revenue sharing receipts remained \$0 as a result of the reduced 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. Revenue from host fees decreased by \$16,127 due to a decrease in capacity utilization by the Authority's MRF contractor.

General Administrative Fund Budgetary Highlights

Overall, the Authority's expenditures remained below budgeted amounts. The Authority's fund balance is being closely monitored, as it fell due to reduced cash flow during the period following the fire at the MRF. The fund balance has risen to healthier levels as MRF operations and associated revenue returned to normal.

Capital Assets Administration

As described in Note 5, at the end of 2020, the Authority had \$7,472,994 invested in capital assets (net of depreciation), including land, building, and office furnishings and fixtures. Of this amount, \$1,550,000 relates to land.

Economic Factors and Next Year's Budgets and Rates

Commodity prices remain volatile, with global and domestic uncertainty having a continued presence. Import restrictions to the Chinese market imposed by the Chinese government continue to adversely affect worldwide prices for recycled commodities. The COVID-19 pandemic also plays a role in price volatility. Prices remained below historic norms during the fiscal year, and that is expected to continue into fiscal year 2021.

Resource Recovery and Recycling Authority of Southwest Oakland County
Management's Discussion and Analysis (Continued)

Requests for Further Information

This financial report is intended to provide our member communities with a general overview of the Authority's finances and demonstrate 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 Fund Balance Sheet

June 30, 2020

	Balance Sheet - Modified Accrual	Accrual Adjustments (Note 2)	Statement of Net Position - Full Accrual
Assets			
Cash and investments (Note 4)	\$ 545,128	\$ -	\$ 545,128
Receivables	61,980	-	61,980
Prepaid expenses and other assets	16,636	-	16,636
Capital assets:			
Assets not subject to depreciation (Note 5)	-	1,550,000	1,550,000
Assets subject to depreciation - Net (Note 5)	-	5,922,994	5,922,994
Total assets	\$ 623,744	7,472,994	8,096,738
Liabilities			
Accounts payable	\$ 19,879	-	19,879
Accrued liabilities and other	3,158	-	3,158
Compensated absences:			
Due within one year	-	20,056	20,056
Due in more than one year	-	34,514	34,514
Total liabilities	23,037	54,570	77,607
Equity			
Fund balance:			
Nonspendable	16,636	(16,636)	-
Assigned - Subsequent year's budget	82,574	(82,574)	-
Unassigned	501,497	(501,497)	-
Total fund balance	600,707	(600,707)	-
Total liabilities and fund balance	\$ 623,744		
Net position:			
Net investment in capital assets		7,472,994	7,472,994
Unrestricted		546,137	546,137
Total net position		\$ 8,019,131	\$ 8,019,131

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, 2020

	Statement of Revenue, Expenditures, and Changes in Fund Balance - Modified Accrual	Accrual Adjustments (Note 2)	Statement of Activities - Full Accrual
Revenue			
Member contributions	\$ 330,794	\$ -	\$ 330,794
Host fees	288,489	-	288,489
Other revenue:			
Refunds and other	4,433	-	4,433
Interest income	2,914	-	2,914
Total revenue	626,630	-	626,630
Expenditures/Expenses			
Printing and publishing	28,265	-	28,265
Postage and mailing	4,416	-	4,416
Utilities	5,930	-	5,930
Salaries and benefits	271,307	(2,229)	269,078
Supplies	2,312	-	2,312
Professional services	85,825	-	85,825
Drop-off expenses	135,787	-	135,787
Training and travel	977	-	977
Other operating expenses	49,104	-	49,104
Capital outlay	9,189	(9,189)	-
Depreciation	-	273,232	273,232
Total expenditures/expenses	593,112	261,814	854,926
Net Change in Fund Balance/Net Position	33,518	(261,814)	(228,296)
Fund Balance/Net Position - Beginning of year	567,189	7,680,238	8,247,427
Fund Balance/Net Position - End of year	\$ 600,707	\$ 7,418,424	\$ 8,019,131

Note 1 - Significant Accounting Policies

Reporting Entity

The 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, Michigan; the Village of Milford, Michigan; and the Charter Township of Milford, 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.

