
Resource Recovery and Recycling Authority of Southwest Oakland County

**Financial Report
with Supplementary Information
June 30, 2025**

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

Opinions

We have audited the 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, 2025 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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 Authority as of June 30, 2025 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Plante & Moran, PLLC

August 20, 2025

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, 2025. 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				
	2023	2024	2025	Change	Percent Change
Assets					
Current and other assets	\$ 1,171,280	\$ 934,081	\$ 820,878	\$ (113,203)	(12.1)
Capital assets	6,873,313	7,136,619	6,893,985	(242,634)	(3.4)
Total assets	8,044,593	8,070,700	7,714,863	(355,837)	(4.4)
Liabilities					
Current liabilities	34,668	40,183	58,140	17,957	44.7
Noncurrent liabilities	74,103	85,284	91,001	5,717	6.7
Total liabilities	108,771	125,467	149,141	23,674	18.9
Net Position					
Net investment in capital assets	6,873,313	7,136,619	6,893,985	(242,634)	(3.4)
Unrestricted	1,062,509	808,614	671,737	(136,877)	(16.9)
Total net position	<u>\$ 7,935,822</u>	<u>\$ 7,945,233</u>	<u>\$ 7,565,722</u>	<u>\$ (379,511)</u>	(4.8)

The Authority's total net position decreased by approximately 4.8 percent from a year ago from \$7,945,233 to \$7,565,722. Unrestricted net position, the part of net position that can be used to finance day-to-day operations, decreased by \$136,877 for the governmental activities. The decrease was primarily due to decreased revenue from capital grants and other sources.

Resource Recovery and Recycling Authority of Southwest Oakland County

Management's Discussion and Analysis (Continued)

The Authority's Changes in Net Position

	Governmental Activities				
	2023	2024	2025	Change	Percent Change
Revenue					
Member contributions	\$ 360,054	\$ 388,858	\$ 403,260	\$ 14,402	3.7
Host fees	177,805	191,607	254,439	62,832	32.8
MRF revenue sharing	59,532	34,767	55,843	21,076	60.6
Other revenue:					
Grants and other	96,484	587,802	143,190	(444,612)	(75.6)
Interest income	9,071	13,173	24,031	10,858	82.4
Total revenue	702,946	1,216,207	880,763	(335,444)	(27.6)
Expenses					
Printing and publishing	48,498	55,913	54,673	(1,240)	(2.2)
Postage and mailing	16,447	18,659	18,016	(643)	(3.4)
Utilities	6,523	5,410	4,962	(448)	(8.3)
Salaries and benefits	308,431	330,203	346,606	16,403	5.0
Supplies	870	1,482	652	(830)	(56.0)
Professional services	161,463	218,382	172,691	(45,691)	(20.9)
Drop-off expenses	181,613	179,823	229,919	50,096	27.9
Training and travel	849	1,961	2,732	771	39.3
Other operating expenses	60,397	62,075	65,697	3,622	5.8
Capital outlay	2,413	-	-	-	-
Depreciation	292,818	332,888	364,326	31,438	9.4
Total expenses	1,080,322	1,206,796	1,260,274	53,478	4.4
Net Change in Net Position	(377,376)	9,411	(379,511)	(388,922)	(4,132.6)
Net Position - Beginning of year	8,313,198	7,935,822	7,945,233	9,411	0.1
Net Position - End of year	<u>\$ 7,935,822</u>	<u>\$ 7,945,233</u>	<u>\$ 7,565,722</u>	<u>\$ (379,511)</u>	(4.8)

The Material Recovery Facility (MRF) revenue-sharing receipts of \$55,843 increased as a result of fluctuating pricing in the commodities market. Traditionally, those values have tended to fluctuate significantly due to market forces and, in general, cannot be depended upon for future revenue levels. Revenue from host fees increased by \$62,832 due to an increase in capacity utilization by the Authority's MRF contractor. Grants and other income decreased by \$444,612 from the prior year due to the large infrastructure/capital grants being received in the prior year.

General Administrative Fund Budgetary Highlights

During the year, the budget was amended to reflect expected changes in revenue sharing, host fees, and grant-funded activities, as well as activities carried over from the prior fiscal year. Overall, the Authority's expenditures remained below budgeted amounts. The Authority's fund balance continues to be closely monitored, as it fell due to reduced cash flow during the period following the 2014 fire at the MRF. The assigned capital fund balance health is of vital importance, as critical investment in increased automation will likely be necessary to ensure that the MRF continues to provide cost-effective recycling processing for the Authority's members.

