

**Financial Statements and Reports of  
Independent Certified Public Accountant  
Delaware County  
Solid Waste Authority  
June 30, 2016**

**TURNER & ASSOCIATES, PLC  
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**Delaware County Solid Waste Authority  
Board of Trustees**

Dave Kendrick  
Howard Sitton  
Ken Crowder

Chairman  
Member  
Member

**Manager**  
Kent Vice

**Delaware County Solid Waste Authority  
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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Delaware County Solid Waste Authority  
Delaware County, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Delaware County Solid Waste Authority, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority'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 the modified cash basis of accounting described in Note I; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### ***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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 business-type activities of the Delaware County Solid Waste Authority, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting.

### *Basis of Accounting*

As discussed in Note I, the financial statements are prepared on the modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*TURNER & ASSOCIATES, PLLC*

Vinita, Oklahoma

May 1, 2017



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

Board of Trustees  
Delaware County Solid Waste Authority  
Delaware County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Delaware County Solid Waste Authority, County of Delaware, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the Delaware County Solid Waste Authority's financial statements, and have issued our report thereon dated May 1, 2017. The Delaware County Solid Waste Authority did not present the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to supplement, although not to be part of, the basic financial statements.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Delaware County Solid Waste Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Delaware County Solid Waste Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Delaware County Solid Waste Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting, describe in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies 2016-1 and 2016-3, described in the accompanying schedule of findings and responses to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Delaware County Solid Waste Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2016-2.

### **Delaware County Solid Waste Authority Response to Findings**

The Delaware County Solid Waste Authority's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Delaware County Solid Waste Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

TURNER & ASSOCIATES, PLC

Vinita, Oklahoma  
May 1, 2017

**Delaware County Solid Waste Authority  
Schedule of Findings and Responses  
For the Year Ended June 30, 2016**

**FINDINGS - FINANCIAL STATEMENT AUDIT**

**2016-1 Material Adjusting Journal Entries**

*Criteria:*

The Authority's management is responsible for internal controls over accounting and financial reporting. This responsibility includes the design and implantation of controls over the fair and complete presentation of the government's annual financial statements in accordance with the modified cash basis of accounting from trial balances derived from the government's accounting records. For trial balances to be both complete and accurate, the government must have effective internal controls over recording, processing, summarizing, and adjusting accounting data. As evidence of effective internal controls over accounting and financial reporting, there should generally be few, if any, material adjustments to the trial balances required that are detected and corrected solely as a result of the financial statement audit. In other words, government management should not rely on the external auditor to detect and correct material misstatements in the books and records as part of its internal control, but rather should have its own procedures designed and in place that are independent of the external auditor to provide reasonable, although not absolute, assurance that material misstatements will be detected and corrected in its trial balances prior to audit.

*Condition:*

The Authority's trial balances for the year ended June 30, 2016, required a number of material adjusting journal entries in order for the financial statements to be prepared in accordance with the modified cash basis of accounting. These necessary adjusting entries, identified solely as a result of the financial statement audit, included such adjustments as the following: adjusting accounts receivable/accounts payable, reclassify income/expense accounts, and adjusting payroll taxes and employee deductions. This is a repeat finding.

*Cause:*

The Authority's accounting and financial reporting staff lacks the necessary knowledge, expertise and education, relative to the complex nature of applying the modified cash basis of accounting applicable to state and local governments, sufficient to provide reasonable assurance that the trial balances used for preparing the modified cash financial statements are complete and accurate prior to audit. As a result, management has had to rely on the external auditors to identify and correct a number of material misstatements in the trial balances.

*Effect:*

As a result of this condition, without reliance on its external auditors, the Authority lacks the necessary internal controls over the completeness and accuracy of the trial balances that are used in the preparation of its financial statements in accordance with the modified cash basis of accounting. This condition can result in undetected and uncorrected material misstatements in the financial statements that are not detected by management and may also not be detected by the financial statement audit. In addition, if management's intentions are to continue to rely on the external auditor to detect and correct material misstatements, this condition could place the auditor in a questionable position regarding auditor independence as a result of the auditor performing part of management's functions regarding to the trial balances.



**Delaware County Solid Waste Authority  
Schedule of Findings and Responses  
For the Year Ended June 30, 2016**

**FINDINGS - FINANCIAL STATEMENT AUDIT (continued)**

**2016-1 Material Adjusting Journal Entries (continued)**

*Recommendation:*

The Authority should consider designing and implementing sufficient internal controls over the completeness and accuracy of trial balances by obtaining the necessary knowledge, expertise, and continuing education to apply the modified cash basis of accounting in the development of working trial balances that will be used to prepare the government's annual financial statements. This could be achieved through employment of qualified accounting staff or the outsourcing of these control activities to a qualified accounting firm other than the external auditor.

