Rockland County Solid Waste Management Authority

(A Component Unit of the County of Rockland, New York)

Financial Report

December 31, 2018 and 2017

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C O N T E N T S

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, 2018 and 2017, 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1k, in 2018 the Authority adopted Governmental Accounting Standards Board (GASB) Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and No. 85, *Omnibus 2017.* Our opinion is not modified with respect to this matter.

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 proportionate share of the net pension liability, local government pension contributions, and other postemployment benefits liability and OPEB as a percentage of covered payroll on pages 32, 33 and 34, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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, 2018 and 2017 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, 2019, 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 solely to describe the scope of our testing of the effectiveness of the Authority's 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, 2019

Rockland County Solid Waste Management Authority

Management's Discussion and Analysis
December 31, 2018

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, 2018. 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,	
	2018	2017
Operating revenues	$ 53,036,388	$ 53,239,334
Non-operating revenues	2,381,995	1,248,761
Total revenues	55,418,383	54,488,095
Operating expense	51,959,138	48,147,660
Non-operating expense	1,607,199	2,055,879
Total expenses	53,566,337	50,203,539
Increase in net position	$ 1,852,046	$ 4,284,556

Net position, which represents the equity of the Authority, increased by $1,852,046 during 2018. The increase in net position was due to several factors. During 2018, prices of commodities sold at the Materials Recovery Facility (MRF) were greater than anticipated by more than $700,000 due to the Authority's continued success in marketing its dual stream recyclables, even in the midst of China's National Sword initiative. The Authority also successfully submitted and received approximately $1.7 million in grant funding for its recycling and food waste initiatives.

Overview of the Financial Statements

The financial statements of the 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 GASB is the accepted standard-setting body for establishing governmental accounting and reporting principles.

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:

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 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 related financing activities.

Statement of Net Position

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

	December 31, 2018	December 31, 2017
Current assets	$ 33,256,231	$ 32,179,324
Restricted assets	7,789,081	9,403,992
Capital assets, net	30,746,717	30,603,473
Total assets	71,792,029	72,186,789
Deferred outflows	16,483,044	16,241,913
Current liabilities	11,176,288	9,869,459
Non-current liabilities	39,311,093	43,297,486
Total liabilities	50,487,381	53,166,945
Deferred inflows	777,610	103,721
Net position	$ 37,010,082	$ 35,158,036

Current Assets

Current assets as of December 31, 2018 are primarily comprised of cash and cash equivalents (unrestricted) totaling approximately $31.0 million. The remaining almost $2.3 million consists of receivables from various sources such as haulers and other governments, state grants and prepaid expenses.

Restricted Assets

Restricted assets totaling approximately $7.8 million as of December 31, 2018 are comprised of cash, cash equivalents and investments. The decrease of approximately $1,600,000 from December 31, 2017 relates to funds used for the 2008A bond series refunding, which took place in 2018.

Deferred Outflows of Resources

Deferred outflows of resources as of December 31, 2018 consist of approximately $1.0 million related to the net pension liability recorded in accordance with GASB Statement No. 68, approximately $747,000 of deferred outflows related to the 2008 Bond Series refunding, which took place in 2018, and approximately $14.7 million related to the excess of the purchase price of certain assets over the fair value of the assets acquired. In accordance with GASB Statement No. 85, which was adopted during 2018, deferred outflows relating to the excess of the purchase price of certain assets over the fair value of the assets acquired are recognized in expense over an attribution period which considers the capital assets acquired and other factors.

Current Liabilities

Current liabilities as of December 31, 2018 consist of accounts payable and accrued liabilities and the current portion of bonds payable totaling nearly $11.2 million. This increase from the prior year is attributable to the timing of year-end payments. The current portion of bonds payable is approximately $3.9 million.

Non-Current Liabilities

As of December 31, 2018, the long-term portion of bonds payable was approximately $32 million. The Authority's postemployment benefit obligation calculated in accordance with GASB Statement No. 75 was approximately $7.1 million, an increase of approximately $449,000 over 2017.

Capital Assets, Net

Depreciation expense for the year ended December 31, 2018 was approximately $3.8 million. Total accumulated depreciation at December 31, 2018 was approximately $57.8 million.

A comparative summary of capital assets is as follows:

	December 31,	
	2018	2017
Capital assets		
Land	$ 6,718,705	$ 6,718,705
Construction-in-progress	2,301,233	100,836
Buildings and land improvements	58,101,539	56,437,572
Machinery and equipment	21,393,048	21,363,085
Total capital assets	88,514,525	84,620,198
Less accumulated depreciation		
Buildings and land improvements	39,648,428	36,994,227
Machinery and equipment	18,119,380	17,022,498
Total accumulated depreciation	57,767,808	54,016,725
Net capital assets	$ 30,746,717	$ 30,603,473

