

**Rockland County Solid Waste  
Management Authority**  
(A Component Unit of the County of Rockland, New York)  
Financial Report  
December 31, 2017 and 2016

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Financial Report

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## Independent Auditor's Report

Board of Directors  
Rockland County Solid Waste Management Authority  
Hilburn, New York

### Report on the Financial Statements

We have audited the accompanying financial statements of the Rockland County Solid Waste Management Authority (Authority), a component unit of the County of Rockland, New York (a New York public benefit corporation), as of and for the years ended December 31, 2017 and 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2017 and 2016, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 10 and the schedules of funding progress - other postemployment benefits, proportionate share of the net pension liability, and local government pension contributions on pages 28, 30 and 31, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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. 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 audits 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.

*Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedules of budget to actual for the years ended December 31, 2017 and 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2018, on our consideration of the Authority'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BST & CO. CPAs, LLP

Albany, New York  
March 8, 2018



# Rockland County Solid Waste Management Authority

## Management's Discussion and Analysis December 31, 2017

### Introduction

The discussion and analysis of the Rockland County Solid Waste Management Authority's (Authority) financial statements provides an overview of the Authority's financial activities for the year ended December 31, 2017. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis.

### Financial Highlights

Comparative revenues, expenses and changes in net position are summarized below. Refer to the Authority's basic financial statements for the complete statements of revenues, expenses, and changes in net position.

	December 31,	
	2017	2016
Operating revenues	\$ 53,239,334	\$ 52,076,842
Non-operating revenues	1,248,761	786,819
Total revenues	<u>54,488,095</u>	<u>52,863,661</u>
Operating expense	48,147,660	47,428,344
Non-operating expense	2,055,879	2,279,795
Total expenses	<u>50,203,539</u>	<u>49,708,139</u>
Increase in net position	<u>\$ 4,284,556</u>	<u>\$ 3,155,522</u>

Net position, which represents the equity of the Authority, increased by \$4,284,556 during 2017. The increase in net position was due to several factors. During 2017, prices of commodities sold at the Materials Recovery Facility (MRF) were greater than anticipated by more than \$1 million due to favorable pricing during the first three quarters of the year. Due to lower than anticipated diesel fuel prices in 2017, the Authority realized a savings of approximately \$1 million. In addition, the Authority's takeover of the Clarkstown transfer station operations and maintenance yielded approximately \$1 million in savings. Finally, the Authority was awarded over \$1 million in insurance proceeds from the 2014 Co-Composting facility roof collapse.

### Overview of the Financial Statements

The financial statements of Authority have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The objective of these standards is to enhance the understandability and usefulness of the external financial reports issued by Public Authorities.

The financial statement presentation consists of the statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows, and accompanying notes to financial statements. These statements provide information on the financial position of the Authority and the financial activity and results of its operations during the year. A description of these statements follows:

# Rockland County Solid Waste Management Authority

## Management's Discussion and Analysis December 31, 2017

### Overview of the Financial Statements - Continued

The *Statement of Net Position* presents information on all of the Authority's assets and deferred outflows and liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing the change in the Authority's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement include items that will result in cash received or disbursed in future fiscal periods (e.g., the receipt of amounts due from other governments or the payment of accrued compensated absences).

The *Statement of Cash Flows* provides information on the major sources and uses of cash during the year. The cash flow statement portrays net cash provided or used from operating, investing, capital and non-capital financing activities.

### Statement of Net Position

The statement of net position presents the financial position of Authority at the end of its fiscal year. A more detailed statement of net position appears in the Authority's basic financial statements.

	December 31,	
	2017	2016
Current assets	\$ 32,179,324	\$ 29,981,746
Restricted assets	9,403,992	11,277,894
Capital assets, net	30,603,473	34,023,642
Other non-current assets	15,506,746	15,506,746
Total assets	<u>87,693,535</u>	<u>90,790,028</u>
Deferred outflows	<u>735,167</u>	<u>1,260,758</u>
Current liabilities	9,869,459	11,644,463
Non-current liabilities	42,074,837	48,176,888
Total liabilities	<u>51,944,296</u>	<u>59,821,351</u>
Deferred inflows	<u>103,721</u>	<u>133,306</u>
Net position	<u>\$ 36,380,685</u>	<u>\$ 32,096,129</u>

### Current Assets

Current assets as of December 31, 2017 are primarily comprised of cash and cash equivalents (unrestricted) totaling \$30.2 million. The remaining \$2.0 million consists of receivables from various sources such as customers (haulers, other governments) and prepaid expenses.

# Rockland County Solid Waste Management Authority

## Management's Discussion and Analysis December 31, 2017

### Restricted Assets

Restricted assets totaling \$9.4 million as of December 31, 2017 are comprised of cash and cash equivalents and investments.

### Other Non-Current Assets

Other non-current assets as of December 31, 2017 are comprised of capital and intangible assets.

### Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources as of December 31, 2017 relate to pension plans in accordance with GASB Statement No. 68.

### Current Liabilities

Current liabilities as of December 31, 2017 consist of accounts payable and accrued liabilities and the current portion of bonds payable totaling \$9.9 million. The current portion of bonds payable is \$4.0 million.

### Non-Current Liabilities

There are three primary components of non-current liabilities. As of December 31, 2017, the noncurrent portion of bonds payable was \$36 million. The Authority's postemployment benefit obligation calculated in accordance with GASB Statement No. 45 is \$5.4 million, an increase of \$864,000 over 2016. Two primary factors contributed to the change, including lowering the discount rate to 3.5% from 4%, as used in the prior valuation, plus an increase in the number of employees since the prior valuation. Additionally, in 2015, GASB Statement No. 68 was implemented, which required the Authority to record its share of the net pension liability. At December 31, 2017, the net pension liability amounted to \$655,666.

### Capital Assets, Net

The Authority began to depreciate its capital assets in July 1998. The capitalization threshold is established at \$5,000 per unit. Depreciation expense for the year ended December 31, 2017 was \$4.0 million. Total accumulated depreciation at December 31, 2017 was \$54.0 million.

A comparative summary of capital assets is as follows:

	December 31,	
	2017	2016
Capital assets		
Land	\$ 6,718,705	\$ 6,718,705
Construction-in-progress	100,836	629,594
Buildings and land improvements	56,437,572	56,079,886
Machinery and equipment	21,363,085	20,641,202
Total capital assets	<u>84,620,198</u>	<u>84,069,387</u>
Less accumulated depreciation		
Buildings and land improvements	36,994,227	34,209,340
Machinery and equipment	17,022,498	15,836,405
Total accumulated depreciation	<u>54,016,725</u>	<u>50,045,745</u>
Net capital assets	<u>\$ 30,603,473</u>	<u>\$ 34,023,642</u>

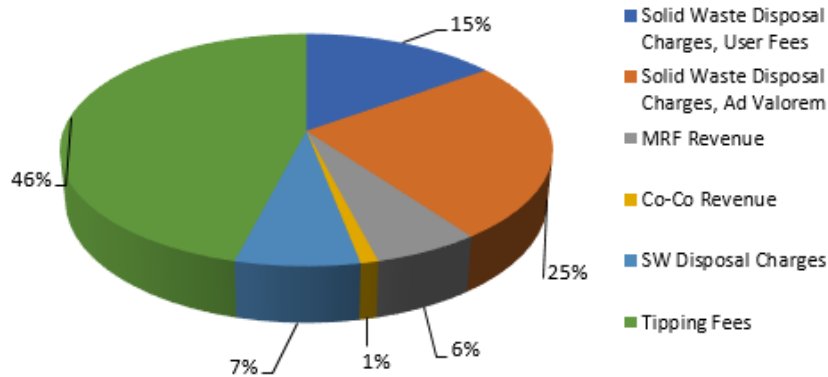
# Rockland County Solid Waste Management Authority

## Management's Discussion and Analysis December 31, 2017

### Statement of Revenues, Expenses, and Changes in Net Position

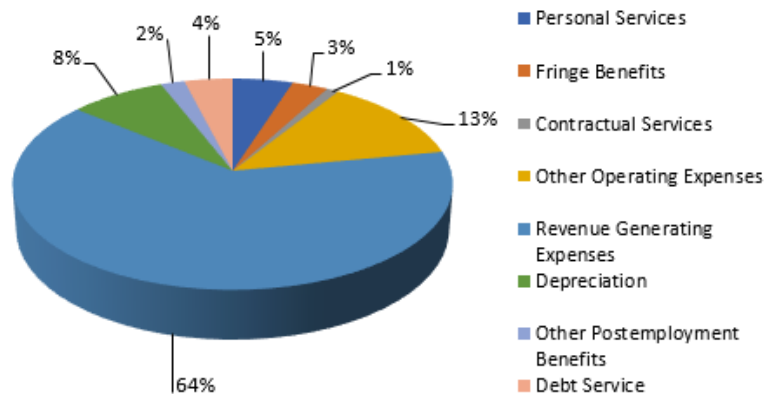
The statement of revenues, expenses, and changes in net position represents the Authority's results of operations. The Authority also includes supplemental information regarding detail of revenues and expenses as it relates to the adopted Authority budget. Refer to the Authority's basic financial statements for the complete listing. Total operating revenues of the Authority for the year ended December 31, 2017 were \$53.2 million. Non-operating revenues totaled approximately \$1.2 million.

