

SOLID WASTE AUTHORITY
DELAWARE COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2021



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SOLID WASTE AUTHORITY
DELAWARE COUNTY, OKLAHOMA
TABLE OF CONTENTS

	<u>PAGE</u>
Authority Officials	1
Voluntary Supplementary Information:	
Management's Discussion & Analysis (Unaudited)	2 - 5
Independent Auditor's Report	6 - 7
Basic Financial Statements:	
Statement of Net Position – Modified Cash Basis	8
Statement of Revenues, Expenses, and Changes in Net Position - Modified Cash Basis	9
Statement of Cash Flows – Modified Cash Basis	10
Notes to the Financial Statements	11 - 16
Independent Auditor's Report on Internal Control and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18 – 19

SOLID WASTE AUTHORITY
DELAWARE COUNTY, OKLAHOMA
AUTHORITY OFFICIALS
FOR THE YEAR ENDED JUNE 30, 2021

BOARD OF DIRECTORS

Harry Schultz	Chairman
Leanna Buske	Member
Clifton Hughes	Member

Our discussion and analysis of the Solid Waste Authority, Delaware County, Oklahoma (the "Authority")'s financial performance provides an overview of the Authority's financial activities, for the fiscal year ended June 30, 2021. Please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities, on June 30, 2021, by \$2,716,604.01, representing an increase in net position of \$545,424.82 for the year.
- Total operating revenues were \$3,291,116.66 this year, while operating expenses and other net expenses were \$2,745,691.84, resulting in the increase in net position of \$545,424.82.
- The Authority has \$2,076,708.72 (net of accumulated depreciation) invested in capital assets, as of June 30, 2021.

USING THIS ANNUAL REPORT

This annual report consists of two parts; management's discussion and analysis and the financial statements. The financial statements also include notes that explain, in more detail, some of the information in the financial statements.

Required Financial Statements

The financial statements of the Authority report information about the Authority, using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The statement of net position – modified cash basis includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets), and obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity, and financial flexibility, of the Authority. All of the current year's revenues, and expenses, are accounted for in the statement of revenues, expenses, and changes in net position – modified cash basis. This statement measures the success of the Authority's operations over the past year, and can be used to determine profitability, credit worthiness, and whether the Authority has successfully recovered all its costs through its user fees, and other charges. The final required financial statement is the statement of cash flows – modified cash basis. The primary purpose of this statement is to provide information about the Authority's cash receipts, and cash payments, during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital. and noncapital, financing activities, and provide answers to such questions as "from where did cash come?", "for what was cash used?," and "what was the change in cash balance during the reporting period?"

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

One of the most important questions asked about the Authority's finances is, "Is the Authority, as a whole, better off or worse off, as a result of the year's activities?" The statement of net position – modified cash basis and statement of revenues, expenses, and changes in net position – modified cash basis report information about the Authority's activities in a way that will help answer this question. These two statements report the net position of the Authority, and changes in them. You can think of the Authority's net position – the difference between assets and liabilities – as one way to measure financial health, or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to also consider other non-financial factors, such as changes in economic conditions, population growth, and new, or changed, legislation.

The Authority's total net position increased from last year by \$545,424.82, or about 25.12%. Our analysis below focuses on the Authority's net position (Table 1), and changes in net position (Table 2), during the year.

The Authority uses capital assets to provide services to citizens and consumers; consequently, these assets are not available for future spending.

Table 1

	06/30/21	06/30/20
Current Assets	\$ 785,854.85	\$ 655,331.90
Restricted Assets	271,202.14	268,040.82
Capital Assets	2,076,708.72	1,848,083.09
Total Assets	<u>\$ 3,133,765.71</u>	<u>\$ 2,771,455.81</u>
Current Liabilities	\$ 267,049.77	\$ 169,453.95
Long-term Liabilities	150,111.93	430,822.67
Total Liabilities	<u>417,161.70</u>	<u>600,276.62</u>
Invested in Capital Assets, Net of Related Debt	1,678,331.46	1,265,579.38
Unrestricted	1,038,272.55	905,599.81
Total Net Position	<u>2,716,604.01</u>	<u>2,171,179.19</u>
Total Liabilities and Net Position	<u>\$ 3,133,765.71</u>	<u>\$ 2,771,455.81</u>

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE: continued

The balance of unrestricted net position, if any, may be used to meet the Authority's ongoing obligations to citizens, customers, and creditors. The Authority's unrestricted net position increased by \$132,672.74, or 14.65%, during the current year.