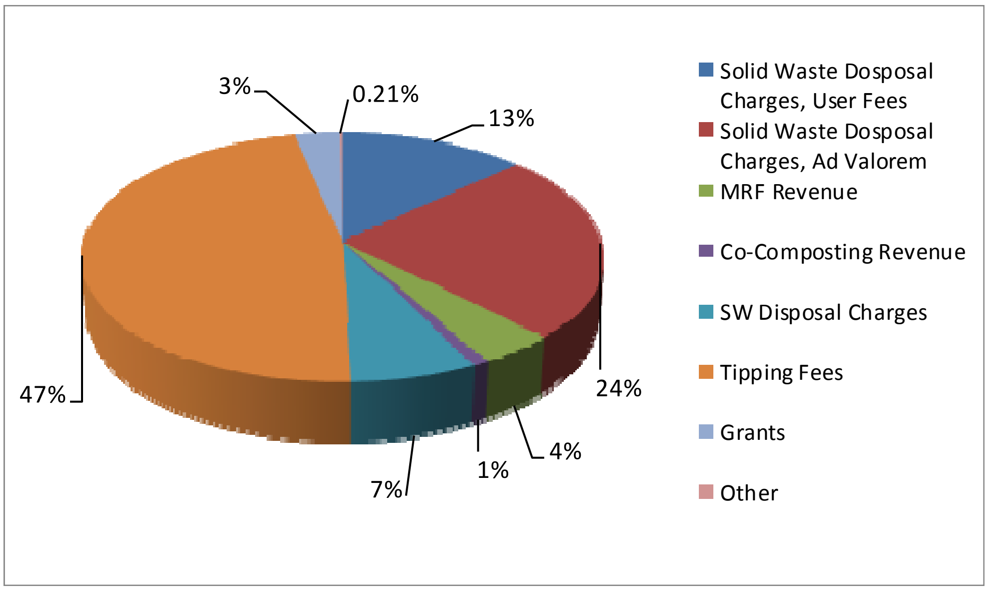
Rockland County Solid Waste Management Authority

Management's Discussion and Analysis
December 31, 2018

Statement of Revenues, Expenses, and Changes in Net Position

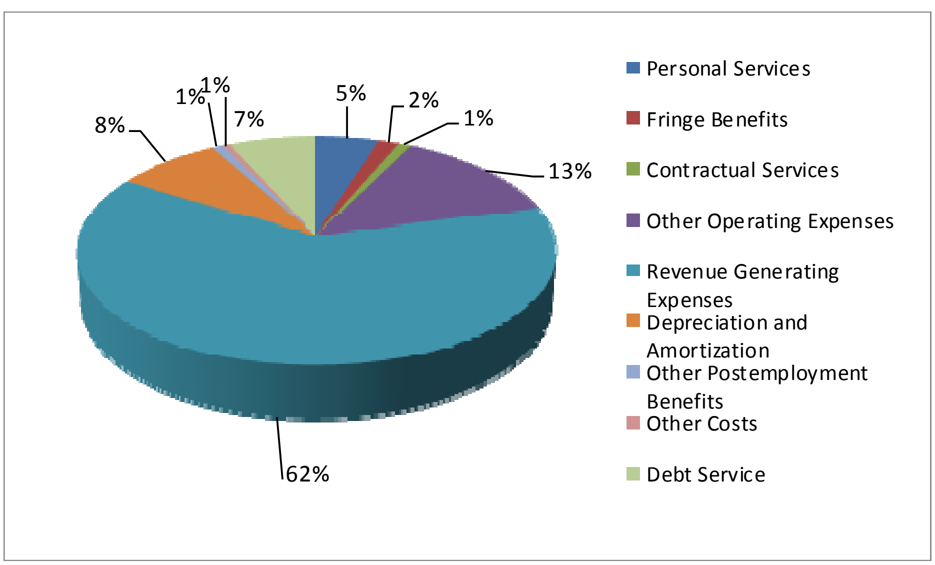
The statement of revenues, expenses, and changes in net position represents the Authority's results of operations. The Authority also includes supplemental information regarding detail of revenues and expenses as it relates to the adopted Authority budget. Refer to the Authority's basic financial statements for the complete listing. Total operating revenues of the Authority for the year ended December 31, 2018 were approximately $53.0 million. Non-operating revenues totaled approximately $2.4 million.

2018 Revenues



Solid Waste Disposal Charges (both user fees and ad valorem) represented 37% of total revenues. Revenues from the Materials Recovery Facility, Co-Composting Facility and collection agreements administered by the Authority represented 12% of total revenues. Grants represented 3% of total revenues. Tipping fees represented 47% of total revenues.

2018 Expenses



Statement of Revenues, Expenses, and Changes in Net Position - Continued

Total operating expenses for the year were approximately $51.9 million for 2018. Non-operating expenses for the year were approximately $1.6 million. Revenue generating expenses (those related to the operation of the Authority's facilities) represented 62% of expenses. Personnel and fringe benefit costs represented 7% of expenses. Contractual services, depreciation and amortization, other postemployment benefits, debt service, other costs and other operating expenses represented 31% of expenses.

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. 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.

Future hauling and disposal costs continue to be an economic factor that will affect the future of the Authority's financial position. With expenses related to paying drivers for long haul continuing to increase and landfill space at a premium due to landfills closing in the Northeast, the Authority continues to explore progressive alternatives for disposal.

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, decreased plastic in the recycling stream, increase in non-recyclable plastic packaging and higher utilization by companies of plastic with minimal value. 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.