#### 2017 Revenues



Tipping fees represented 46% of total revenues during 2017. Solid Waste Disposal Charges (both user fees and ad valorem) represented 40% of total revenues. Revenues from the Materials Recovery Facility, Co-Composting Facility and collection agreements administered by the Authority represented the remaining 14% of total revenues.

#### 2017 Expenses



Total operating expenses for the year were \$48.1 million for 2017. Non-operating expenses for the year were \$2.0 million. Revenue generating expenses (those related to the operation of the Authority's facilities) represented 64% of expenses. Personnel and fringe benefit costs represented 8% of expenses. Contractual services, depreciation, debt service, other postemployment benefits, and other operating expenses represented 28% of total operating expenses.



# Rockland County Solid Waste Management Authority

## Management's Discussion and Analysis December 31, 2017

### **Economic Factors That Will Affect the Future**

#### *Transfer Station*

On May 20, 2008, the County Legislature, pursuant to language proposed by the Authority, enacted county-wide flow control (the Flow Control Act). On June 19, 2008, the County Executive signed the Flow Control Act and caused it to be filed pursuant to State law upon which it was designated as Local Law No. 2 of 2008 of the County. County-wide flow control allows the Authority to manage all waste generated in the County so that alternative waste processing technologies can be implemented in the County with the goal of reducing waste disposed in landfills. Under the Flow Control Act, the County Department of Health has been designated as the agency charged with enforcement of the Flow Control Act. The Authority has entered into an inter-municipal agreement with the County for reimbursement of personnel and operating expenses in conjunction with Flow Control. Pursuant to the Flow Control Act, the Authority prepared an implementation schedule or schedules which list those portions of the Flow Control Act to be implemented. The Authority has implemented flow control related to municipal solid waste (MSW), yard waste and recyclables. Although the Authority believes that the Flow Control Act will improve its ability to manage the County's solid waste, the Authority's operations and financial model is not dependent on the Flow Control Act. The Authority has operated historically without the benefit of any flow control laws.

The Authority currently has three strategically located transfer stations. They are located in the northern portion of the County in the town of Haverstraw; the southern portion of the County in the town of Clarkstown, and the western portion of the County in the town of Ramapo. The Authority's waste tonnage has remained relatively flat year over year. On October 15, 2016, the Authority took over operations and maintenance at the Clarkstown transfer station. Previously, there was an agreement with Clarkstown Recycling Center to operate and maintain the transfer station. For various reasons, the operator requested termination from the operations and maintenance agreement. The Authority agreed and during 2017 realized over \$1 million in savings. The savings were reflected in a reduced budget for the 2018 Clarkstown operations and maintenance. The Authority will continue to monitor waste trends and economic indicators, but the Authority's revenue is not contingent upon any minimum waste tonnage delivered to the facilities and is not impacted by the fluctuation in MSW delivered.

#### *Materials Recovery Facility*

There are several factors that impact the revenue generated by the Material Recovery Facility (MRF). The economy, legislation, consumer habits and the fluctuation in commodity pricing are factors that impact revenue generated at the MRF. The New York State legislation that resulted in the enhanced bottle bill has historically negatively impacted our local recycling revenue by diverting a significant number of water and juice bottles from the Authority's robust residential curbside recycling initiative. In addition, New York State legislative efforts with respect to product stewardship have changed company packaging which translates into lighter plastic bottles and decreased plastic in the recycling stream. Many consumers have exchanged their daily reading of newspaper and magazines for a digital format. Such changes in consumer habits impact tonnage and thus revenue. However, the decreased tonnage in certain commodities due to the factors delineated above has been offset by an increase in outreach efforts that have had a positive increase in the flow of material into the MRF from commercial businesses, schools and outreach efforts with community partners.

# Rockland County Solid Waste Management Authority

## Management's Discussion and Analysis December 31, 2017

### **Economic Factors That Will Affect the Future - Continued**

In 2017, there was a change at the Chinese Ministry for Environmental Protection which impacted the recyclable commodity markets. The government agency overseeing scrap trade implemented a new initiative known as the National Sword. This initiative seems to have been born out of the 2013 initiative known as the Green Fence which was a crackdown on the quality of scrap material being shipped to China. The new National Sword initiative expands on the quality of shipments to an outright ban on imports of scrap material, mainly mixed paper and plastics. The mills in China have not had their permits renewed to accept any foreign scrap material from any country. As the Institute of Scrap Recycling Industries (ISRI) notes, "The difficulty is that China has been such a disproportionately large home for scrap exports from the United States, so it's really difficult to replace China with just one country." Scrap exporters are looking at other countries spread out over many regions to replace certain sectors of the export market. Regions that have seen recent growth include Southeast Asia, the Middle East, Latin America, as well as Bangladesh, India and Pakistan.

Because the Authority continues to have a dual stream recycling facility, our commodity bales are well within the current 3% contamination level. During 2017, the Authority had enjoyed a 15% premium on bale pricing because of the good work our residents do in sorting the recyclables. In addition, most of our plastic commodities are marketed nationally, but the Authority's newspaper bales are sold to China. While our MRF contractor, whose responsibility it is to market the MRF commodities, was able to sell the commodities in other markets due to the cleanliness of the commodity bales, during the fourth quarter 2017 the price declined. A further decline in pricing is anticipated due to simple economics - there will be a glut in the market forcing prices to decline. In addition, recyclers are being told that if China eases restrictions on the ban, the quality control will be very restrictive. For example, the 3% contamination rule may be decreased to ½%. All of this information was taken into account in preparing the 2018 budget. The Authority typically utilizes a very conservative budget estimate for commodity sales since pricing is based on the volatility in the market.

In 2017, paper shredding events were established for the residents of the County. Events were held twice in each of the five towns. The program was a success and will be continued in 2018. Last year, the Authority collaborated with the Carton Council of North America to start receiving and recycling of aseptic and gable top cartons, which includes milk, orange juice, and other waxy cartons. A Capital Equipment Grant in the amount of \$60,000 was provided by the Carton Council to offset costs of retrofitting current equipment to receive these items. With these changes, the MRF has been able to take post-consumer cartons out of the waste stream and send the material to the paper mills. In addition, the new initiative to increase school recycling has increased carton recycling as well.

### *Co-Composting Facility*

In its contract with the current long-term contractor, the Authority was able to obtain a sludge processing guarantee without making any physical plant expansions, but with capital improvements/enhancements. This in turn allows the Authority to create capacity both for future growth in its current service area and to increase merchant tonnage at favorable rates. As of December 31, 2017, the Authority had several non-County (merchant) tonnage such as Joint Meeting of Essex and Union Counties Waste Water Treatment Plant, the Town of Guilderland, and the West Point Waste Water Treatment Plant. The recycling of sludge (beneficial reuse) is an attractive alternative to many municipal entities that are currently sending sludge to a landfill. The Authority will continue to pursue out-of-county opportunities to maximize revenues. In February 2014, the Co-Composting Facility ceased operations due to a roof cave in during a heavy snow storm. The facility was repaired and improved and resumed operations in July 2015. A final insurance settlement of over \$1 million for costs incurred rebuilding the facility after the 2014 roof collapse was received in 2017. The permit facility was renewed and will allow the Authority's co-composting facility to receive food waste in addition to sludge. This will allow the Authority to be in an advantageous position should food waste be banned from landfills. This has been a topic of discussion as well as proposed legislation at the State level.