Changes in the Authority's net position can be determined by reviewing the following condensed statement of revenues, expenses, and changes in net position – modified cash basis for the year.

Table 2

	06/30/21	06/30/20
Total Operating Revenues	\$ 3,291,116.66	\$ 2,914,096.66
Operating Expenses	(2,452,974.60)	(2,404,888.73)
Depreciation and Amortization Expense	(277,409.39)	(237,038.90)
Other Non-Operating Revenues (Expenses)	(15,307.85)	(64,845.94)
Increase (Decrease) in Net Position	545,424.82	207,323.09
Net Position, Beginning of Year	2,171,179.19	1,963,856.10
Net Position, End of Year	\$ 2,716,604.01	\$ 2,171,179.19

The Authority's primary source of revenue is the sale of solid waste services, which comprises most of the operating revenues. Operating revenues increased by \$377,020.00, or 11.5%, from the prior year. This is primarily due to new processes and procedures implemented in the previous year, which lead to efficiencies in operations, allowing them to service more customers.

Total operating expenses (excluding depreciation) increased by \$48,085.87, or 1.99%, from the prior year, primarily due to a few large repairs made to machinery and equipment.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2021, the Authority had \$2,076,708.72 (net of accumulated depreciation) invested in capital assets, including the buildings, box sites, vehicles, machinery, and equipment. The Authority purchased \$506,034.63 in assets during this fiscal year. This consists of the purchase of; 2020 Case Loader with Backhoe for a total of \$117,500.00, a 2021 Wilkens Trailer for a total of \$77,900, 2019 Mack Motor for a total of \$40,995.64, and the addition of the main transfer office for a total of \$74,235.52, as well as many other additional new fixed assets to bring the authority to a total of \$228,625.63.

CAPITAL ASSETS AND DEBT ADMINISTRATION: continued

Debt

The Authority had \$398,377.26 in long-term debt outstanding, as of June 30, 2021, with \$248,265.33 due and payable within one year. Table 3 summarizes long-term debt obligations outstanding:

Table 3

2017 Grand Savings Bank Note Payable	21,804.38
2019 Grand Savings Bank Note Payable	179,513.52
2020 Grand Savings Bank Note Payable	197,059.36
Total Long-Term Debt	<u>\$ 398,377.26</u>

Additional information on the Authority's long-term debt can be found in Note 2.C., beginning on page 14.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A product of an ongoing examination of how the Authority does business, our budget emphasizes outcomes, or results, for the community, and allows for longer-term financial planning decisions.

In considering the Authority's budget for the year 2021, the Board estimates that revenues and expenses in the coming year will approximate actual revenues and expenses for the past year.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Authority's finances, and to show the Authority's accountability for the money it receives. If you have any questions about this report, or need additional financial information, contact the Board of Directors at Solid Waste Authority, 33360 S. 620 Rd., Grove, Oklahoma 74344.



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Solid Waste Authority
Delaware County, Oklahoma

We have audited the accompanying modified cash basis financial statements of the business-type activities of the Solid Waste Authority, Delaware County, Oklahoma as of and for the year ended June 30, 2021, 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, which is described in Note 1; 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 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 modified cash basis financial position of the business-type activities of the Delaware Solid Waste Authority, Delaware County, Oklahoma as of June 30, 2021, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Other Matters

Basis of Accounting

We draw attention to Note 1C of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Voluntary Supplementary Information

The management's discussion and analysis in pages 2 through 5, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 21, 2021, on our consideration of Solid Waste Authority, Delaware County, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting, and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Solid Waste Authority, Delaware County, Oklahoma's internal control over financial reporting, or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the result of our audit.