Economic Factors That Will Affect the Future - Continued

Materials Recovery Facility - 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. The 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, which came into effect February 2018, bans imports of 24 types of waste and set a tougher standard for contamination levels (0.5%). 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, Bangladesh, India and Pakistan.

Decline in pricing is due to simple economics - there is a glut in the market forcing prices to decline. Additionally, expansion of the New York State bottle bill legislation threatens to continue to erode Authority recyclable sales revenue.

In 2018, successful paper shredding events were held twice in each of the five towns. Additionally, the Authority has been uniquely successful in producing and marketing glass aggregate, resulting in significant cost avoidance in not having to dispose of glass in a landfill.

The Authority's MRF is approximately 20 years old, and while there was a retrofit of the commingled side performed approximately 14 years ago, the Authority continues to review all aspects of the dual stream MRF to determine what updates may be needed to maximize efficiency.

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. 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. The Authority's co-composting facility is able 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. In 2018, the Authority ordered a new agitator, which in future years will enable the Authority to continue its biosolid operation, while continuing to bring in outside sludge to maximize capacity. Additionally, the Authority made lighting upgrades to the facility in 2018 to maximize efficiency.

Household Hazardous Waste Facility

The Household Hazardous Waste Facility (HHW) collected 907,598 pounds of e-waste in 2018, representing a decrease of 7% 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.

Economic Factors That Will Affect the Future - Continued

Household Hazardous Waste Facility - Continued

In 2018, the Authority continued its partnership 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 8:00 a.m. to 1:00 p.m., 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. These events were very popular and successful and will be replicated in 2019.

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. In 2018, activity at the Yard Waste facility increased due to several storms in the area. The recent erratic unpredictability of the weather has caused the Authority to review options to purchase additional yard waste facilities.

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 2018, 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 composited 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.

Economic Factors That Will Affect the Future - Continued

Food Recovery Initiative - Continued

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." However, 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. In 2018, the Authority completed its grant-funded initiative related to this mission, as all participants received equipment to enable them to increase food rescue. For example, in 2018, just one food pantry rescued over 40,000 pounds of food which would have otherwise been disposed of at a landfill. We will review the efficacy of the grant each year by requesting information from the agencies who received equipment.

In addition, the Authority participated in a New York State Energy Research and Development Authority (NYSERDA) study to determine if anaerobic digestion of food waste is an economically viable alternative to composting, potential generators, and potential sites for anaerobic digesters.

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.

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

Statements of Net Position

	December 31, 2018	December 31, 2017 (Restated)
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and cash equivalents	$ 30,996,147	$ 30,223,794
Accounts receivable, net	1,886,101	1,659,253
Grants receivable	106,521	-
Prepaid expenses	267,462	296,277
Total current assets	33,256,231	32,179,324
RESTRICTED ASSETS		
Cash and cash equivalents	6,392,410	8,007,321
Investments	1,396,671	1,396,671
Total restricted assets	7,789,081	9,403,992
NON-CURRENT ASSETS		
Capital assets, net	30,746,717	30,603,473
DEFERRED OUTFLOWS		
Pension	1,004,402	735,167
Bond refunding, net	747,233	-
Other, net	14,731,409	15,506,746
	16,483,044	16,241,913
	$ 88,275,073	**$ 88,428,702**
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	$ 6,533,695	$ 4,901,062
Accrued liabilities	777,593	1,003,397
Current portion of bonds payable	3,865,000	3,965,000
Total current liabilities	11,176,288	9,869,459
LONG-TERM LIABILITIES		
Bonds payable, net, less current installments	31,977,377	36,002,269
Accrued postemployment benefits	7,088,643	6,639,551
Net pension liability	245,073	655,666
Total long-term liabilities	39,311,093	43,297,486
Total liabilities	50,487,381	53,166,945
DEFERRED INFLOWS, pension	777,610	103,721
NET POSITION		
Net investment in capital assets	10,940,971	10,498,470
Restricted	3,889,139	4,759,623
Unrestricted	22,179,972	19,899,943
Total net position	37,010,082	35,158,036
	$ 88,275,073	**$ 88,428,702**

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, 2018	2017
OPERATING REVENUES		
Solid waste disposal charges	$ 53,036,388	$ 53,239,334
OPERATING EXPENSES		
Personal services	2,639,086	2,666,744
Employee benefits	1,432,545	1,387,375
Other postemployment benefit obligations	451,070	866,374
Contractual services	42,910,017	39,256,187
Depreciation	3,751,083	3,970,980
Amortization	775,337	-
	51,959,138	48,147,660
Operating income	**1,077,250**	**5,091,674**
NONOPERATING REVENUES (EXPENSES)		
Interest income	422,431	239,339
Interest expense	(1,607,199)	(2,055,879)
Grants	1,714,342	-
Gain on disposal of capital assets	-	6,310
Insurance recoveries	245,222	1,003,112
	774,796	(807,118)
Change in net position	**1,852,046**	**4,284,556**
NET POSITION, *beginning of year*	35,158,036	32,096,129
Effect of adoption of GASB 75	-	(1,222,649)
NET POSITION, *end of year, as restated*	**$ 37,010,082**	**$ 35,158,036**