# Rockland County Solid Waste Management Authority

## Management's Discussion and Analysis December 31, 2017

### **Economic Factors That Will Affect the Future - Continued**

#### *Household Hazardous Waste Facility*

The Household Hazardous Waste Facility (HHW) collected 978,329 pounds of e-waste in 2017, representing a decrease of 9.5% from the prior year. E-waste was banned from landfills as of April 1, 2012, and manufacturers were required to have a program in place that allows for consumers to bring back their e-waste to a drop off center. Our contractor has integrated this State initiative into the Authority's residential program at no additional cost to the Authority. The Authority will continue to follow any additional legislation regarding product stewardship. In 2016, the HHW received the Environmental Protection Agency (EPA) Region 2 Environmental Champion Award in recognition of their efforts.

During 2017, the Authority partnered with the Rockland County Sheriff's Department to properly dispose of unwanted pharmaceuticals including controlled substances. In addition to the facility being available daily from 8AM to 1PM, the Authority holds weekend collection events during the months of March through December. During the weekend collection events, Rockland County Sheriff personnel were also on site to oversee the collection of unwanted pharmaceuticals, including controlled substances. This event was very popular and successful and will be replicated in 2018.

#### *Yard Waste, Mulching and Concrete Crushing Facilities*

The Authority operates three leaf composting facilities and one mulching facility through a public-private partnership. The leaf composting facilities are primarily for leaf drop off from municipal highway departments and landscapers during the fall season. During spring time, each municipal entity participates in a give-back program that represents the compost that is processed from the previous season. Subsequent to the municipal participation, the compost is sold in bulk to contractors. In addition, any yard waste brought to the Clarkstown facility from residents or brush that is delivered by municipal entities is also processed into mulch and the municipalities participate in a similar "give-back" program. Subsequently, any remainder of mulch is sold to the contractor in a bulk sale. Operations do not seem to be contingent upon economic times but rather windstorms, droughts, floods and other natural circumstances. The Authority operates a concrete crushing facility through a public-private partnership. The crushing of concrete is impacted by the economy and construction and demolition associated with a robust economy. During 2017, the facility was impacted by the glut in the market regarding recycled asphalt. Sales for recycled asphalt decreased during the year and the Authority's contractor has been pursuing opportunities for use. The Authority will continue to pursue out of County opportunities for concrete recycling and sales of crushed concrete and asphalt.

#### *Food Recovery Initiative*

In order to conserve landfill space and protect the environment, the Authority has been addressing the need for increased composting of food and yard waste organics that, combined, comprise approximately 28% of the waste stream. Our composting initiatives include a partnership with Cornell Cooperative Extension to promote backyard and on-site composting of organics. This partnership includes at-cost compost bin sales for residents, schools, and small businesses, as well as composting education presentations throughout the County. We have successfully composted organics from a select number of generators in our Biosolids Composting Facilities (Co-composting Facility).

Since waste reduction is a priority, the Authority has also been working with local, state, and federal agencies to not only minimize wasted food, but to increase diversion of usable food to agencies whose mission is to feed hungry people.

# **Rockland County Solid Waste Management Authority**

Management's Discussion and Analysis  
December 31, 2017

## **Economic Factors That Will Affect the Future - Continued**

In 2015, the Authority co-hosted the first meeting for the Rockland Food Recovery Initiative. We discussed how to maximize Rockland's impact on the Food Recovery Hierarchy. EPA's Food Recovery Hierarchy prioritizes actions organizations can take to prevent and divert wasted food. Reducing the amount of wasted food has significant economic, social and environmental benefits. The forum brought together representatives from food generators, food rescue agencies, waste managers and others that may benefit from a food recovery program. The goal was to get a sense of what is already being done, current challenges and to identify what we can do moving forward.

The Authority's Solid Waste Management Plan reflects the Authority's commitment to research end use options for food waste. In researching end use options, it is incumbent on the Authority to first determine what can be done to rescue food. End use options for food waste can be costly and are on the lower end of the EPA food hierarchy "rung." But enhancing food pantries/food rescue agencies infrastructure - from additional shelving to additional walk-in freezers - will be less costly and divert food to those in the community who would benefit most.

## **Contacting the Rockland County Solid Waste Management Authority's Financial Management**

This financial report is designed to provide our bondholders, customers, and other interested parties with a general overview of the Authority's finances and to demonstrate its accountability for the money it receives. If you have questions about this report, or need additional information, contact the Authority at 320-420 Torne Valley Road, Hillburn, NY 10931 phone: 845-753-2200 or visit our website at [www.rocklandrecycles.com](http://www.rocklandrecycles.com).

**Rockland County**  
**Solid Waste Management Authority**  
(A Component Unit of the County of Rockland, New York)

Statements of Net Position

	<b>December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 30,223,794	\$ 26,729,125
Accounts receivable, net	1,659,253	2,221,231
Grants receivable	-	586,938
Prepaid expenses	296,277	444,452
Total current assets	32,179,324	29,981,746
<b>RESTRICTED ASSETS</b>		
Cash and cash equivalents	8,007,321	8,732,450
Investments	1,396,671	1,396,671
Held by trustee	-	1,148,773
Total restricted assets	9,403,992	11,277,894
<b>NON-CURRENT ASSETS</b>		
Intangible assets	15,506,746	15,506,746
Capital assets, net	30,603,473	34,023,642
Total noncurrent assets	46,110,219	49,530,388
<b>DEFERRED OUTFLOWS</b>		
	735,167	1,260,758
	<b>\$ 88,428,702</b>	<b>\$ 92,050,786</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 4,901,062	\$ 5,834,245
Accrued liabilities	1,003,397	1,440,218
Current portion of bonds payable	3,965,000	4,370,000
Total current liabilities	9,869,459	11,644,463
<b>LONG-TERM LIABILITIES</b>		
Bonds payable, net, less current installments	36,002,269	42,546,049
Accrued postemployment benefits	5,416,902	4,552,949
Net pension liability	655,666	1,077,890
Total long-term liabilities	42,074,837	48,176,888
Total liabilities	51,944,296	59,821,351
<b>DEFERRED INFLOWS</b>		
	103,721	133,306
<b>NET POSITION</b>		
Net investment in capital assets	10,498,470	9,060,123
Restricted	4,759,623	5,888,936
Unrestricted	21,122,592	17,147,070
Total net position	36,380,685	32,096,129
	<b>\$ 88,428,702</b>	<b>\$ 92,050,786</b>

See accompanying Notes to Financial Statements.

**Rockland County**  
**Solid Waste Management Authority**  
(A Component Unit of the County of Rockland, New York)

Statements of Revenues, Expenses, and Changes In Net Position

	Years Ended December 31,	
	2017	2016
<b>OPERATING REVENUES</b>		
Solid waste disposal charges	\$ 53,239,334	\$ 52,076,842
<b>OPERATING EXPENSES</b>		
Personal services	2,666,744	2,462,824
Employee benefits	1,387,375	1,223,456
Other postemployment benefit obligations	866,374	452,511
Contractual services	39,256,187	39,396,976
Depreciation	3,970,980	3,892,577
	48,147,660	47,428,344
<b>Operating income</b>	<b>5,091,674</b>	<b>4,648,498</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	239,339	184,819
Interest expense	(2,055,879)	(2,279,795)
Grants	-	586,938
Gain on disposal of capital assets	6,310	-
Insurance recoveries	1,003,112	15,062
	(807,118)	(1,492,976)
<b>Change in net position</b>	<b>4,284,556</b>	<b>3,155,522</b>
<b>NET POSITION, <i>beginning of year</i></b>	32,096,129	28,940,607
<b>NET POSITION, <i>end of year</i></b>	<b>\$ 36,380,685</b>	<b>\$ 32,096,129</b>

See accompanying Notes to Financial Statements.