OBER & LITTLEFIELD, CPAs, PLLC
MIAMI, OKLAHOMA

OCTOBER 21, 2021

SOLID WASTE AUTHORITY
 DELAWARE COUNTY, OKLAHOMA
 STATEMENT OF NET POSITION – MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

Assets

Current Assets:

Cash and cash equivalents	\$ 758,497.85
Prepaid expenses	27,357.00
Total Current Assets	<u>785,854.85</u>

Noncurrent Assets:

Certificates of deposits	271,202.14
Capital assets, net of accumulated depreciation	<u>2,076,708.72</u>
Total Noncurrent Assets	<u>2,347,910.86</u>

Total Assets	<u>\$ 3,133,765.71</u>
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Liabilities

Current Liabilities:

Accrued payroll taxes	\$ 11,049.40
Insurance payable	7,735.04
Current portion of long-term debt, notes payable	<u>248,265.33</u>
Total Current Liabilities	<u>267,049.77</u>

Non-Current Liabilities:

Notes payable, net of current portion	<u>150,111.93</u>
Total Liabilities	<u>417,161.70</u>

Net Position

Invested in capital assets, net of related debt	1,678,331.46
Unrestricted	<u>1,038,272.55</u>
Total Net Position	<u>2,716,604.01</u>
Total Liabilities and Net Position	<u>\$ 3,133,765.71</u>

The accompanying notes are an integral part of these financial statements.

SOLID WASTE AUTHORITY
 DELAWARE COUNTY, OKLAHOMA
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

Operating Revenues:

Solid waste revenue	\$ 888,219.69
Sales tax revenue	2,310,362.68
Recycling income	85,026.57
Other income	7,507.72
Total Operating Revenues	<u>3,291,116.66</u>

Operating Expenses:

Accounting and auditing	12,000.00
Administration, banking, and trust fees	12,759.08
Advertising	2,895.23
Auto expense	64,108.26
Depreciation	277,409.39
Dues and subscriptions	2,272.25
Equipment rental	2,580.00
Fuel	179,637.09
Health insurance	122,182.88
Insurance	83,955.00
Landfill expense	493,670.30
Legal expense	1,205.00
Licenses and permits	1,463.77
Meals and entertainment	142.29
Miscellaneous expense	3,773.90
Office supplies and expenses	14,502.04
Payroll tax expense	73,151.23
Postage	5,486.71
Professional Fees	7,381.34
Recycling	4,808.34
Repairs and maintenance	118,163.58
Retirement expense	124,618.51
Salaries and wages	1,013,385.19
Supplies	67,587.20
Training	2,214.94
Travel	5,249.45
Uniforms	15,224.70
Utilities, telephone, and internet	18,556.32
Total Operating Expenses	<u>2,730,383.99</u>

Operating Income/(Loss)	<u>560,732.67</u>
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Non-Operating Revenue/(Expenses):

Interest and dividend income	4,792.04
Interest expense	(20,099.89)
Total Non-Operating Revenue/(Expenses)	<u>(15,307.85)</u>

Change in Net Position	<u>545,424.82</u>
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Net Position, Beginning of Year - Restated	<u>2,171,179.19</u>
Net Position, End of Year	<u>\$ 2,716,604.01</u>

The accompanying notes are an integral part of these financial statements.