Capital Assets Administration

As described in Note 5, at the end of 2025, the Authority had \$6,893,985 invested in capital assets (net of depreciation), including land, building, and office furnishings and fixtures. Of this amount, \$1,550,000 relates to land.

Resource Recovery and Recycling Authority of Southwest Oakland County

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

Commodity prices remain volatile, with global and domestic uncertainty having a continued presence. Prices rebounded significantly during the second half of the fiscal year, and pricing consistent with historical norms is expected to continue into the first quarter of fiscal year 2025-2026, with less certainty for second, third, and fourth quarters.

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, 2025

	Balance Sheet - Modified Accrual	Accrual Adjustments (Note 2)	Statement of Net Position - Full Accrual
Assets			
Cash and investments (Note 4)	\$ 712,280	\$ -	\$ 712,280
Receivables	95,740	-	95,740
Prepaid expenses and other assets	12,858	-	12,858
Capital assets:			
Assets not subject to depreciation (Note 5)	-	1,550,000	1,550,000
Assets subject to depreciation - Net (Note 5)	-	5,343,985	5,343,985
	<u>\$ 820,878</u>	6,893,985	7,714,863
Liabilities			
Accounts payable	\$ 49,658	-	49,658
Accrued liabilities and other	8,482	-	8,482
Compensated absences:			
Due within one year	-	23,145	23,145
Due in more than one year	-	67,856	67,856
	58,140	91,001	149,141
Equity			
Fund balance:			
Nonspendable	12,858	(12,858)	-
Unassigned	749,880	(749,880)	-
	762,738	(762,738)	-
	<u>\$ 820,878</u>		
Net position:			
Net investment in capital assets		6,893,985	6,893,985
Unrestricted		671,737	671,737
		<u>\$ 7,565,722</u>	<u>\$ 7,565,722</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, 2025

	Statement of Revenue, Expenditures, and Changes in Fund Balance - Modified Accrual	Accrual Adjustments (Note 2)	Statement of Activities - Full Accrual
Revenue			
Member contributions	\$ 403,260	\$ -	\$ 403,260
Host fees	254,439	-	254,439
MRF revenue sharing	55,843	-	55,843
Other revenue:			
Grants and other	143,190	-	143,190
Interest income	24,031	-	24,031
Total revenue	880,763	-	880,763
Expenditures/Expenses			
Printing and publishing	54,673	-	54,673
Postage and mailing	18,016	-	18,016
Utilities	4,962	-	4,962
Salaries and benefits	340,889	5,717	346,606
Supplies	652	-	652
Professional services	172,691	-	172,691
Drop-off expenses	229,919	-	229,919
Training and travel	2,732	-	2,732
Other operating expenses	65,697	-	65,697
Capital outlay	121,692	(121,692)	-
Depreciation	-	364,326	364,326
Total expenditures/expenses	1,011,923	248,351	1,260,274
Net Change in Fund Balance/Net Position	(131,160)	(248,351)	(379,511)
Fund Balance/Net Position - Beginning of year	893,898	7,051,335	7,945,233
Fund Balance/Net Position - End of year	<u><u>\$ 762,738</u></u>	<u><u>\$ 6,802,984</u></u>	<u><u>\$ 7,565,722</u></u>

June 30, 2025

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), as 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 and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets 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 and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets 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.

June 30, 2025

Note 1 - Significant Accounting Policies (Continued)

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).

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 leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

As of June 30, 2025, there was \$91,001 of accrued compensated absences, of which \$23,145 was deemed a current liability. Activity during the year consisted of \$29,973 of reductions to the liability and \$38,060 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.

June 30, 2025

Note 1 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2026.

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	\$ 762,738
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	6,893,985
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	(91,001)
Net Position of Governmental Activities	<u>\$ 7,565,722</u>

June 30, 2025**Note 2 - Reconciliation of Individual Fund Column of the Statement of Net Position/Statement of Activities (Continued)**

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	\$ (131,160)
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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	(364,326)
Capital outlay	121,692

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

(5,717)

Change in Net Position of Governmental Activities	\$ (379,511)
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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 no 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 two 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.

June 30, 2025

Note 4 - Deposits and Investments (Continued)

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 no bank deposits (checking and savings accounts) that were uninsured and uncollateralized.

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 3 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 \$559,248 invested in an investment pool with a weighted-average maturity of 0.99 years.

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 \$559,248 in an investment pool that was not rated.

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 assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using 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.

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, 2025, 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	\$ 559,248	\$ -	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.