**Rockland County**  
**Solid Waste Management Authority**  
(A Component Unit of the County of Rockland, New York)

Statements of Cash Flows

	<b>Years Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collections of solid waste disposal charges	\$ 54,410,355	\$ 51,565,626
Payments to vendors	(40,041,195)	(38,874,947)
Payments for salaries and benefits	(4,419,579)	(3,363,795)
	<b>9,949,581</b>	<b>9,326,884</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Repayments of bonds	(6,995,000)	(4,175,000)
Purchase of capital assets	(1,159,854)	(1,244,015)
Interest paid	(2,009,659)	(2,220,665)
Grants	586,938	473,320
Proceeds from disposal of capital assets	6,310	-
Proceeds from insurance recoveries	1,003,112	15,062
	<b>(8,568,153)</b>	<b>(7,151,298)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Change in restricted cash and cash equivalents	725,129	(99,186)
Interest income	239,339	184,819
Sale of investments	-	1,130,599
Held by trustee	1,148,773	(1,148,773)
	<b>2,113,241</b>	<b>67,459</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,494,669</b>	<b>2,243,045</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>26,729,125</b>	<b>24,486,080</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 30,223,794</b>	<b>\$ 26,729,125</b>
<b>RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	\$ 5,091,674	\$ 4,648,498
Adjustments to reconcile operating income to cash flows from operating activities		
Depreciation	3,970,980	3,892,577
Provision for bad debt	-	(2,316)
Write-off of construction in process projects	609,043	-
Changes in operating assets and liabilities		
Accounts receivable	561,978	(508,900)
Prepaid expenses	148,175	7,894
Deferred outflows	525,591	(895,012)
Accounts payable	(933,183)	514,135
Accrued liabilities	(436,821)	241,891
Accrued postemployment benefits	863,953	452,511
Net pension liability	(422,224)	842,300
Deferred inflows	(29,585)	133,306
	<b>\$ 9,949,581</b>	<b>\$ 9,326,884</b>

See accompanying Notes to Financial Statements.

**Rockland County**  
**Solid Waste Management Authority**  
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Notes to Financial Statements  
December 31, 2017 and 2016

**Note 1 - Organization and Summary of Significant Accounting Policies**

*a. Reporting Entity*

The Rockland County Solid Waste Management Authority (Authority) is a public benefit corporation established pursuant to Title 13-M of the New York State Public Authorities Law to operate and maintain solid waste management facilities for the benefit of the residents of the County of Rockland, New York (County). The Authority was established in 1993 and became operational in 1995. The Authority is administered by seventeen members: Eight members of the County Legislature, five members are supervisors of towns within the County, two members are mayors of villages recommended by the Conference of Mayors and appointed by the County Legislature, and two members are appointed by the County Executive.

The Authority is considered a component unit of Rockland County as the County appoints the majority of the Authority's Board and as such can impose its will on the Authority.

*b. Basis of Accounting and Presentation of Financial Statements*

The Authority's financial statements are prepared using the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities, and deferred outflows and inflows of resources associated with the operations are included on the statements of net position.

Net position is classified as follows:

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation reduced by the net outstanding debt balances.
- *Restricted net position* has externally placed constraints on use.
- *Unrestricted net position* consists of assets, liabilities, and deferred outflows and inflows of resources that do not meet the definition of "restricted net position" or "net investment in capital assets."



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Notes to Financial Statements  
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**Note 1 - Organization and Summary of Significant Accounting Policies - Continued**

*b. Basis of Accounting and Presentation of Financial Statements - Continued*

Revenues are recognized as services are provided, and expenses are recognized when incurred. The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the disposal of solid waste. Operating expenses include the cost of personal and contractual services, materials and supplies, utilities, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*c. Estimates*

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred outflows and inflows of resources 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 year. Actual results could differ from those estimates.

*d. Fair Value Measurement*

The Authority reports certain assets at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants on the measurement date.

*e. Cash, Cash Equivalents, and Investments*

Cash and cash equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, and other short-term investments, whether unrestricted or restricted, with an original maturity of three months or less.

Investments in securities include an investment contract and a U.S. Treasury Bond State and Local Government Series (SLUG) investment. The investment contract is recorded at cost pursuant to GASB 31. The SLUG is recorded at fair value.

Cash, cash equivalents, and investments are fully collateralized by either federal depository insurance or securities held by the pledging bank's trust department in the Authority's name.

Cash, cash equivalents, and investments, restricted, consist of amounts held by trustees in reserve funds established in connection with various bond issues. The Authority's restricted cash and cash equivalents are considered investments for cash flow purposes.

*f. Receivables, Net*

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. The allowance for doubtful accounts was \$269,745 and \$384,328 at December 31, 2017 and 2016, respectively. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as a recovery of bad debt when received.

An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 15 days. Interest is not charged on late accounts receivable.

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Notes to Financial Statements  
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**Note 1 - Organization and Summary of Significant Accounting Policies - Continued**

*g. Intangible Assets*

Intangible assets represent goodwill. Goodwill is the excess of the purchase price of an acquired entity over the fair value of the assets acquired and liabilities assumed in a business combination. As the GASB is silent and has not issued a standard on goodwill, the Authority adopted Financial Accounting Standards Board guidance on goodwill impairment testing which allows an entity to first assess qualitative factors to determine whether it is more likely that not that goodwill may be impaired. Under this guidance, qualitative factors are assessed at least annually, or more frequently, if events or changes in circumstances indicate that the carrying value of the reporting unit is less than its carrying amount. If the Authority's qualitative assessment indicates that goodwill may be impaired, the Authority will estimate the fair value of the reporting unit based on one or more of the following valuation techniques: (1) income; (2) discounted cash flows, or (3) market approach. If such fair value estimate is less than the carrying value of goodwill, an impairment loss is recognized. The Authority concluded that goodwill was not impaired during the years ended December 31, 2017 and 2016.

*h. Capital Assets, Net*

Capital assets, net, are recorded at cost, except for contributed property and equipment, which are recorded at fair value or the contributor's net book value if fair value is not readily ascertainable. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. The Authority uses a capitalization threshold of \$5,000 to analyze expenditures for capitalization. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is credited or charged to income.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives, using the straight-line method. The estimated useful lives used in determining depreciation are as follows:

Buildings	5 to 20 years
Land Improvement	25 years
Machinery and equipment	3 to 20 years

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over its fair value.

Interest expenses incurred during construction of assets are capitalized. Constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisitions of the asset or used to service the related debt) include capitalized interest to the extent that interest cost (including any related financing costs) over the asset construction period exceeds interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowing.

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Notes to Financial Statements  
December 31, 2017 and 2016

**Note 1 - Organization and Summary of Significant Accounting Policies - Continued**

*i. Deferred Inflows/Outflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Authority has reported deferred outflows and inflows of resources related to the net pension liability (see Note 6).

*j. Accrued Postemployment Benefits*

In addition to providing pension benefits, the Authority provides health insurance coverage for certain retired employees. Healthcare benefits are provided through insurance companies whose premiums are based on the benefits provided.

*k. Bond Premiums and Discounts*

Bond premiums and discounts are presented as components of bonds payable. The premiums and discounts are amortized over the life of the bonds on a method that approximates the effective interest method. Net amortization related to bond premiums and discounts was \$46,220 and \$59,130 for 2017 and 2016, respectively and is included within interest expense.

*l. Subsequent Events*

The Authority has evaluated subsequent events for potential recognition or disclosure through March 8, 2018, the date the financial statements were available to be issued.

**Note 2 - Restricted Assets**

In accordance with the terms of the Authority's bond resolution, the use of certain Authority assets is restricted for specific purposes as summarized below:

	December 31,	
	2017	2016
<i>Debt Service Reserve Fund</i>		
Contingency fund to be utilized in case of default	\$ 4,441,932	\$ 6,537,493
<i>Construction Projects Fund and Improvement Fund</i>		
Additional capital expenditures which may be incurred by the Authority	4,759,623	4,740,163
<i>Other Funds</i>		
Restricted assets required for debt service	202,437	238
	\$ 9,403,992	\$ 11,277,894

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Notes to Financial Statements  
December 31, 2017 and 2016

**Note 2 - Restricted Assets - Continued**

At December 31, 2016, Bank of New York, as trustee for the Authority, held \$1,148,773 of Authority funds, representing proceeds from an investment that matured in December 2016.

