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

Financial Statements and Supplementary Information

Year ended December 31, 2013

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Independent Auditors' Report

The Members of the Rockland County Solid Waste Management Authority, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Rockland County Solid Waste Management Authority (a component unit of the County of Rockland, New York) ("Authority") which comprise the statement of net position as of December 31, 2013 and the related statement of activities and cash flows for the year ended, and the related notes to the financial statements, which collectively comprise the Authority's financial statements as listed in the table of contents.

Report on Comparative Information

We have previously audited the Authority's December 31, 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 18, 2013. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2012 is consistent in all material respects, with the audited financial statements from which it has been derived.

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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

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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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of December 31, 2013, and the respective changes in financial position and cash flows thereof for the year 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 and the Schedule of Funding Progress – Other Post Employment Benefits be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements and other knowledge we obtained during our audit of the 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 and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 2014 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 the 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.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated March 25, 2014 on our consideration of the Authority's compliance with Section 2925(3)(1) of the New York State Public Authorities Law ("Law"). The purpose of that report is to describe the scope and results of our tests of compliance with the Law.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
March 25, 2014

Introduction

The discussion and analysis of the Rockland County Solid Waste Management Authority's financial statements provides an overview of the Authority's financial activities for the year ended December 31, 2013. 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 Statement of Activities.

	December 31, 2013	December 31, 2012
Operating Revenues	$ 45,529,936	$ 43,615,689
Non-operating Revenues	1,276,547	2,478,742
Total Revenues	46,806,483	46,094,431
Operating Expense	42,841,651	41,508,146
Non-Operating Expense, net	2,896,644	3,008,663
Total Expenses	45,738,295	44,516,809
Increase in Net Position	$ 1,068,188	$ 1,577,622

As of December 31, 2013, total assets reported by the Authority were $90.9 million and total liabilities were $71.3 million. Net Position, which represent the equity of the Authority, increased by $1,068,188. The increase in net position was due to several factors. During 2013, prices of commodities sold at the Materials Recovery Facility (MRF) were slightly greater than anticipated and corresponding MRF expenditures was $487,893 less than anticipated due to less than anticipated tonnage processed. In addition, approximately $752,620 in grants was received in excess of budget. These funds represent funding requests that were received by New York State funded by the Department of Environmental Conservation. In 2013, we continued the Hurricane Sandy Clean-up with costs of $873,900 in excess of budget. Certiorari payments were $143,146 over budget due to the revaluation of the Palisades Center Mall Property.

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 *a Statement of Net Position, a Statement of Activities, a 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:

The Statement of Net Position presents information on all of the Authority's assets and liabilities, with the difference between the two 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 Activities 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 accrued for 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 (Condensed)

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, 2013	December 31, 2012
Current Assets	$ 24,186,943	$ 21,742,141
Capital Assets, Net	38,266,816	39,946,435
Other Non-Current Assets	28,450,072	33,027,717
Total Assets	90,903,831	94,716,293
Deferred Outflows of Resources	123,707	-
Current Liabilities	11,535,866	12,187,080
Non-Current Liabilities	59,780,561	62,923,104
Total Liabilities	71,316,427	75,110,184
Net Position	$ 19,711,111	$ 19,606,109

Current Assets

Current assets as of December 31, 2013 are primarily composed of cash and cash equivalents (restricted and unrestricted) and investments totaling $20.5 million. The remaining $3.7 million consists of receivables from various sources such as customers (haulers, other governments), state grants and prepaid expenses.

Other Non-current Assets

Other non-current assets as of December 31, 2013 are composed of restricted cash and cash equivalents totaling $12.9 million and intangible assets totaling $15.5 million.

Deferred Outflows of Resources

Deferred outflows of resources consist of deferred amounts on refunding bonds in the amount of $123,707.

Current Liabilities

Current liabilities consist mainly of accounts payable and accrued liabilities totaling $7.6 million. The majority of the current liabilities decrease over prior year was due to a decrease of accruals for 2013. Thus, there was a decrease in the outstanding current portion of accounts payable over the prior year of approximately $1.5 million. The current portion of bonds payable is $3.9 million.

Non-Current Liabilities

There are primarily two components of non-current liabilities. As of December 31, 2013, the non-current portion of bonds payable was $55.740 million. In addition, the Authority's post employment benefit obligation payable as per Governmental Accounting Standards Board (GASB) 45 is $4,867,419; an increase of $504,610.

Capital Assets, Net

The Authority began to depreciate its capital assets in July 1998. The capitalization threshold was established at $5,000 per unit. This resulted in a depreciation expense for the year ended December 31, 2013 of $3,827,193 and a total accumulated depreciation of $41,048,622.