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

	Years Ended December 31, 2018	Years Ended December 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Collections of solid waste disposal charges	$ 52,809,540	$ 54,410,355
Payments to vendors	(41,248,569)	(40,041,195)
Payments for salaries and benefits	(4,305,352)	(4,419,579)
	7,255,619	**9,949,581**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Repayments of bonds	(2,080,000)	(6,995,000)
Purchase of capital assets	(3,894,327)	(1,159,854)
Interest paid	(1,615,900)	(2,009,659)
Grants	1,607,821	586,938
Proceeds from disposal of capital assets	-	6,310
Proceeds from insurance recoveries	245,222	1,003,112
	(5,737,184)	**(8,568,153)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in restricted cash and cash equivalents	(1,168,513)	725,129
Interest income	422,431	239,339
Held by trustee	-	1,148,773
	(746,082)	**2,113,241**
Net increase in cash and cash equivalents	**772,353**	**3,494,669**
CASH AND CASH EQUIVALENTS, b*eginning of year*	30,223,794	26,729,125
CASH AND CASH EQUIVALENTS, end *of year*	**$ 30,996,147**	**$ 30,223,794**
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	$ 1,077,250	$ 5,091,674
Adjustments to reconcile operating income to cash flows from operating activities		
Depreciation	3,751,083	3,970,980
Amortization	775,337	-
Write-off of construction in process projects	-	609,043
Changes in operating assets and liabilities		
Accounts receivable	(226,848)	561,978
Prepaid expenses	28,815	148,175
Deferred outflows	(269,235)	525,591
Accounts payable	1,632,633	(933,183)
Accrued liabilities	(225,804)	(436,821)
Accrued postemployment benefits	449,092	863,953
Net pension liability	(410,593)	(422,224)
Deferred inflows	673,889	(29,585)
	$ 7,255,619	**$ 9,949,581**

See accompanying Notes to Financial Statements.

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 conformity 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."

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, depreciation and amortization, and other post-employment benefit obligations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

c. Estimates

The preparation of financial statements in conformity 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 $269,835 at both December 31, 2018 and 2017. 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.

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

g. Capital Assets, Net

Capital assets, net, are recorded at cost, except for contributed property and equipment, which are recorded at fair value. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. 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.

h. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position reports 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 reports 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 consideration provided in excess of the net assets acquired relating to the acquisition of certain municipal assets (classified as other deferred outflows on the statement of net position), the net pension liability (Note 6), and refunding of revenue bonds (Note 5). The gross amount of other deferred outflows, $15,506,746, is net of accumulated amortization of $775,337 at December 31, 2018. Other deferred outflows are amortized (beginning in 2018, see Note 1.j.) over periods considering the estimated useful lives of the assets acquired and other factors. Amortization expense was $775,337 during the year ended December 31, 2018.

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

i. 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 ($52,656) and $46,220 for 2018 and 2017, respectively, and is included within interest expense.

j. Adoption of Accounting Standards

Effective January 1, 2017, the Authority implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* 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 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 includes requirements for additional note disclosures and required supplementary information.

Effective January 1, 2018, the Authority implemented the provisions of GASB Statement No. 85, *Omnibus 2017,* which required the Authority to adopt the provisions of GASB 69. In accordance with GASB 85, the Authority has reclassified amounts previously reported as intangible assets (goodwill) as a deferred outflow of resources at December 31, 2017 and, beginning January 1, 2018 began amortizing the deferred outflows over periods considering the estimated useful lives of the assets acquired and other factors.

As a result of the adoption of GASB 85, the Authority has reclassified amounts previously reported as intangible assets as deferred outflows of resources at December 31, 2017 as follows:

	As Previously Stated	Change	As Restated
Intangible assets	$ 15,506,746	$ (15,506,746)	$ -
Deferred outflows of resources	735,167	15,506,746	16,241,913

As a result of the adoption of GASB 75, the OPEB financial statement amounts were measured and recognized in accordance with the standard, additional disclosures were added in Note 7, and a schedule of other postemployment benefits liability and OPEB as a percentage of covered payroll is presented as required supplementary information. Also, as a result of the adoption of GASB 75, the Authority has restated its 2017 financial statements as follows:

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

j. Adoption of Accounting Standards - Continued

	As Previously Stated	Increase (Decrease)	As Restated
Accrued postemployment benefits	$ 5,416,902	$ 1,222,649	$ 6,639,551
Unrestricted net position	21,122,592	(1,222,649)	19,899,943
Total net position	36,380,685	(1,222,649)	35,158,036

k. Subsequent Events

The Authority has evaluated subsequent events for potential recognition or disclosure through March 8, 2019 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, 2018	December 31, 2017
Debt Service Reserve Fund		
Contingency fund to be utilized in case of default	$ 3,692,240	$ 4,441,932
Construction Projects Fund and Improvement Fund		
Additional capital expenditures which may be incurred by the Authority	3,889,139	4,759,623
Other Funds		
Restricted assets required for debt service	207,702	202,437
	$ 7,789,081	$ 9,403,992

Note 3 - Investments

The Authority had the following investments and maturities:

	December 31, 2018				
		Investment Maturities (In Years)			
	Amount	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 contract	555,651	-	-	555,651	-
Total investments	$ 1,396,671	$ -	$ -	$ 1,396,671	$ -

	December 31, 2017				
		Investment Maturities (In Years)			
	Amount	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 contract	555,651	-	-	555,651	-
Total investments	$ 1,396,671	$ -	$ -	$ 1,396,671	$ -

a. Credit Risk

All of the Authority's investment related 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.