**Note 3 - Investments**

The Authority had the following investments and maturities:

	December 31, 2017				
	Amount	Investment Maturities (In Years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasury Bond State and Local Government Series	\$ 841,020	\$ -	\$ -	\$ 841,020	\$ -
Investment agreement	555,651	-	-	555,651	-
<b>Total investments</b>	<b>\$ 1,396,671</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,396,671</b>	<b>\$ -</b>
	December 31, 2016				
	Amount	Investment Maturities (In Years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasury Bond State and Local Government Series	841,020	-	-	841,020	-
Investment agreement	555,651	-	-	555,651	-
<b>Total investments</b>	<b>\$ 1,396,671</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,396,671</b>	<b>\$ -</b>

*a. Credit Risk*

All of the Authority's deposits with financial institutions were either covered by Federal Deposit Insurance Corporation insurance or fully collateralized by authorized investments of the pledging financial institution.

The Authority's investment policy limits investments to obligations of the United States of America or any state of the United State of America; bonds, debentures, or notes issued by certain federal agencies; certificates of deposit; savings accounts; deposit accounts; depository receipts of banks; public housing bonds; repurchase agreements or investment agreements; money market funds; commercial paper; advance-refunded municipal bonds; or tax-exempt obligations. All of the Authority's investments had a credit rating of AA or higher by major rating agencies.

*b. Custodial Credit Risk*

Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held either by (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name. All of the Authority's investments are held under its name with the trustee.

*c. Interest Rate Risk*

The fair value of the Authority's fixed maturity investments fluctuates in response to changes in market interest rates. Fair values of interest rate-sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, the liquidity of the instrument, and other general market conditions. The Authority plans to hold its restricted investments to maturity, which minimizes the occurrence of loss on investments.

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Notes to Financial Statements  
December 31, 2017 and 2016

**Note 3 - Investments - Continued**

*d. Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the Authority's investment in single issues. The Authority's holdings are as follows:

	December 31,	
	2017	2016
U.S. Treasury Bond State and Local Government Series	60%	60%
Investment agreement	40%	40%

*e. Fair Value Measurements*

The Authority categorizes its fair value measurements into the fair value hierarchy established by GASB Statement No. 72. The three levels of inputs used to measure fair value are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Authority has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 Inputs to the valuation methodology are unobservable inputs and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

*U.S. Treasury Bond State and Local Government Series:* The fair value is determined by the bond trustee and cost approximates fair value.

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Bond State and Local Government Series	\$ -	\$ 841,020	\$ -	\$ 841,020
	December 31, 2016			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Bond State and Local Government Series	\$ -	\$ 841,020	\$ -	\$ 841,020

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Notes to Financial Statements  
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**Note 4 - Capital Asset, Net**

A summary of changes in the Authority's capital assets is as follows:

	December 31, 2017			
	Balance January 1, 2017	Additions	Retirements/ Disposals and Transfers	
Capital assets not being depreciated				
Land	\$ 6,718,705	\$ -	\$ -	\$ 6,718,705
Construction in progress	629,594	100,295	(629,053)	100,836
Capital assets not being depreciated	<u>7,348,299</u>	<u>100,295</u>	<u>(629,053)</u>	<u>6,819,541</u>
Capital assets being depreciated				
Buildings	53,659,832	357,686	-	54,017,518
Land Improvement	2,420,054	-	-	2,420,054
Machinery and equipment	20,641,202	721,883	-	21,363,085
Capital assets being depreciated	<u>76,721,088</u>	<u>1,079,569</u>	<u>-</u>	<u>77,800,657</u>
Less accumulated depreciation				
Buildings	33,241,319	2,688,085	-	35,929,404
Land improvements	968,021	96,802	-	1,064,823
Machinery and equipment	15,836,405	1,186,093	-	17,022,498
Total accumulated depreciation	<u>50,045,745</u>	<u>3,970,980</u>	<u>-</u>	<u>54,016,725</u>
Capital assets being depreciated, net	<u>26,675,343</u>	<u>(2,891,411)</u>	<u>-</u>	<u>23,783,932</u>
Capital assets, net	<u>\$ 34,023,642</u>	<u>\$ (2,791,116)</u>	<u>\$ (629,053)</u>	<u>\$ 30,603,473</u>
December 31, 2016				
	Balance January 1, 2016	Additions	Retirements/ Disposals and Transfers	Balance December 31, 2016
Capital assets not being depreciated				
Land	\$ 6,718,705	\$ -	\$ -	\$ 6,718,705
Construction in progress	413,310	716,692	(500,408)	629,594
Capital assets not being depreciated	<u>7,132,015</u>	<u>716,692</u>	<u>(500,408)</u>	<u>7,348,299</u>
Capital assets being depreciated				
Buildings	53,155,108	504,724	-	53,659,832
Land Improvement	2,420,054	-	-	2,420,054
Machinery and equipment	20,118,195	523,007	-	20,641,202
Capital assets being depreciated	<u>75,693,357</u>	<u>1,027,731</u>	<u>-</u>	<u>76,721,088</u>
Less accumulated depreciation				
Buildings	30,571,436	2,669,883	-	33,241,319
Land improvements	871,219	96,802	-	968,021
Machinery and equipment	14,710,513	1,125,892	-	15,836,405
Total accumulated depreciation	<u>46,153,168</u>	<u>3,892,577</u>	<u>-</u>	<u>50,045,745</u>
Capital assets being depreciated, net	<u>29,540,189</u>	<u>(2,864,846)</u>	<u>-</u>	<u>26,675,343</u>
Capital assets, net	<u>\$ 36,672,204</u>	<u>\$ (2,148,154)</u>	<u>\$ (500,408)</u>	<u>\$ 34,023,642</u>

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**Note 5 - Bonds Payable**

A summary of the Authority's bonds payable is as follows:

	Balance December 31, 2016	Additions	Reductions	Balance December 31, 2017
<b>General Obligation Bonds</b>				
2006 Series	\$ 3,210,000	\$ -	\$ (3,210,000)	\$ -
2008 Series	20,995,000	-	(2,065,000)	18,930,000
2010 Series	7,175,000	-	(555,000)	6,620,000
2014 Series	5,535,000	-	(360,000)	5,175,000
<b>EFC Revenue Bonds</b>				
2012 Series	8,055,000	-	(630,000)	7,425,000
2013 Series	2,625,000	-	(175,000)	2,450,000
	<u>47,595,000</u>	<u>-</u>	<u>(6,995,000)</u>	<u>40,600,000</u>
Unamortized bond premiums	(716,142)	-	82,919	(633,223)
Unamortized bond discounts	<u>37,191</u>	<u>-</u>	<u>(36,699)</u>	<u>492</u>
	<u>\$ 46,916,049</u>	<u>\$ -</u>	<u>\$ (6,948,780)</u>	<u>\$ 39,967,269</u>

Bonds payable of the Authority are summarized as follows:

*2006 General Obligation Bonds*

The 2006 general obligation bonds were originally issued at \$10,080,000 principally to refinance outstanding bonds to make improvements to the Authority's sludge composting facility. Interest was payable semi-annually at interest rates ranging from 5.00% to 4.250%. The 2006 general obligation bonds were redeemed in November 2017.

*2008 General Obligation Bonds*

The 2008 general obligation bonds were originally issued at \$27,535,000 principally to acquire the Authority's Clarkstown and Haverstraw solid waste facilities. Interest is payable semi-annually at interest rates ranging from 5.375% to 6.500%. Remaining principal payments range from \$150,000 to \$4,150,000, payable annually each December 15 through 2033.

*2010 General Obligation Bonds*

The 2010 general obligation bonds were originally issued at \$10,150,000 principally to refinance outstanding bonds and to finance certain upgrades and repairs to the Clarkstown transfer station. Interest is payable semi-annually at interest rates ranging from 3.250% to 4.000%. Remaining principal payments range from \$250,000 to \$4,710,000, payable annually each December 15 through 2024.

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Notes to Financial Statements  
December 31, 2017 and 2016

**Note 5 - Bonds Payable - Continued**

*2012 EFC Revenue Bonds*

The New York State Environmental Facilities Corporation (EFC) State Clean Water and Drinking Water Revolving Funds Revenue Bonds were originally issued in 2012 at \$10,910,000 principally to refinance outstanding bonds. Interest is payable semi-annually at interest rates ranging from 5.019% to 6.189%. The Authority receives a subsidy credit toward its annual debt service cost from, and is charged an annual administrative fee by, the EFC. Principal installments range from \$650,000 to \$2,315,000 and are payable annually each December 15 through 2026.