SOLID WASTE AUTHORITY
 DELAWARE COUNTY, OKLAHOMA
 STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

Cash flows from operating activities:	
Cash received from customers	\$ 3,263,759.66
Cash paid for payroll and benefits	(1,013,385.19)
Cash paid to suppliers for goods and services	(1,438,577.88)
Net cash provided/(used) by operating activities	<u>811,796.59</u>
Cash flows from investing activities:	
Interest received from investments	<u>4,792.04</u>
Net cash provided (used) by investing activities	<u>4,792.04</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(506,035.02)
Principal paid on capital debt	(184,126.45)
Interest paid on capital debt	(20,099.89)
Net cash provided/(used) by capital and related financing activities	<u>(710,261.36)</u>
Net increase/(decrease) in cash and cash equivalents	106,327.27
Beginning cash and cash equivalents	<u>923,372.72</u>
Ending cash and cash equivalents	<u>\$ 1,029,699.99</u>
Reconciliation of operating income/(loss) to cash provided by operating activities:	
Operating income/(loss)	\$ 560,732.67
Adjustments to reconcile operating income to net cash provided/(used) by operating activities:	
Depreciation and amortization	277,409.39
Change in assets and liabilities:	
(Increase)/decrease in prepaid insurance and expenses	(27,357.00)
Increase/(decrease) in insurance payable	855.10
Increase/(decrease) in accrued payroll taxes	156.43
Net cash provided/(used) by operating activities	<u>\$ 811,796.59</u>
Reconciliation to statement of net position - modified cash basis	
Cash and cash equivalents	\$ 758,497.85
Restricted investments	<u>271,202.14</u>
Total cash and cash equivalents	<u>\$ 1,029,699.99</u>

The accompanying notes are an integral part of these financial statements.

Note 1 - Summary of Significant Accounting Policies

The Delaware County Solid Waste Authority (the “Authority”) was established as a Public Trust, for the purpose of promoting 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.

1.A. Financial Reporting Entity

The Authority complies with GASB Statement No. 14, “*The Financial Reporting Entity*.” This statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations, for which the elected officials of the primary government are financially accountable, and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The Authority considered all potential component units in determining what organizations should be included in the financial statements. Based on these criteria, there are no component units to include in the Authority’s financial statements.

1.B. Basis of Presentation

The accounts of the Authority are organized into funds, each of which is considered to be a separate accounting entity. The Authority uses the following fund types.

Proprietary Funds

Enterprise Funds

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.

1.C. Measurement Focus and Basis of Accounting

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.

Measurement Focus

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 position (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 position.

Note 1 - Summary of significant Accounting Policies (continued)

1.C. Measurement Focus and Basis of Accounting (continued)

Basis of Accounting

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

1.D. Assets, Liabilities and Net Position

Cash and Cash Equivalents

For the purposes 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.

Fair Value of Financial Instruments

The Authority's financial statements include cash and investments. The Authority's estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position – modified cash basis. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

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 estimated useful lives, ranging from three (3) to fifty (50) years.

Equity Classification

Equity is classified as net position and displayed in three components:

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

Note 1 – Summary of Significant Accounting Policies (continued)

1.D. Assets, Liabilities and Net Position (continued)

Equity Classification (continued)

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – All other net position that do not meet the definitions of “restricted” or “invested in capital assets, net of related debt”.

Use of Estimates

The preparation of financial statements, in conformity with the modified cash basis of accounting, 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Detailed Notes Concerning Accounts

2.A. Deposits and Investments

State statutes govern the Authority’s investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts, or savings certificates, of savings and loan associations and trust companies. Collateral is required for demand deposits, and certificates of deposit, for all amounts not covered by federal deposit insurance. Investments are stated at cost. Currently, the Authority invests entirely in certificates of deposit.

Credit Risk: The Authority’s investment policy is to apply the “prudent investor” standard. “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived.”

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. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2021, none of the Authority’s investments were exposed to custodial risk because they were uninsured or uncollateralized.

Note 2 – Detailed Notes Concerning Accounts (continued)

2.B. Changes in Capital Assets

Capital asset activity, for the fiscal year ended June 30, 2021, was as follows:

	Beginning of Year	Additions	Deletions	End of Year
Non-depreciable assets:				
Land	\$ 29,449.00	\$ -	\$ -	\$ 29,449.00
Construction in Process-Office Addition	74,235.52	-	(74,235.52)	-
Construction in Process-Vehicle Prepayment	15,300.00		(15,300.00)	-
Total Non-depreciable assets	118,984.52	-	(89,535.52)	29,449.00
Depreciable assets:				
Buildings	199,818.03	-	74,235.52	274,053.55
Equipment	1,554,858.00	378,023.99	15,300.00	1,948,181.99
Box sites	10,835.36	-	-	10,835.36
Vehicles	1,910,924.39	128,010.64	-	2,038,935.03
Total capital assets, at cost	\$ 3,795,420.30	\$ 506,034.63	\$ -	\$ 4,301,454.93
Less accumulated depreciation:				
Buildings	\$ (184,575.23)	\$ (6,742.28)	\$ -	\$ (191,317.51)
Equipment	(822,077.74)	(115,064.34)	-	(937,142.08)
Box sites	(10,835.36)	-	-	(10,835.36)
Vehicles	(929,848.88)	(155,602.38)	-	(1,085,451.26)
Total accumulated depreciation	(1,947,337.21)	(277,409.00)	-	(2,224,746.21)
Capital assets, net	\$ 1,848,083.09	\$ 228,625.63	\$ -	\$ 2,076,708.72