*Client Response:*

DCSWTA agrees with this finding. Through the implementation of new processes and assigned job duties, coupled with the enlistment of external financial recording advice and guidance, we have upgraded the level of accuracy and accountability of all DCSWTA personnel and records.

**Delaware County Solid Waste Authority  
Schedule of Findings and Responses  
For the Year Ended June 30, 2016**

**FINDINGS - FINANCIAL STATEMENT AUDIT (continued)**

**2016-2 Preparation of a Budget**

*Criteria:*

According to Oklahoma State Statute (60 O.S., S. 176.G.) public trusts created pursuant to this section shall file annually, with their respective beneficiaries, copies of financial documents and reports sufficient to demonstrate the fiscal activity of such trust, including, but not limited to, budgets, financial reports, bond indentures, and audits. Amendments to the adopted budget shall be approved by the trustees of the public trust and recorded as such in the official minutes of such trust.

*Condition:*

The Authority is required by state statute to prepare and file a budget annually with its beneficiaries. This is a repeat finding.

*Cause:*

Management was under the impression that the Authority was not required to prepare a budget; therefore a budget had never been prepared.

*Effect:*

The Authority is not in compliance with state statute.

*Recommendation:*

We recommend that the Authority implement procedures to prepare an annual budget.

*Client Response:*

DCSWTA agrees with this finding. Becoming aware of non-compliance with the requirement of the preparation of an Annual Budget, DCSWTA will become compliant with this requirement beginning with the 2016-2017 Fiscal Year.

**Delaware County Solid Waste Authority  
Schedule of Findings and Comments  
For the Year Ended June 30, 2016**

**FINDINGS - FINANCIAL STATEMENT AUDIT (continued)**

**2016-3 Segregation of Duties**

*Criteria:*

Incompatible accounting duties should be performed by different individuals when possible.

*Condition:*

The bookkeeper opens the mail, makes deposits, prepares checks, receives bank statements/ canceled checks and prepares the bank reconciliations. The bookkeeper also records all receipts and disbursements and makes all journal entries in the accounting software. This is a repeat finding.

*Cause:*

The Authority relies on one person to perform all accounting duties.

*Effect:*

The potential effect is the loss of assets due to not being able to detect losses from fraud or error.

*Recommendation:*

Separation of duties is one of the most effective controls to prevent or detect misappropriations of assets. When possible, incompatible duties should be performed by different individuals. For example, the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets should be assigned to different people in the Authority to the extent possible. Bank statements should be sent directly to a Board member for review and/or reconciliation.

*Client Response:*

DCSWTA agrees with this finding. With the implementation of new managerial practices DCSWTA has provided for the Segregation of Duties, to the furthest extent possible. Beginning with the 2016-2017 Fiscal Year DCSWTA will implement the process of a Board Member, retrieving banking statements from Grand Savings Bank, on a monthly basis. The process will provide for the bank statements to be delivered to the General Manager, following the review/reconciliation by the Board Member.

**Delaware County Solid Waste Authority**  
**Statement of Net Position**  
**June 30, 2016**

**ASSETS**

Current Assets		
Cash and Cash Equivalents		\$ 688,154.10
Noncurrent Assets		
Investments		252,522.08
Capital Assets:		
Land		24,249.00
Property, Plant and Equipment, Net of Accumulated Depreciation		1,035,403.96
Total Noncurrent Assets		1,312,175.04
 TOTAL ASSETS		 2,000,329.14
 <b>LIABILITIES</b>		
Current Liabilities		
Accrued Payroll Liabilities		3,569.48
 <b>NET POSITION</b>		
Net investment in capital assets		1,059,652.96
Unrestricted		684,584.62
 TOTAL NET POSITION		 \$ 1,996,759.66

The accompanying Notes to the Financial Statements are an integral part of this statement.

**Delaware County Solid Waste Authority**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2016**

<b>Operating Revenues</b>	
Sales Tax	\$ 1,648,333.78
Solid Waste Revenues	424,298.84
Other Revenues	66,280.95
Total Operating Revenues	<u>2,138,913.57</u>
<b>Operating Expenses</b>	
Advertising	3,332.31
Depreciation	139,210.40
Dues & Licenses	25.00
Fuel	137,298.21
Insurance	224,833.07
Landfill and Tip Fees	332,590.56
Miscellaneous	4,305.78
Office Expense	14,998.50
Personal Services	765,081.26
Employee Benefits	113,178.67
Professional Fees	51,394.44
Repairs and Maintenance	317,860.76
Travel	3,602.90
Trustee fees	2,215.94
Uniforms	9,389.49
Total Operating Expenses	<u>2,138,861.97</u>
<b>Operating Income</b>	<u>51.60</u>
<b>Non-Operating Revenues (Expenses)</b>	
Interest Income	3,650.13
Interest Expense	(68.13)
Total Non Operating Revenues (Expenses)	<u>3,582.00</u>
Change in Net Position	3,633.60
Total net position, beginning	1,993,126.06
<b>Total net position, ending</b>	<u><u>\$ 1,996,759.66</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**Delaware County Solid Waste Authority**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2016**