*2013 EFC Revenue Bonds*

The EFC State Clean Water and Drinking Water Revolving Funds Revenue Bonds were originally issued in 2013 at \$3,270,434 principally to refinance a short-term obligation. Interest is payable semi-annually at interest rates ranging from 1.503% to 4.083%. The Authority receives a subsidy credit toward its annual debt service cost from, and is charged an annual administrative fee by, the EFC. Principal installments range from \$180,000 to \$230,000 and are payable annually each November 1 through 2029.

*2014 General Obligation Bonds*

The 2014 general obligation bonds were originally issued at \$6,495,000 principally to refinance outstanding bonds. Interest is payable semi-annually at an interest rate of 3.180%. Remaining principal payments range from \$370,000 to \$905,000, payable annually each December 15 through 2028.

All assets and revenues of the Authority are pledged as collateral for the bonds.

Future debt service payments required on bonds payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the year ending December 31,			
2018	\$ 3,965,000	\$ 1,745,732	\$ 5,710,732
2019	4,155,000	1,531,434	5,686,434
2020	4,365,000	1,344,822	5,709,822
2021	4,600,000	1,150,832	5,750,832
2022	5,570,000	941,516	6,511,516
2023 through 2027	16,435,000	786,691	17,221,691
2028 through 2032	1,360,000	93,055	1,453,055
2033	150,000	9,750	159,750
	<u>40,600,000</u>	<u>\$ 7,603,833</u>	<u>\$ 48,203,833</u>
Less current installments	<u>3,965,000</u>		
Notes payable, less current installments	<u>\$ 36,635,000</u>		



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Notes to Financial Statements  
December 31, 2017 and 2016

**Note 6 - New York State and Local Employees' Retirement System**

**Plan Description and Benefits Provided**

The Authority participates in the New York State and Local Employees' Retirement System (System), a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

*Contributions*

The System is noncontributory except for employees who joined the System after July 2, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3-6 percent of their salary for their entire length of service. Under the authority of the System, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. The Authority's contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2017	\$	341,880
2016		322,880
2015		344,675

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

At December 31, 2017 and 2016, the Authority reported a liability of \$655,666 and \$1,077,890 for its proportionate share of the net pension liability, respectively. The net pension liability was measured as of March 31, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2017 and 2016, the Authority's proportion was 0.0069780% and 0.0067157%, respectively.

For the years ended December 31, 2017 and 2016, the Authority recognized pension expense of \$410,910 and \$408,923, respectively

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Notes to Financial Statements  
December 31, 2017 and 2016

**Note 6 - New York State and Local Employees' Retirement System - Continued**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - Continued**

At December 31, 2017 and 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31, 2017		December 31, 2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,430	\$ 99,567	\$ 5,447	\$ 127,767
Changes of assumptions	130,963	-	287,441	-
Net difference between projected and actual investment earnings on pension plan investments	223,999	-	639,464	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	107,365	4,154	86,246	5,539
Employer contributions subsequent to the measurement date	256,410	-	242,160	-
Total	<u>\$ 735,167</u>	<u>\$ 103,721</u>	<u>\$ 1,260,758</u>	<u>\$ 133,306</u>

Deferred outflows of resources related to pensions of \$256,410 and \$242,160 resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ending December 31,

2018	\$ 159,434
2019	159,434
2020	132,617
2021	<u>(76,449)</u>
	<u>\$ 375,036</u>

**Actuarial Assumptions**

The pension liability at March 31, 2017 and 2016 was determined by using actuarial valuations as of April 1, 2016 and 2014, respectively, with update procedures used to roll forward the total pension liability to March 31, 2017 and 2016. The actuarial valuations used the following actuarial assumptions. The assumptions are consistent year to year, except as noted:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.50%
Salary Scale	3.8%, indexed by service
Investment rate of return, including inflation	7.0% compounded annually, net of expenses
Decrement	
2017	Based on FY 2010-2015 experience
2016	Based on FY 2010-2015 experience
Mortality improvement	Society of Actuaries Scale MP-2014

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December 31, 2017 and 2016

**Note 6 - New York State and Local Employees' Retirement System - Continued**

**Actuarial Assumptions - Continued**

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 are summarized below.

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.75%
Real estate	10.00%	5.80%
Absolute return strategies	2.00%	4.00%
Opportunistic portfolio	3.00%	5.89%
Real assets	3.00%	5.54%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation-Indexed bonds	4.00%	1.50%
	<u>100.00%</u>	

**Discount Rate**

The discount rate used to calculate the total pension liability as of December 31, 2017 and 2016 was 7.00%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

The following presents the Authority's proportionate share of the net pension liability as of December 31, 2017 calculated using the discount rate of 7.0%, as well as what the Authority's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or higher than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability (asset)	\$ 2,094,067	\$ 655,666	\$ (560,500)

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**Note 6 - New York State and Local Employees' Retirement System - Continued**

**Pension Plan Fiduciary Net Position**

The components of the current-year net pension liability of the Employee's Retirement System as of March 31, 2017 and 2016 were as follows (amounts in thousands):

	2017	2016
Employers' total pension liability	\$ 177,400,586	\$ 172,303,544
Plan net position	(168,004,363)	(156,253,265)
Employers' net pension liability	\$ 9,396,223	\$ 16,050,279
Ratio of plan net position to the employers' total pension liability	94.7%	90.7%

**Note 7 - Other Postemployment Benefit Obligations**

*Plan Description* - In addition to providing pension benefits, the Authority provides certain health care benefits for retired employees through a single employer defined benefit plan. The employee handbook stipulates the employees covered and the percentage of contribution. The cost of providing postemployment health care benefits is shared between the Authority and the retired employee. Substantially all of the Authority's employees may become eligible for those benefits if they have a minimum of five years of service and reach normal retirement age while working for the Authority. There is currently one retiree of the Authority.

*Funding Policy* - Currently, the Authority's cost of its postemployment benefits program is determined on a pay-as-you-go basis and is, therefore, unfunded. Premiums paid by the Authority on behalf of the current retirees totaled \$30,002 and \$2,717 for the years ended December 31, 2017 and 2016.

*Annual OPEB Cost and Net OPEB Obligation* - The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount of premiums actually paid, and changes in the Authority's net OPEB obligation:

	2017	2016
Annual required contribution and OPEB expense cost	\$ 863,953	\$ 452,511
Net OPEB obligation, <i>beginning of year</i>	4,552,949	4,100,438
Net OPEB obligation, <i>end of year</i>	\$ 5,416,902	\$ 4,552,949

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**Note 7 - Other Postemployment Benefit Obligations - Continued**

*Annual OPEB Cost and Net OPEB Obligation - Continued*

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years ended December 31, 2017 and 2016, were as follows:

Fiscal Year	Annual OPEB Cost	Expected Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2017	\$ 893,955	\$ 30,002	3.36%	\$ 5,416,902
December 31, 2016	\$ 455,477	\$ 2,966	0.65%	4,552,949

*Funded Status and Funding Progress* - The actuarial accrued liability for benefits was \$7,096,064 and \$4,552,919 at December 31, 2017 and 2016, respectively, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$2,570,221 and \$2,462,824 at December 31, 2017 and 2016, respectively, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 276% and 185%, respectively.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations, and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information at the end of this note, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Methods and Assumptions* - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial computations under GASB No. 45 were provided by the Authority's independent actuaries for the years ended December 31, 2017 and 2016.

The following simplifying assumptions were made:

*Retirement Age for Active Employees* - Based on the historical average retirement age for the covered group according to the New York State Retirement System schedule, active plan members were assumed to retire as early as age fifty-five.

*Marital Status* - Spouses are valued for benefits similar to retired employees. Employees with spouses are assumed to be married status to those spouses at and throughout retirement. Employees who are without spouses (or not covering a spouse) are assumed to be single at and throughout retirement.

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Notes to Financial Statements  
December 31, 2017 and 2016

**Note 7 - Other Postemployment Benefit Obligations - Continued**

*Mortality* - Life expectancies were based on RP 2014 mortality tables for Males and Females.

*Turnover and Retirement Incidence* - This reflects the rate of separation from the active plan and excludes retirement and disability. The turnover table varies by age, gender and years of service with rates of turnover based on the NYS Employees' Retirement System (ERS), the NYS Police and Fire Retirement System (PFRS), and the NYS Teachers' Retirement System (TRS). All employees are assumed to be in ERS.