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, 2018	December 31, 2017
U.S. Treasury Bond State and Local Government Series	60%	60%
Investment contract	40%	40%

e. Fair Value Measurements

The framework for measuring fair value includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). 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.

Following is a description of the valuation methodology used for the investment measured at fair value on a recurring basis:

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

Note 3 - Investments - Continued

e. Fair Value Measurements - Continued

The method described above may produce a fair value calculation that may not be reflective of future fair values. Furthermore, while the Authority believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Bond State and Local Government Series	$ -	$ 841,020	$ -	$ 841,020

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

Note 4 - Capital Asset, Net

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

	December 31, 2018			
	Balance January 1, 2018	Additions	Retirements/ Disposals and Transfers	Balance December 31, 2018
Capital assets not being depreciated				
Land	$ 6,718,705	$ -	$ -	$ 6,718,705
Construction in progress	100,836	3,749,796	(1,549,399)	2,301,233
Capital assets not being depreciated	6,819,541	3,749,796	(1,549,399)	9,019,938
Capital assets being depreciated				
Buildings	54,017,518	114,568	1,404,118	55,536,204
Land Improvement	2,420,054	-	145,281	2,565,335
Machinery and equipment	21,363,085	29,963	-	21,393,048
Capital assets being depreciated	77,800,657	144,531	1,549,399	79,494,587
Less accumulated depreciation				
Buildings	35,929,404	2,557,399	-	38,486,803
Land improvements	1,064,823	96,802	-	1,161,625
Machinery and equipment	17,022,498	1,096,882	-	18,119,380
Total accumulated depreciation	54,016,725	3,751,083	-	57,767,808
Capital assets being depreciated, net	23,783,932	(3,606,552)	1,549,399	21,726,779
Capital assets, net	$ 30,603,473	$ 143,244	$ -	$ 30,746,717

Note 4 - Capital Asset, Net - Continued

	December 31, 2017			
	Balance January 1, 2017	Additions	Retirements/ Disposals and Transfers	Balance December 31, 2017
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	7,348,299	100,295	(629,053)	6,819,541
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	76,721,088	1,079,569	-	77,800,657
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	50,045,745	3,970,980	-	54,016,725
Capital assets being depreciated, net	26,675,343	(2,891,411)	-	23,783,932
Capital assets, net	$ 34,023,642	$ (2,791,116)	$ (629,053)	$ 30,603,473

Note 5 - Bonds Payable

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

	Balance December 31, 2017	Additions	Refunding	Reductions	Balance December 31, 2018
General Obligation Bonds					
2008 Series	$ 18,930,000	$ -	$ (18,930,000)	$ -	$ -
2010 Series	6,620,000	-	-	(575,000)	6,045,000
2014 Series	5,175,000	-	-	(370,000)	4,805,000
2018 Series	-	-	14,950,000	(305,000)	14,645,000
EFC Revenue Bonds					
2012 Series	7,425,000	-	-	(650,000)	6,775,000
2013 Series	2,450,000	-	-	(180,000)	2,270,000
	40,600,000	-	(3,980,000)	(2,080,000)	34,540,000
Unamortized bond premiums	492	-	1,430,511	(98,342)	1,332,661
Unamortized bond discounts	(633,223)	-	557,253	45,686	(30,284)
	$ 39,967,269	$ -	$ (1,992,236)	$ (2,132,656)	$ 35,842,377

Note 5 - Bonds Payable - Continued

Bonds payable of the Authority are summarized as follows:

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 was payable semi-annually at interest rates ranging from 5.375% to 6.500%. Principal payments ranged from $150,000 to $4,150,000 and were payable annually each December 15 through 2033. The 2008 bonds were refunded in September 2018.

The difference between the reacquisition price of the new debt and the net carry amount of the refunded debt was reported as a deferred outflow of $791,188. This deferred outflow is being amortized into interest expense using the effective interest method over the shorter of the life of the new debt rather than the remaining life of the old debt. Amortization expense related to the deferred outflow was $43,955 for the year ended December 31, 2018

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.

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. Remaining principal installments range from $675,000 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 and a refunding benefit toward its annual debt service cost from, and is charged an annual administrative fee by, the EFC. Remaining principal installments range from $185,000 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 $380,000 to $905,000, payable annually each December 15 through 2028.

Note 5 - Bonds Payable - Continued

2018 General Obligation Bonds

The 2018 general obligation bonds were originally issued at $14,950,000 principally to refinance outstanding bonds. Interest is payable semi-annually at interest rates ranging from 3% to 5%. Remaining principal payments range from $2,375,000 to $3,665,000, payable annually each December 15 through 2023.