**Cash Flows from Operating Activities**

## Cash Inflows:

Payments Received from Customers	\$ 277,572.60
Payments Received from Other Governments	1,648,333.78
Other Income	213,007.19
Total Cash Provided	<u>2,138,913.57</u>

## Cash Outflows:

Payments for Salaries and Benefits	765,829.26
Payments to Suppliers for Goods and Services	1,234,570.31
Total Cash Used	<u>2,000,399.57</u>

Net Cash Provided (Used) by Operating Activities	<u>138,514.00</u>
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**Cash Flows from Capital and Related Financing Activities**

Principal Payments of Notes	(49,359.70)
Interest Payments of Notes	(68.13)
Purchase of Capital Assets	(52,680.66)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(102,108.49)</u>

**Cash Flows from Investing Activities**

Interest Received from Investments	<u>1,600.96</u>
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**Net Cash Inflow (Outflow) from All Activities**

38,006.47

Cash and Cash Equivalents, Beginning of Year

650,147.63

Cash and Cash Equivalents, End of Year

\$ 688,154.10

Unrestricted

\$ 688,154.10

Cash and Cash Equivalents, End of Year

\$ 688,154.10**Reconciliation of Operating Income (Loss) to Net Cash****Provided by Operating Activities:**

Net Operating Income (Loss)	\$ 51.60
Depreciation	139,210.40
Increase (Decrease) in:	
Accounts Payable	(748.00)
Net Cash Provided (Used) by Operating Activities	<u>\$ 138,514.00</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**Delaware County Solid Waste Authority**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

**I. Summary of Significant Accounting Policies**

The following notes to the financial statements are an integral part of the Authority's financial statements.

The Delaware County Solid Waste Authority was established as a Public Trust for the purpose of promoting the healthful proper management and disposal of solid waste within and without the territorial limits of Delaware County, Oklahoma; to provide employment which will benefit and strengthen the economy of the State of Oklahoma and Delaware County; and to perform functions and powers as mandated and authorized by the solid waste management, statutes of the State of Oklahoma and the United States of America. The trust was created under the provisions of Title 60, Oklahoma Statutes 1971, Sections 176 to 180.4, inclusive of the Oklahoma Trust Act and other applicable statutes and laws of the State of Oklahoma. The Authority is exempt from federal and state income taxes.

The Authority's financial statements are prepared on the modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

**A. Reporting Entity**

The Authority's fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. There are no component units.

**B. Measurement Focus, Basis of Presentation, and Basis of Accounting**

The accompanying financial statements have been prepared on the modified cash basis of accounting. The accounting and financial reporting treatment is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation are included on the statement of net assets. The operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets. Depreciation expense is provided for capital assets based upon estimated useful lives.

Financial activity is accounted for on the flow of economic resources measurement focus using the modified cash basis of accounting. Under this method, revenues are recorded when they are received and expenses are recorded at the time liabilities are paid.

**Delaware County Solid Waste Authority**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

**I. Summary of Significant Accounting Policies (continued)**

**B. Measurement Focus, Basis of Presentation, and Basis of Accounting (continued)**

**Measurement Focus**

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

The proprietary funds utilize an “*economic resources*” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Authority’s enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Basis of Accounting**

The basic financial statements are presented on the modified cash basis of accounting. Under this modified cash basis of accounting, revenues are recognized when they are received. Expenditures are recorded when they are paid rather than when the obligation is incurred.

**C. Assets, Liabilities and Net Position**

**1. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Authority considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

**2. Investments**

The Authority’s investments are in Certificates of Deposit that mature annually. Monthly investment income is added to the original amount of the CD.



**Delaware County Solid Waste Authority**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

**I. Summary of Significant Accounting Policies (continued)**

**C. Assets, Liabilities and Net Position (continued)**

**3. Capital Assets**

Capital assets include property, plant and equipment. The Board has approved a capitalization threshold of an initial individual cost of more than \$2,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are reported at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets are depreciated on the straight-line basis over the following estimated useful lives: buildings (20-30 years); vehicles and equipment (5-10 years).

**4. Liabilities**

Liabilities are displayed in two components:

a) *Current Liabilities:*

- 1) Accrued Payables include payroll liabilities withheld from employee for insurance, retirement, cafeteria plan and garnishments.
- 2) Current Portion of Long-Term Debt includes any lease purchase agreement principal payments due within one year.

b) *Noncurrent Liabilities:*

- 1) Notes Payable, net of current portion includes the total amount due on all lease purchase agreements minus any principal payments due within one year.