*Healthcare Cost Trend Rate* - The expected rate of increase in healthcare insurance premiums was developed using baseline projections of the Society of Actuaries Long-Run Medical Cost Trend Model. A rate of 9.00% initially, reduced to an ultimate rate of 5.00% was used.

*Health Insurance Premiums* - 2017 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

*Payroll Growth Rate* - No salary increases were assumed since benefits are not based on compensation.

Based on the historical and expected returns of the Authority's short-term investment portfolio, a discount rate of 3.5% was used. The projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2017, was thirty years.

Required Supplementary Information  
Other Postemployment Benefits  
Schedule of Funding Progress  
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Simplified Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2017	\$ -	\$ 7,096,064	\$ 7,096,064	0%	\$ 2,570,221	276%
December 31, 2014	-	3,258,078	3,258,078	0%	2,233,702	146%
December 31, 2011	-	2,117,542	2,117,542	0%	2,223,909	95%

**Note 8 - Commitments and Contingencies**

*a. Litigation*

The Authority is involved in certain suits and claims arising from a variety of sources. It is the opinion of management and counsel that the liabilities that may arise from such actions would not result in losses that would materially affect the financial position of the Authority or the results of its operations.

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Notes to Financial Statements  
December 31, 2017 and 2016

**Note 8 - Commitments and Contingencies - Continued**

*b. Host Community Benefit Agreements*

In connection with the operation of various facilities, the Authority has entered into several long-term agreements with certain municipalities impacted by the Authority's solid waste operations. The agreements generally provide for payments to the municipalities for a period of 25 to 30 years. The payments are based on agreed rates and annual accepted tonnage. Host community benefit expense approximated \$3,680,000 and \$3,790,000 for the years ended December 31, 2017 and 2016, respectively.

*c. Lease Agreement*

The Authority leases property from the Town of Clarkstown for solid waste operations located within the Town. The lease expires in 2095 and requires a nominal annual payment.

**Note 9 - Accounting Standards Issued But Not Yet Implemented**

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). GASB 75 establishes financial reporting standards for other postemployment benefits (OPEB) plans for state and local governments. This standard replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. The statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments, to their actuarial present value, and attribute that present value to periods of employee service. Additionally, GASB 75 lays out requirements for additional note disclosures and required supplementary information. These requirements are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 80, *Blending Requirements for Certain Component Units* (GASB 80). GASB 80 provides clarity on how certain component units incorporated as not for-profit corporations should be presented in the financial statements of the primary state or local government. The requirements of GASB 80 are effective for fiscal years beginning after June 15, 2017.

GASB Statement No 82, *Pension Issues* (GASB 82). GASB 82 addresses practice issues raised during implementation of the GASB's pension accounting and financial reporting standards for state and local governments. The requirements of GASB 82 are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 85, *Omnibus 2017* (GASB 85). GASB 85 addresses practice issues identified during the implementation and application of certain GASB statements. Statement 85 is effective for reporting periods beginning after June 15, 2017.

Management has not estimated the extent of the potential impact of these statements on the Authority's financial statements.

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Required Supplementary Information  
Schedule of Proportionate Share of the Net Pension Liability

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's proportion of the net pension liability	\$ 655,666	\$ 1,077,890	\$ 235,590
Authority's proportionate share of the net pension liability	0.0069780%	0.0067157%	0.0069737%
Authority's covered-employee payroll	2,309,259	\$ 2,108,204	\$ 1,993,476
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	28.39%	51.13%	11.82%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.68%	97.65%

Data not available prior to the fiscal year 2015 implementation of GASB No 68, *Accounting and Financial Reporting for Pensions*.



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Required Supplementary Information  
Schedule of Local Government Pension Contributions

	<u>2017</u>		<u>2016</u>		<u>2015</u>
Contractually required contribution	341,880	\$	322,880	\$	344,675
Contributions in relation to the contractually required contribution	341,880	\$	322,880	\$	344,675
Contribution deficiency (excess)	-	\$	-	\$	-
Authority's covered-employee payroll	\$ 2,309,259	\$	2,108,204	\$	1,993,476
Contribution as a percentage of covered-employee payroll	14.80%		15.32%		17.29%

Data not available prior to the fiscal year 2015 implementation of GASB No 68, *Accounting and Financial Reporting for Pensions*.

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Supplementary Information - Budget to Actual

	<u>Final Budget 2017</u>	<u>Actual 2017</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>			
Solid waste disposal charges			
User fees	\$ 7,972,077	\$ 7,970,540	\$ (1,537)
Ad valorem	13,479,673	13,482,451	2,778
Recycling facility materials	1,600,000	3,284,365	1,684,365
Co-compost facility user charges	308,550	391,662	83,112
Solid waster collection and disposal charges			
Town of Stony Point	256,125	254,588	(1,537)
Village of Spring Valley	1,496,974	1,495,499	(1,475)
Village of Haverstraw	861,072	859,524	(1,548)
Village of Sloatsburg	375,736	374,200	(1,536)
Village of New Hempstead	513,811	512,274	(1,537)
Rockland County	300,000	328,102	28,102
Transfer station tipping fees/sales	25,359,800	24,196,820	(1,162,980)
Other unclassified	93,961	89,309	(4,652)
Total operating revenues	<u>52,617,779</u>	<u>53,239,334</u>	<u>621,555</u>
<b>NON-OPERATING REVENUES</b>			
Interest			
Bank	35,000	114,010	79,010
Restricted funds	100,000	125,329	25,329
Environmental protection facility grants	600,000	-	(600,000)
Insurance recoveries	-	1,003,112	1,003,112
Gain on surplus equipment	-	6,310	6,310
Total non-operating revenues	<u>735,000</u>	<u>1,248,761</u>	<u>513,761</u>
<b>Total revenues</b>	<b><u>\$ 53,352,779</u></b>	<b><u>\$ 54,488,095</u></b>	<b><u>\$ 1,135,316</u></b>
<b>OPERATING EXPENSES</b>			
Personal services			
Salaries	\$ 2,507,225	\$ 2,666,744	\$ (159,519)
Fringe benefits			
Health and dental	693,105	650,655	42,450
Retirement	321,000	410,912	(89,912)
Other postemployment benefit obligations	6,710	866,374	(859,664)
Social security	184,000	202,906	(18,906)
Worker's compensation benefits	113,500	110,755	2,745
Metropolitan commuter transportation mobility tax	7,550	9,192	(1,642)
Employee testing	1,000	2,955	(1,955)
Total fringe benefits	<u>1,326,865</u>	<u>2,253,749</u>	<u>(926,884)</u>
Contractual services			
Supplies expense			
Books and publications	2,000	987	1,013
Equipment	1,000	2,871	(1,871)
Motor fuel	11,000	5,276	5,724
Office supplies and printing	56,000	58,939	(2,939)
Operational supplies (leaf bags, recycling bins, etc.)	412,000	452,710	(40,710)
Uniforms	2,000	3,273	(1,273)
	<u>484,000</u>	<u>524,056</u>	<u>(40,056)</u>

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Supplementary Information - Budget to Actual