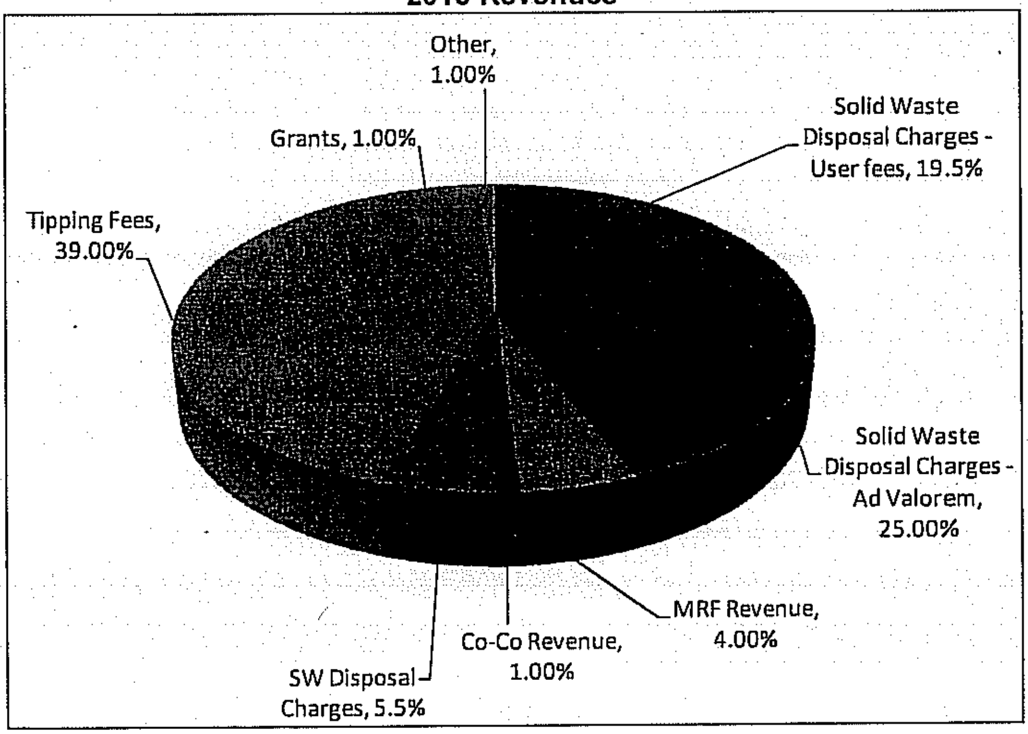
A comparative summary of capital assets is as follows:

	December 31, 2013	December 31, 2012
Capital Assets		
Land	$ 6,200,325	$ 6,200,325
Construction-in-Progress	1,682,088	4,876,268
Buildings and Land Improvements	52,409,427	48,677,486
Machinery and Equipment	19,023,598	17,413,785
Total Capital Assets	79,315,438	77,167,864
Less Accumulated Depreciation		
Buildings and Land Improvemets	28,287,705	25,786,172
Machinery and Equipment	12,760,907	11,435,257
Land Improvement	-	-
Total Accumulated Depreciation	41,048,612	37,221,429
Net Capital Assets	$ 38,266,826	$ 39,946,435

Statement of Activities

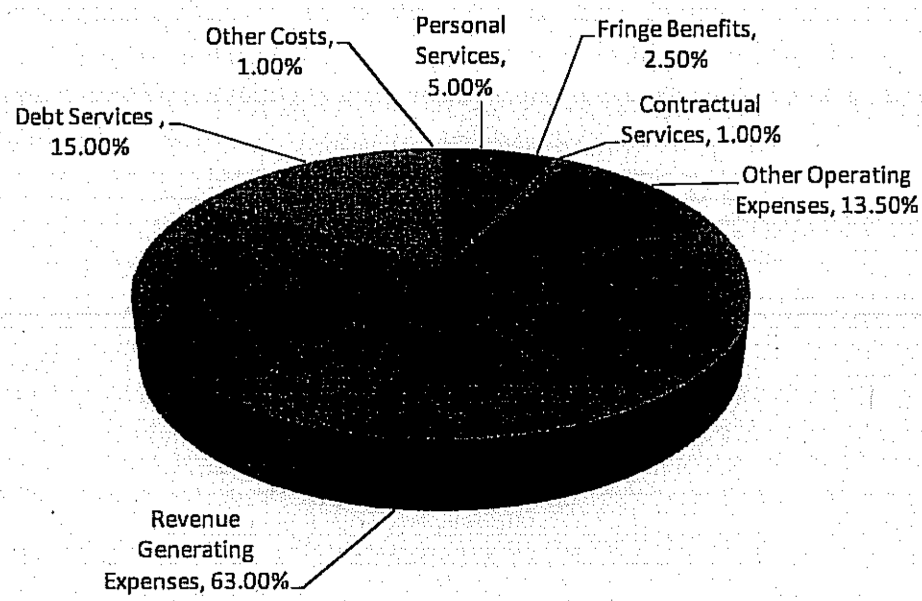
The statement of activities presents the Authority's results of operations. The Authority also includes supplemental information regarding detail of revenues and expenses as it relates to the adopted Authority budget. Refer to the Authority's basic financial statements for the complete listing. Total operating revenues of the Authority for year ended December 31, 2013 were $45.5 million. Non operating revenues totaled approximately $1.3 million.