2.C. Long-Term Debt

Long-term debt consists of the following notes payable:

The Authority entered into an agreement with Grand Savings Bank, for a 2015 Vermeer grinder, dated December 5, 2017, in the amount of \$250,000.00. The note bears interest at 3.75%, and is payable in monthly installments of \$4,580.68, for a term of five years, with the final monthly payment due in 2022.

The Authority entered into an agreement with Grand Savings Bank, for a 2019 Mack truck, dated February 26, 2019, in the amount of \$290,787.00. The note bears interest at 4.00%, and is payable in monthly installments of \$4,925.93, for a term of three years, with the final monthly payment of \$144,943.45, due in 2022.

The Authority entered into an agreement with Grand Savings Bank, for a 2020 Mack truck, dated September 10, 2019, in the amount of \$288,010.33. The note bears interest at 4.00%, and is payable in monthly installments of \$4,925.93, for a term of three years, with the final payment of \$141,783.49, due in 2022.

Note 2 – Detailed Notes Concerning Accounts (continued)

2.C. Long-Term Debt (continued)

The following is a summary of the changes in general long-term debt, for the fiscal year ended June 30, 2021:

	Beginning of Year	Advances	Payments	End of Year
Notes payable	\$ 582,503.71	\$ -	\$ (184,126.45)	\$ 398,377.26

The annual debt service requirements, to maturity, for the notes, as of June 30, 2021, are as follows:

Year ending June 30	Principal	Interest
2022	248,265.33	14,094.93
2023	150,111.93	1,468.84

Note 3 – Other Information

3.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 purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials' liability. 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.

3.B. Rates and Fees

The Authority charges tipping fees of \$60.00 per ton for construction, residential, and commercial debris and refuse, and \$90.00 per ton for fiberglass, Styrofoam, brush, logs, limbs, and yard waste.

3.C. Defined Benefit Pension Plan

The 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.

Note 3 – Other Information (continued)

3.C. Defined Benefit Pension Plan (continued)

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.

3.D. Contingent Liabilities

There are pending court cases involving the Authority, as of June 30, 2021. There is no potential loss or financial impact for the Authority as a result of insurance coverage.

The employees of the Authority have collectively accrued 920 days of vacation and sick leave, as of June 30, 2021. 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 238 days of compensatory time, as of June 30, 2021. Compensatory time benefits are payable to the employee upon separation or termination.

3.E. Evaluation of Subsequent Events

The Authority has evaluated subsequent events through October 21, 2021, the date which the financial statements were available to be issued, and no additional disclosures are required.

REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*



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**INDEPENDENT AUDITOR’S 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***

To the Board of Directors
Solid Waste Authority
Delaware County, Oklahoma

We have audited, in accordance with the 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 modified cash basis financial statements of the business-type activities of Solid Waste Authority, Delaware County, Oklahoma (the “Authority”), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon, dated October 21, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning, and performing, our audit of the financial statements, we considered Solid Waste Authority, Delaware County, Oklahoma’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 Solid Waste Authority, Delaware County, Oklahoma’s internal control. Accordingly, we do not express an opinion on the Solid Waste Authority, Delaware County, Oklahoma’s internal control.

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. *A significant deficiency* is a deficiency, or 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.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Solid Waste Authority, Delaware County, Oklahoma'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 no instances of noncompliance, or other matters, that are required to be reported under *Government Auditing Standards*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



OBER & LITTLEFIELD, CPAS, PLLC
MIAMI, OKLAHOMA

OCTOBER 21, 2021