	<u>Final Budget 2017</u>	<u>Actual 2017</u>	<u>Variance</u>
Other operating expenses			
Advertising	33,000	26,883	6,117
Association dues	2,000	2,354	(354)
Bid advertising	2,000	1,272	728
Certiorari payments	50,000	22,475	27,525
Cleaning contractor	15,000	21,645	(6,645)
Community partnerships	50,000	66,211	(16,211)
Conferences and schools	10,000	4,376	5,624
Data processing equipment	30,000	48,159	(18,159)
Engineering and other professional fees	478,700	1,308,538	(829,838)
Equipment repair	77,500	128,991	(51,491)
Fees for services - co-composting by-pass	-	-	-
Fees for services- non employees	812,200	936,610	(124,410)
Household hazardous waste	1,170,230	1,150,386	19,844
Legal fees	1,575,000	1,612,714	(37,714)
Maintenance agreements	35,000	35,423	(423)
Meals	-	563	(563)
Office furniture and fixtures	2,000	620	1,380
Painting and building repair	30,000	279,892	(249,892)
Postage	22,500	22,453	47
Rental of equipment	12,500	11,884	616
Repairs to vehicle	5,000	4,575	425
Telephone	73,000	56,176	16,824
Travel	10,000	8,257	1,743
Utilities	629,050	578,305	50,745
Water and sewer	71,500	122,976	(51,476)
	<u>5,196,180</u>	<u>6,451,738</u>	<u>(1,255,558)</u>
Revenue generating operating expenses			
Co-composting operating and maintenance fee	2,004,698	1,922,884	81,814
Host community fee	3,949,820	3,684,711	265,109
MRF operating and maintenance fee	1,975,123	1,701,385	273,738
Recycling rebates	860,000	893,163	(33,163)
Solid waste collection and disposal:			
Town of Stony Point	256,125	256,122	3
Village of Spring Valley	1,453,373	1,484,766	(31,393)
Village of Haverstraw	835,992	846,041	(10,049)
Village of Slootsburg	364,788	363,036	1,752
Village of New Hempstead	498,842	497,678	1,164
Rockland County	300,000	318,863	(18,863)
Transfer station rebates	130,000	65,921	64,079
Transfer station fees	23,387,225	19,115,309	4,271,916
Yard waste composting fee	942,558	915,018	27,540
	<u>36,958,544</u>	<u>32,064,897</u>	<u>4,893,647</u>
Other costs			
Tax related costs	18,000	16,672	1,328
Insurance premiums	200,000	190,714	9,286
Miscellaneous	5,000	8,110	(3,110)
Contingency	225,000	-	225,000
	<u>448,000</u>	<u>215,496</u>	<u>232,504</u>
<b>Total contractual services</b>	<b><u>\$ 43,086,724</u></b>	<b><u>\$ 39,256,187</u></b>	<b><u>\$ 3,830,537</u></b>
<b>DEBT SERVICE</b>			
Principal	\$ 4,370,000	\$ 6,995,000	\$ (2,625,000)
Interest	2,364,400	2,358,312	6,088
Interest subsidy	(302,435)	(302,433)	2
<b>Total debt service</b>	<b><u>\$ 6,431,965</u></b>	<b><u>\$ 9,050,879</u></b>	<b><u>\$ (2,618,910)</u></b>

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	<u>Final Budget 2016</u>	<u>Actual 2016</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>			
Solid waste disposal charges			
User fees	\$ 8,372,547	\$ 8,372,718	\$ 171
Ad valorem	13,092,784	13,099,727	6,943
Recycling facility materials	1,500,000	2,663,248	1,163,248
Co-compost facility user charges	391,500	315,933	(75,567)
Solid waste collection and disposal charges			
Town of Stony Point	255,978	255,978	-
Village of Spring Valley	1,464,000	1,118,121	(345,879)
Village of Haverstraw	780,003	672,623	(107,380)
Village of Sloatsburg	372,007	372,007	-
Village of New Hempstead	504,449	504,449	-
Rockland County	300,000	331,501	31,501
Transfer station tipping fees/sales	23,999,700	24,277,544	277,844
Other unclassified	75,775	92,993	17,218
Total operating revenues	<u>51,108,743</u>	<u>52,076,842</u>	<u>968,099</u>
<b>NON-OPERATING REVENUES</b>			
Interest			
Bank	35,000	67,458	(32,458)
Restricted funds	100,000	117,361	(17,361)
Environmental protection facility grants	450,000	586,938	(136,938)
Gain on disposal of capital assets	-	-	-
Insurance recoveries	-	15,062	(15,062)
Total non-operating revenues	<u>585,000</u>	<u>786,819</u>	<u>(201,819)</u>
<b>Total revenues</b>	<b><u>\$ 51,693,743</u></b>	<b><u>\$ 52,863,661</u></b>	<b><u>\$ 766,280</u></b>
<b>OPERATING EXPENSES</b>			
Personal services			
Salaries	\$ 2,412,342	\$ 2,462,824	\$ (50,482)
Fringe benefits			
Health and dental	581,073	539,621	41,452
Retirement	306,000	408,923	(102,923)
Other postemployment benefit obligations	-	452,511	(452,511)
Social security	184,550	167,970	16,580
Worker's compensation benefits	99,300	98,857	443
Metropolitan commuter transportation mobility tax	7,310	7,238	72
Employee testing	-	847	(847)
Total fringe benefits	<u>1,178,233</u>	<u>1,675,967</u>	<u>(497,734)</u>
Contractual services			
Supplies expense			
Books and publications	2,500	470	2,030
Equipment	36,000	24,935	11,065
Motor fuel	15,000	4,617	10,383
Office supplies and printing	50,000	66,093	(16,093)
Operational supplies (leaf bags, recycling bins, etc.)	412,000	316,368	95,632
Uniforms	2,000	7,762	(5,762)
Total contractual services	<u>517,500</u>	<u>420,245</u>	<u>97,255</u>

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Supplementary Information - Budget to Actual

	<u>Final Budget 2016</u>	<u>Actual 2016</u>	<u>Variance</u>
Other operating expenses			
Advertising	75,000	38,187	36,813
Association dues	2,000	2,364	(364)
Bid advertising	2,000	2,308	(308)
Certiorari payments	50,000	40,169	9,831
Cleaning contractor	15,000	25,213	(10,213)
Community partnerships	50,000	36,205	13,795
Conferences and schools	10,000	7,461	2,539
Data processing equipment	30,000	25,486	4,514
Engineering and other professional fees	492,260	609,297	(117,037)
Equipment repair	62,500	164,016	(101,516)
Fees for services - co-composting by-pass	-	-	-
Fees for services- non employees	733,360	946,826	(213,466)
Household hazardous waste	1,097,427	1,089,191	8,236
Legal fees	1,575,000	1,816,676	(241,676)
Maintenance agreements	33,500	40,511	(7,011)
Meals	-	1,504	(1,504)
Office furniture and fixtures	2,000	-	2,000
Painting and building repair	60,000	77,789	(17,789)
Postage	20,500	21,369	(869)
Rental of equipment	14,400	12,812	1,588
Repairs to vehicle	5,000	2,835	2,165
Telephone	73,000	59,314	13,686
Travel	10,000	10,003	(3)
Utilities	648,050	530,708	117,342
Water and sewer	66,500	71,643	(5,143)
	<u>5,127,497</u>	<u>5,631,887</u>	<u>(504,390)</u>
Revenue generating operating expenses			
MRF operating and maintenance fee	2,024,196	1,684,821	339,375
Co-composting operating and maintenance fee	3,863,970	1,924,461	1,939,509
Yard waste composting fee	1,806,352	943,599	862,753
Host community fee	840,000	3,793,954	(2,953,954)
Solid waste collection and disposal			
Town of Stony Point	255,978	256,122	(144)
Village of Spring Valley	1,464,002	1,477,364	(13,362)
Village of Haverstraw	780,002	837,903	(57,901)
Village of Sloatsburg	372,007	367,145	4,862
Village of New Hempstead	489,753	485,968	3,785
Rockland County	300,000	321,583	(21,583)
Recycling rebates	130,000	897,612	(767,612)
Transfer station rebates	22,218,662	150,846	22,067,816
Transfer station fees	987,825	19,971,881	(18,984,056)
	<u>35,532,747</u>	<u>33,113,259</u>	<u>2,419,488</u>
Other costs			
Tax related costs	18,000	16,926	1,074
Insurance premiums	190,000	206,793	(16,793)
Miscellaneous	15,000	7,866	7,134
Contingency	200,000	-	200,000
	<u>423,000</u>	<u>231,585</u>	<u>(8,585)</u>
<b>Total contractual services</b>	<b><u>\$ 41,600,744</u></b>	<b><u>\$ 39,396,976</u></b>	<b><u>\$ 2,003,768</u></b>
<b>DEBT SERVICE</b>			
Principal	4,175,000	4,175,000	-
Interest	2,554,864	2,603,652	(48,788)
Interest subsidy	(227,440)	(323,857)	96,417
<b>Total debt service</b>	<b><u>\$ 6,502,424</u></b>	<b><u>\$ 6,454,795</u></b>	<b><u>\$ 47,629</u></b>

See Independent Auditor's Report.



**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 Directors  
Rockland County Solid Waste  
Management Authority  
Hillburn, New York

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 Rockland County Solid Waste Management Authority (Authority), a component unit of the County of Rockland, New York, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 8, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 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.

Our consideration of 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 Authority's financial statements are free from 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 result 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.

BST & CO. CPAs, LLP

Albany, New York  
March 8, 2018