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:

	Principal	Interest *	Total
For the year ending December 31,			
2019	$ 3,865,000	$ 1,320,540	$ 5,185,540
2020	4,015,000	1,184,282	5,199,282
2021	4,210,000	1,019,201	5,229,201
2022	5,140,000	843,275	5,983,275
2023	5,380,000	620,758	6,000,758
2024 through 2029	11,930,000	106,112	12,036,112
	34,540,000	$ 5,094,168	$ 39,634,168
Less current installments	3,865,000		
Notes payable, less current installments	$ 30,675,000		

* Future interest payments are reported net of EFC interest subsidies and refunding benefits.

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 or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

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

Plan Description and Benefits Provided - Continued

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:

2018	$ 356,472
2017	341,880
2016	322,880

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

At December 31, 2018 and 2017, the Authority reported a liability of $245,073 and $655,666 for its proportionate share of the net pension liability, respectively. The net pension liability was measured as of March 31, 2018 and 2017, 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, 2018 and 2017, the Authority's proportion was 0.0075934% and 0.0069780%, respectively.

For the years ended December 31, 2018 and 2017, the Authority recognized pension expense of $346,888 and $410,910, respectively.

At December 31, 2018 and 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31, 2018		December 31, 2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 87,410	$ 72,232	$ 16,430	$ 99,567
Changes of assumptions	162,504	-	130,963	-
Net difference between projected and actual investment earnings on pension plan investments	355,949	702,608	223,999	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	131,185	2,770	107,365	4,154
Employer contributions subsequent to the measurement date	267,354	-	256,410	-
Total	$ 1,004,402	$ 777,610	$ 735,167	$ 103,721

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

Deferred outflows of resources related to pensions of $267,354 and $256,410 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,	
2019	$ 103,069
2020	75,183
2021	(151,514)
2022	(67,300)
	$ (40,562)

Actuarial Assumptions

The pension liability at March 31, 2018 and 2017 was determined by using actuarial valuations as of April 1, 2017 and 2016, respectively, with update procedures used to roll forward the total pension liability to March 31, 2018 and 2017. 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	
2018	Based on FY 2010-2015 experience
2017	Based on FY 2010-2015 experience
Mortality improvement	Society of Actuaries Scale MP-2014

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, 2018 are summarized below:

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

Actuarial Assumptions - Continued

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%	7.50%
Real estate	10.00%	5.55%
Absolute return strategies	2.00%	3.75%
Opportunistic portfolio	3.00%	5.68%
Real assets	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation-Indexed bonds	4.00%	1.25%
	100.00%	

Discount Rate

The discount rate used to calculate the total pension liability as of December 31, 2018 and 2017 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, 2018 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)	$ 1,854,290	$ 245,073	$ (1,116,260)

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 were as follows (amounts in thousands):

	2018	2017
Employers' total pension liability	$ 183,400,590	$ 177,400,586
Plan net position	(180,173,145)	(168,004,363)
Employers' net pension liability	$ 3,227,445	$ 9,396,223
Ratio of plan net position to the employers' total pension liability	98.2%	94.7%

Note 7 - Other Postemployment Benefits (OPEB)

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.

A summary of active employees and retired employees covered under this benefit plan as of December 31, 2018 is as follows:

Actives	33
Retirees	1
Total	34

The contribution requirements of benefit plan members and the Authority are established pursuant to applicable collective bargaining and employment agreements. The required rates of the employer and the members may vary depending on the applicable agreement. The Authority is not required to fund the benefit plan other than the pay-as-you-go amount necessary to provide current benefits to retirees. For the years ended December 31, 2018 and 2017, the Authority paid $26,954 and $30,002 on behalf of the plan members, respectively. The benefit plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the benefit plan.

Note 7 - Other Postemployment Benefits (OPEB) - Continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018 and 2017, the Authority reported a liability of $7,088,643 and $6,639,551 for its OPEB liability, respectively. The OPEB liability was measured as of December 31, 2018 by an actuarial valuation as of that date. For the years ended December 31, 2018 and 2017, the Authority recognized OPEB expense of $224,255 and 893,955, respectively. The OPEB expense for the year ended December 31, 2017 was determined prior to the adoption of GASB 75.

Actuarial Assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Assumptions	Factor
Valuation Date	January 1, 2018
Measurement Date	January 1, 2018
Reporting Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal - Level Percent of Pay
Health Care Cost Trend Rates	Society of Acturaies Long Run Medical Cost Trend Model
Discount Rate	3.80%
Salary Scale	3.00%

The discount rate used to measure the liability was 3.80%, based on the Bond Buyer 20-year general obligation bond index.

Schedule of Changes in Net OPEB Liability

	December 31, 2018
Beginning of the year	$ 6,639,551
Charges for the year	
Service cost	224,255
Interest	251,791
Changes in assumption and other inputs	(26,954)
Net changes	449,092
End of year	$ 7,088,643

Note 7 - Other Postemployment Benefits (OPEB) - Continued

Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Trend Rate and Discount Rate

The following presents the OPEB liability of the plan as of December 31, 2018 using current health care cost trend rates as well as what the OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower and 1% higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Authority's proportionate share of the OPEB liability	$ 5,203,688	$ 7,088,643	$ 10,101,186

The following presents the OPEB liability of the plan as of December 31, 2018 calculated using the discount rate of 3.80%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.8%) or 1-percentage-point higher (4.8%) than the current rate:

	1% Decrease (2.80%)	Current Trend Rates (3.80%)	1% Increase (4.80%)
Authority's proportionate share of the OPEB liability	$ 9,727,526	$ 7,088,643	$ 5,312,965

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.