Accounting and Reporting Principles

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

Specific Balances and Transactions

Cash and Cash Equivalents

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.

Capital Assets

Capital assets, which include land and building for the Material Recovery Facility (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 acquisition cost at the date of donation.

Note 1 - Significant Accounting Policies (Continued)

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Authority has no items that qualify for reporting in this category.

Net Position

Net position of the Authority is classified in two components: (1) net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets, and (2) unrestricted net position is the remaining net position that does not meet the definition of invested in capital assets.

Net Position Flow Assumption

The Authority will sometimes fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The Authority will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Note 1 - Significant Accounting Policies (Continued)

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

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

Member Contributions

The Authority receives contributions from members based on a per capita charge and the most recent census.

Host Fees

The Authority receives host fees in accordance with pricing arrangements stipulated in the MRF operation agreement with the MRF operator. Revenue is calculated based on the incoming volume of material collected outside of the Authority's programs.

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 fund only for employee terminations as of year end.

As of June 30, 2020, there was \$54,570 of accrued compensated absences, of which \$20,056 was deemed a current liability. Activity during the year consisted of \$23,977 of reductions to the liability and \$21,748 of additional earned accrued compensated absences.

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.

Note 1 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncement

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments, deferred inflows of resources, and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange of exchange-like transaction. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2023.

Note 2 - Reconciliation of Individual Fund Column 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 Reported in Governmental Fund	\$ 600,707
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	7,472,994
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>(54,570)</u>
Net Position of Governmental Activities	<u>\$ 8,019,131</u>

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

Net Change in Fund Balance Reported in Governmental Fund	\$ 33,518
Amounts reported for governmental activities in the full accrual column are different because:	
Governmental funds report capital outlays as expenditures; however, in the full accrual column, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(273,232)
Capital outlay	9,189
Some employee costs (compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	<u>2,229</u>
Change in Net Position of Governmental Activities	<u>\$ (228,296)</u>

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law. 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 (i.e., the level at which expenditures may not legally exceed appropriations) is the line item level. State law requires the Authority to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits entities to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Note 4 - 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 that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that 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 investments comply with all required laws and regulations.

The Authority's cash and investments are subject to various 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 \$198,607 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Authority believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, 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 \$84,312 invested in an investment pool with a weighted-average maturity of 1.38 years.

Note 4 - Deposits and Investments (Continued)

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 \$84,312 in an investment pool that was not rated.

Concentration of Credit Risk

The Authority places no limit on the amount it may invest in any one issuer. Approximately 15 percent of the Authority's investments are in the Oakland County Local Government Investment Pool (the "LGIP").

Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical asset, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Authority's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Investments in Entities that Calculate Net Asset Value per Share

The Authority holds shares or interests in an investment pool wherein the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At June 30, 2020, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Carrying Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Oakland County Local Government Investment Pool	\$ 84,312	\$ -	No restrictions	None

The LGIP invests assets in a manner that will seek the highest investment return consistent with the preservation of principal and meet the daily liquidity needs of participants.

The Oakland County Local Government Investment Pool is not registered with the SEC and does not issue a separate report. The pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized costs. Accordingly, the investment is reported at fair value. The fair value of the position in the pool is not the same as the value of the pool shares because the pool redeems shares at \$1 per share regardless of current fair value.