Resource Recovery and Recycling Authority of Southwest Oakland County

Notes to Financial Statements

June 30, 2025

Note 4 - Deposits and Investments (Continued)

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.

Note 5 - Capital Assets

Capital asset activity of the Authority was as follows:

Governmental Activities

	Balance July 1, 2024	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets not being depreciated - Land (MRF site)	\$ 1,550,000	\$ -	\$ -	\$ 1,550,000
Capital assets being depreciated:				
Building	4,374,813	-	-	4,374,813
Machinery and equipment	3,614,505	121,692	-	3,736,197
Office furniture and fixtures	18,933	-	-	18,933
Subtotal	8,008,251	121,692	-	8,129,943
Accumulated depreciation:				
Buildings	783,218	87,496	-	870,714
Machinery and equipment	1,620,450	276,390	-	1,896,840
Office furniture and fixtures	17,964	440	-	18,404
Subtotal	2,421,632	364,326	-	2,785,958
Net capital assets being depreciated	5,586,619	(242,634)	-	5,343,985
Net governmental activities capital assets	\$ 7,136,619	\$ (242,634)	\$ -	\$ 6,893,985

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.

Note 7 - Retirement Plan

The Authority provides a deferred compensation plan for employees. The employee manual provides for the Authority to make contributions equal to 5 percent of each employee's salary. The Authority also makes discretionary contributions. Contributions to the plan amounted to \$28,917 for the year ended June 30, 2025.

Required Supplementary Information

Resource Recovery and Recycling Authority of Southwest Oakland County

Required Supplementary Information Budgetary Comparison Schedule - General Administrative Fund

Year Ended June 30, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Member contributions	\$ 403,260	\$ 403,260	\$ 403,260	\$ -
Host fees	240,000	248,000	254,439	6,439
MRF revenue sharing:				
Curbside	32,285	51,166	52,632	1,466
Drop-off	2,175	3,121	3,211	90
Other revenue:				
Grants and other	175,425	137,320	143,190	5,870
Interest income	23,000	23,000	24,031	1,031
Total revenue	876,145	865,867	880,763	14,896
Expenditures				
Printing and publishing	55,053	55,053	54,673	(380)
Postage and mailing	19,516	19,516	18,016	(1,500)
Utilities	4,980	4,980	4,962	(18)
Salaries and benefits:				
Supervisory salaries	138,926	142,049	142,048	(1)
Permanent salaries	68,754	70,263	70,262	(1)
Overtime/Bonus/Longevity	7,672	7,672	7,672	-
FICA	18,629	19,283	19,283	-
Medical and dental insurance	71,519	71,519	71,469	(50)
Unemployment insurance	505	505	270	(235)
Workers' compensation	952	968	968	-
ICMA contribution	27,658	28,917	28,917	-
Supplies:				
Operating supplies	250	250	-	(250)
Office supplies	1,500	1,500	652	(848)
Professional services:				
Consulting services - Legal	4,000	4,000	-	(4,000)
Contractual services	171,479	171,479	154,511	(16,968)
Audit	18,180	18,180	18,180	-
Drop-off expenses:				
Contractual services - Drop-off	201,500	201,500	195,269	(6,231)
Contractual services - Household hazardous waste	37,300	37,300	34,650	(2,650)
Training and travel:				
Conferences and workshops	500	500	-	(500)
Expenses and mileage	2,500	3,500	2,732	(768)
Other operating expenses:				
Magazines and periodicals	160	160	135	(25)
Membership dues	1,148	1,148	1,148	-
Vehicle allowance	4,800	4,800	4,800	-
Community relations	9,300	9,300	7,512	(1,788)
Building/Liability insurance	21,599	21,599	21,599	-
Equipment maintenance	30,500	30,500	28,195	(2,305)
Building and grounds maintenance	500	500	-	(500)
Computer software	2,234	2,310	2,308	(2)
Office equipment	500	500	-	(500)
Contingency	5,000	3,742	-	(3,742)
Capital outlay	203,600	203,600	121,692	(81,908)
Total expenditures	1,130,714	1,137,093	1,011,923	(125,170)
Excess of Expenditures Over Revenue	(254,569)	(271,226)	(131,160)	140,066
Fund Balance - Beginning of year	893,898	893,898	893,898	-
Fund Balance - End of year	\$ 639,329	\$ 622,672	\$ 762,738	\$ 140,066

Resource Recovery and Recycling Authority of Southwest Oakland County

Note to Required Supplementary Information

June 30, 2025

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 the budget.