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 and expire at various times between June 2019 and October 2039. The payments are based on agreed rates and annual accepted tonnage. Host community benefit expense approximated $3,926,000 and $3,685,000 for the years ended December 31, 2018 and 2017, 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

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 87, *Leases* (GASB 87). GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use and underlying asset. Under this statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about government's leasing activities. The requirements are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* (GASB 88). GASB 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of the Construction Period.* This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

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

Rockland County Solid Waste Management Authority

(A Component Unit of the County of Rockland, New York)

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

	2018	2017	2016	2015
Authority's proportion of the net pension liability	$ 245,073	$ 655,666	$ 1,077,890	$ 235,590
Authority's proportionate share of the net pension liability	0.0075934%	0.006978%	0.0067157%	0.0069737%
Authority's covered-employee payroll	2,488,501	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	9.85%	28.39%	51.13%	11.82%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	94.70%	97.65%

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

See Independent Auditor's Report.

Rockland County Solid Waste Management Authority

(A Component Unit of the County of Rockland, New York)

Required Supplementary Information
Schedule of Local Government Pension Contributions

	2018	2017	2016	2015
Contractually required contribution	$ 356,472	$ 341,880	$ 322,880	$ 344,675
Contributions in relation to the contractually required contribution	$ 356,472	$ 341,880	$ 322,880	$ 344,675
Contribution deficiency (excess)	$ -	-	$ -	$ -
Authority's covered-employee payroll	$ 2,488,501	$ 2,309,259	$ 2,108,204	$ 1,993,476
Contribution as a percentage of covered-employee payroll	14.32%	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.*

See Independent Auditor's Report.

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

Required Supplementary Information
Schedule of Other Postemployment Benefits Liability

	December 31, 2018
Beginning of the year	$ 6,639,551
Charges for the year	
Service cost	224,255
Interest	251,791
Changes in assumption and other inputs	(26,954)
Net changes	449,092
End of year	$ 7,088,643
Covered payroll	2,535,739
OPEB liability as a percentage of covered payroll	279.55%

Data not available prior to the 2018 implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

See Independent Auditor's Report.

Rockland County Solid Waste Management Authority

(A Component Unit of the County of Rockland, New York)

Supplementary Information - Budget to Actual

	Final Budget 2018	Actual 2018	Variance
OPERATING REVENUES			
Solid waste disposal charges			
User fees	$ 7,209,410	$ 7,209,872	$ 462
Ad valorem	13,277,958	13,282,892	4,934
Recycling facility materials	1,600,500	2,302,944	702,444
Co-compost facility user charges	342,200	480,180	137,980
Solid waster collection and disposal charges			
Town of Stony Point	256,154	256,096	(58)
Village of Spring Valley	1,528,615	1,484,852	(43,763)
Village of Haverstraw	893,477	867,711	(25,766)
Village of Sloatsburg	376,102	376,453	351
Village of New Hempstead	525,487	525,897	410
Rockland County	300,000	338,314	38,314
Transfer station tipping fees/sales	25,670,200	25,798,934	128,734
Other unclassified	111,300	112,243	943
Total operating revenues	52,091,403	53,036,388	944,985
NON-OPERATING REVENUES			
Interest			
Bank	60,000	288,645	228,645
Restricted funds	45,000	133,786	88,786
Environmental protection facility grants	645,307	1,714,342	1,069,035
Insurance recoveries	-	245,222	245,222
Total non-operating revenues	750,307	2,381,995	1,631,688
Total revenues	**$ 52,841,710**	**$ 55,418,383**	**$ 2,576,673**
OPERATING EXPENSES			
Personal services			
Salaries	$ 2,781,500	$ 2,639,086	$ 142,414
Fringe benefits			
Health and dental	846,868	740,298	106,570
Retirement	350,000	349,240	760
Other postemployment benefit obligations	2,500	451,070	(448,570)
Social security	207,900	210,144	(2,244)
Worker's compensation benefits	132,600	123,325	9,275
Metropolitan commuter transportation mobility tax	8,760	9,088	(328)
Employee testing	-	450	(450)
Total fringe benefits	1,548,628	1,883,615	(334,987)
Contractual services			
Supplies expense			
Books and publications	1,500	2,982	(1,482)
Equipment	-	7,202	(7,202)
Motor fuel	6,000	7,855	(1,855)
Office supplies and printing	66,000	83,212	(17,212)
Operational supplies (leaf bags, recycling bins, etc.)	496,300	418,342	77,958
Uniforms	3,500	3,653	(153)
	573,300	523,246	50,054

See Independent Auditor's Report.