**5. Net Position**

Proprietary fund financial statements report net position. Amounts invested in capital assets, net of related debt and legally restricted amounts are separated from unrestricted net position:

- a. Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Delaware County Solid Waste Authority  
Notes to the Financial Statements  
For the Year Ended June 30, 2016**

**II. Stewardship, Compliance and Accountability**

**A. Budgetary Information**

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the Delaware County Solid Waste Authority. The use of budgets and monitoring of equity status facilitate the Authority's compliance with legal requirements. The Authority did not prepare a budget for 2016.

**III. Detailed Notes Concerning the Funds**

**A. Deposits and Investments**

*Custodial Credit Risk – Deposits:* Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's cash deposits, including interest-bearing certificates of deposit, are maintained in financial institutions. As of June 30, 2016, none of the Authority's deposits were exposed to custodial credit risk.

Authorized Investments

The Authority's policy for eligible investments is governed by State statutes which, in general, allow the Authority to invest in obligations of the United States and insured or collateralized Certificate of Deposits. Investment income is recorded in the fund in which it is earned.

*Interest rate risk:* This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Delaware County Solid Waste Authority**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

**III. Detailed Notes Concerning the Funds (continued)**

**B. Changes in Capital Assets**

Capital asset activity for the year was as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital Assets				
Non-depreciable assets:				
Land	\$ 24,249.00	\$ -	\$ -	\$ 24,249.00
Depreciable assets:				
Buildings	225,582.48	-	-	225,582.48
Vehicles	1,201,235.81	-	-	1,201,235.81
Box Sites	10,835.36	-	-	10,835.36
Equipment	962,770.22	52,680.66	-	1,015,450.88
Total Depreciable Assets	2,400,423.87	52,680.66	-	2,453,104.53
Accumulated Depreciation:	(1,278,490.17)	(139,210.40)	-	(1,417,700.57)
Depreciable assets, net	1,121,933.70	(86,529.74)	-	1,035,403.96
Net Capital Assets	\$ 1,146,182.70	\$ (86,529.74)	\$ -	\$ 1,059,652.96

**C. Long-Term Debt**

A note payable due to Grand Savings Bank, secured by a 2013 Case 590SN Backhoe/Loader, in the principal amount of \$88,869.38 was issued on March 11, 2013. The note bears interest at 3.650 % and is payable in monthly installments of \$1,623.54 for a term of five years. This note was paid off in the 2016 fiscal year.

**D. Changes in Long-Term Debt**

Long-term debt consists of notes payable. The following is a summary of the changes in long-term debt of the Authority for the fiscal year.

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Notes Payable	\$ 49,359.70	\$ -	\$ 49,359.70	\$ 49,359.70	\$ -

**Delaware County Solid Waste Authority**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

**IV. Other Information**

**A. Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority carries commercial insurance for risks of loss. There were no significant reductions in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**B. Rates and Fees**

Delaware County Solid Waste Authority charges \$45.00 per ton. The construction and demolition fee is \$50.00 per ton.

**C. Defined Benefit Pension Plan**

The Delaware Solid Waste Authority is a participating employer in the Oklahoma Public Employees Retirement System (OPERS). The plan is funded by State and employee contributions and earnings from investments and is a cost-sharing multiple-employer defined benefit plan. Benefits are established and changed under the authority of the Oklahoma Legislature.

The Oklahoma Public Employees Retirement System issues a publicly available financial report that may be obtained by writing to P.O. Box 53007, Oklahoma City, OK 73152-2381 or calling 1-800-733-9008.

All regular, full-time employees beginning their sixth month of employment are required to contribute to the retirement system.

Pension provisions include death and disability benefits. The retirement system provides various options that the member may choose for their designated beneficiary including a one-time lump sum payment, or the surviving spouse may receive death benefits for life. Disability benefits are also provided to the disabled employee.

The Authority is required to contribute 13.5% of each participating employee's salary. The participant is required to contribute 3.5% from eligible compensation. Contribution requirements are established and may be changed by the Oklahoma Legislature.

**D. Subsequent Events**

Management has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

**Delaware County Solid Waste Authority**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

**IV. Other Information (continued)**

**E. Contingent Liabilities**

The employees of the Authority have collectively accrued 865 days of vacation and sick leave as of June 30, 2016. Vacation and sick leave benefits are not payable to the employee upon separation or termination, however, the Authority is liable for the accrued vacation and sick leave benefits during the employment period of a qualified employee.

The employees of the Authority have collectively accrued 77 days of compensatory time as of June 30, 2016. Compensatory time benefits are payable to the employee upon separation or termination.