Resource Recovery and Recycling Authority of Southwest Oakland County

Notes to Financial Statements

June 30, 2020

Note 5 - Capital Assets

Capital asset activity of the Authority was as follows:

Governmental Activities

	Balance July 1, 2019	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated - Land (MRF site)	\$ 1,550,000	\$ -	\$ -	\$ 1,550,000
Capital assets being depreciated:				
Building	4,345,863	-	-	4,345,863
Machinery and equipment	2,783,046	5,883	-	2,788,929
Office furniture and fixtures	14,171	3,306	-	17,477
Subtotal	7,143,080	9,189	-	7,152,269
Accumulated depreciation:				
Buildings	347,668	86,917	-	434,585
Machinery and equipment	595,748	185,440	-	781,188
Office furniture and fixtures	12,627	875	-	13,502
Subtotal	956,043	273,232	-	1,229,275
Net capital assets being depreciated	6,187,037	(264,043)	-	5,922,994
Net governmental activities capital assets	<u>\$ 7,737,037</u>	<u>\$ (264,043)</u>	<u>\$ -</u>	<u>\$ 7,472,994</u>

Upon termination of the MRF operations agreement with Republic Services, ownership of any fixed equipment installed by Republic Services 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 Republic Services-owned equipment installed during fiscal year 2015-2016 was approximately \$6.5 million).

Note 6 - 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 Schedule - General Administrative Fund

Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Member contributions	\$ 330,794	\$ 330,794	\$ 330,794	\$ -
Host fees	310,000	280,000	288,489	8,489
Other revenue:				
Refunds and other	6,000	6,000	4,433	(1,567)
Interest income	2,500	2,500	2,914	414
Total revenue	649,294	619,294	626,630	7,336
Expenditures				
Printing and publishing	42,000	39,195	28,265	10,930
Postage and mailing	25,607	16,749	4,416	12,333
Utilities	5,930	5,930	5,930	-
Salaries and benefits:				
Supervisory salaries	112,409	112,409	112,409	-
Permanent salaries	55,630	55,630	55,630	-
Overtime/Bonus/Longevity	4,562	4,562	4,562	-
FICA	14,491	14,838	14,838	-
Medical and dental insurance	64,440	61,226	61,226	-
Unemployment insurance	216	202	110	92
Workers' compensation	885	750	750	-
ICMA contribution	21,782	21,782	21,782	-
Supplies:				
Operating supplies	1,100	1,000	518	482
Office supplies	2,000	2,000	1,794	206
Professional services:				
Consulting services - Accounting	-	7,000	7,000	-
Consulting services - Legal	2,700	20,000	14,771	5,229
Contractual services	60,000	60,000	52,294	7,706
Audit	11,500	11,760	11,760	-
Drop-off expenses:				
Contractual services - Drop-off	105,000	124,750	121,300	3,450
Contractual services - Household hazardous waste	12,000	29,000	14,487	14,513
Training and travel:				
Conferences and workshops	3,000	3,000	148	2,852
Expenses and mileage	2,500	2,500	829	1,671
Other operating expenses:				
Magazines and periodicals	220	220	76	144
Membership dues	1,250	1,250	770	480
Vehicle allowance	4,800	4,800	4,800	-
Community relations	5,500	5,500	4,351	1,149
Building/Liability insurance	24,782	25,685	25,685	-
Equipment maintenance	27,880	24,489	11,790	12,699
Building and grounds maintenance	1,700	1,700	260	1,440
Office equipment rental	1,380	1,000	797	203
Computer software	260	750	575	175
Office equipment	500	1,555	-	1,555
Contingency	15,000	4,600	-	4,600
Capital outlay	45,000	45,000	9,189	35,811
Total expenditures	676,024	710,832	593,112	117,720
Excess of Revenue (Under) Over Expenditures	(26,730)	(91,538)	33,518	125,056
Fund Balance - Beginning of year	567,189	567,189	567,189	-
Fund Balance - End of year	\$ 540,459	\$ 475,651	\$ 600,707	\$ 125,056

Resource Recovery and Recycling Authority of Southwest Oakland County

Note to Required Supplemental Information

June 30, 2020

Excess of Expenditures Over Appropriations in Budgeted Fund

During the year, the Authority's General Administrative Fund did not incur any expenditures in excess of budget.