Rockland County Solid Waste Management Authority

(A Component Unit of the County of Rockland, New York)

Supplementary Information - Budget to Actual

	Final Budget 2018	Actual 2018	Variance
Other operating expenses			
Advertising	25,000	23,156	1,844
Association dues	2,000	3,100	(1,100)
Bid advertising	2,000	2,084	(84)
Certiorari payments	50,000	41,575	8,425
Cleaning contractor	20,000	18,887	1,113
Community partnerships	42,000	336,633	(294,633)
Conferences and schools	10,000	5,460	4,540
Data processing equipment	30,000	47,628	(17,628)
Engineering and other professional fees	605,945	735,048	(129,103)
Equipment repair	116,000	168,716	(52,716)
Fees for services- non employees	1,039,446	1,364,256	(324,810)
Household hazardous waste	1,224,613	1,166,951	57,662
Legal fees	1,575,000	2,157,250	(582,250)
Maintenance agreements	54,000	38,908	15,092
Meals	-	1,963	(1,963)
Office furniture and fixtures	1,000	14,114	(13,114)
Painting and building repair	40,000	508,008	(468,008)
Postage	23,500	22,170	1,330
Rental of equipment	10,000	84,683	(74,683)
Repairs to vehicle	5,000	2,976	2,024
Telephone	58,200	63,637	(5,437)
Travel	10,000	10,828	(828)
Utilities	628,250	520,194	108,056
Water and sewer	82,000	93,913	(11,913)
	5,653,954	7,432,138	(1,778,184)
Revenue generating operating expenses			
Co-composting operating and maintenance fee	1,996,000	1,869,326	126,674
Host community fee	3,732,400	3,925,678	(193,278)
MRF operating and maintenance fee	1,952,700	1,801,090	151,610
Recycling rebates	932,500	875,973	56,527
Solid waste collection and disposal:			
Town of Stony Point	256,125	256,213	(88)
Village of Spring Valley	1,484,092	1,480,685	3,407
Village of Haverstraw	861,629	855,908	5,721
Village of Sloatsburg	365,148	363,036	2,112
Village of New Hempstead	510,182	510,182	-
Rockland County	300,000	330,882	(30,882)
Transfer station rebates	130,000	168,052	(38,052)
Transfer station fees	22,452,025	20,654,784	1,797,241
Yard waste composting fee	1,152,086	1,566,679	(414,593)
	36,124,887	34,658,488	1,466,399
Other costs			
Tax related costs	18,000	16,253	1,747
Insurance premiums	220,000	274,136	(54,136)
Miscellaneous	-	5,756	(5,756)
Contingency	225,000	-	225,000
	463,000	296,145	166,855
Total contractual services	**$ 42,815,141**	**$ 42,910,017**	**$ (94,876)**
DEBT SERVICE			
Principal	$ 3,965,000	$ 2,080,000	$ 1,885,000
Interest	2,013,860	1,889,618	124,242
Interest subsidy	(282,419)	(282,419)	-
Total debt service	**$ 5,696,441**	**$ 3,687,199**	**$ 2,009,242**

See Independent Auditor's Report.

Rockland County Solid Waste Management Authority

(A Component Unit of the County of Rockland, New York)

Supplementary Information - Budget to Actual

	Final Budget 2017	Actual 2017	Variance
OPERATING REVENUES			
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 waste 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	52,617,779	53,239,334	621,555
NON-OPERATING REVENUES			
Interest			
Bank	35,000	147,895	112,895
Restricted funds	100,000	125,329	25,329
Environmental protection facility grants	600,000	(33,885)	(633,885)
Gain on disposal of capital assets	-	6,310	6,310
Insurance recoveries	-	1,003,112	1,003,112
Total non-operating revenues	735,000	1,248,761	513,761
Total revenues	**$ 53,352,779**	**$ 54,488,095**	**$ 1,135,316**
OPERATING EXPENSES			
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	1,326,865	2,253,749	(926,884)
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)
	484,000	524,056	(40,056)

See Independent Auditor's Report.

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

Supplementary Information - Budget to Actual

	Final Budget 2017	Actual 2017	Variance
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- 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)
	5,196,180	6,451,738	(1,255,558)
Revenue generating operating expenses			
MRF operating and maintenance fee	2,004,698	1,701,385	303,313
Co-composting operating and maintenance fee	3,949,820	1,922,884	2,026,936
Yard waste composting fee	1,975,123	915,018	1,060,105
Host community fee	860,000	3,684,711	(2,824,711)
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 Sloatsburg	364,788	363,036	1,752
Village of New Hempstead	498,842	497,678	1,164
Rockland County	300,000	318,863	(18,863)
Recycling rebates	130,000	893,163	(763,163)
Transfer station rebates	23,387,225	65,921	23,321,304
Transfer station fees	942,558	19,115,309	(18,172,751)
	36,958,544	32,064,897	4,893,647
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
	448,000	215,496	232,504
Total contractual services	**$ 43,086,724**	**$ 39,256,187**	**$ 3,830,537**
DEBT SERVICE			
Principal	$4,370,000	6,995,000	(2,625,000)
Interest	2,364,400	2,358,312	6,088
Interest subsidy	(302,435)	(302,433)	(2)
Total debt service	**$ 6,431,965**	**$ 9,050,879**	**$ (2,618,914)**

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 (a New York public benefit corporation), as of and for the year ended December 31, 2018, 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, 2019.

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.

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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, 2019

ACCOUNTING / TAX / ADVISORY