2013 Revenues



Solid Waste Disposal Charges (both user fees and ad valorem) represented 44.5% of total revenues. Revenues from the Materials Recovery Facility, Co-composting Facility and collection agreements administered by the Authority represented 10.5% of total revenues. Tipping fees represented 42% of total revenues. Non-operating revenues (bank interest, restricted funds interest and interest subsidy) represented approximately 1% of total revenues. Other revenues, such as grants, represent approximately 2% of total revenues.

2013 Expenses



Total operating expenses for the year were $42.8 million. Non-operating expenses for the year were $2.9 million. Other operating expenses represented 13.5% of expenses. Personnel and fringe benefit costs represented 7.5% of expenses Revenue generating expenses (those related to the operation of the Authority's facilities) represented 63% of expenses. Debt Service represented 15% of total 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. 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 has seen an increase in waste tonnage in 2013 as compared to 2012. The Authority will 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 NYS legislation that resulted in the enhanced bottle bill has negatively impacted our local recycling revenue by diverting a significant number of water and juice bottles from the Authority's residential curbside recycling initiative. In addition, NYS legislative efforts with respect to product stewardship has 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 downturn in certain commodities due to the factors illustrated 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 - primarily cardboard.

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, 2012, the Authority had several new customers (merchant tonnage) such as Joint Meeting of Essex and Union Counties Waste Water Treatment Plant and the town of Guilderland in 2013 we added Little Falls, NY 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.

Household Hazardous Waste Facility:

Based on trending analysis, the quantity of material received at the Household Hazardous Waste Facility (HHW) is expected to continue to grow due to several factors, including the increase in e-waste. The ongoing evolution in the television market and the modification to digital television accelerates the obsolescence of existing television units, therefore further accelerating the quantity of e-waste removal. Similar forces are affecting smaller personal items such as calculators, digital video discs (DVDs), cell phones and electronic organizers. New legislation regarding product stewardship as related to e-waste will impact the facility by significantly increasing the e-waste tonnage collected at the facility. The facility collected 383.7 tons of e-waste in 2013. 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 RCSWMA residential program at no additional cost to the Authority. The Authority will continue to follow the any additional legislation regarding product stewardship and have become members of the Product Stewardship Council in order to make sure our facilities are utilized to the maximum extent.

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 the contractor. In addition, any yard waste brought to the Clarkstown facility from residents or brush that is delivered by municipal entities are 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. During 2013 the Authority processed a substantial amount of additional yard waste due to Super storm Sandy which occurred in October 2012. The additional expenses incurred are eligible for FEMA reimbursement. 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. The Authority will continue to pursue out of County opportunities for concrete recycling and sales of crushed concrete.

Statement of Net Position
December 31, 2013
(With Comparative Amounts for December 31, 2012)

	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 20,510,887	$ 17,809,526
Accounts receivable, net of allowance for uncollectible accounts of $312,670 in 2013 and $700,553 in 2012	2,272,575	1,712,428
Grants receivable from other governments	1,061,878	1,909,864
Prepaid expenses and other receivables	341,603	310,323
Total Current Assets	24,186,943	21,742,141
Noncurrent assets		
Cash and cash equivalents - Restricted	9,817,794	13,238,549
Investments - Restricted	3,125,532	3,319,236
Intangible assets	15,506,746	15,506,746
Capital assets, not being depreciated	7,882,413	11,076,593
Capital assets being depreciated, net	30,384,403	28,869,842
Issuance costs, net of accumulated amortization of $596,899 in 2012	-	963,186
Total Noncurrent Assets	66,716,888	72,974,152
Total Assets	90,903,831	94,716,293
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts on refunding bonds	123,707	148,367
LIABILITIES		
Current liabilities		
Accounts payable	6,026,690	7,497,701
Accrued liabilities	1,565,124	884,468
Non-current liabilities - Due within one year	3,944,052	3,804,911
Total Current Liabilities	11,535,866	12,187,080
Non-current liabilities - Due in more than one year	59,780,561	63,071,471
Total Liabilities	71,316,427	75,258,551
NET POSITION		
Net investment in capital assets	5,910,955	9,088,401
Unrestricted	13,800,156	10,517,708
Total Net Position	$ 19,711,111	$ 19,606,109

See notes to financial statements.

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

Statement of Activities
Year Ended December 31, 2013
(With Comparative Amounts for Year Ended December 31, 2012)

	2013	2012
OPERATING REVENUES		
Solid waste disposal charges	$ 45,529,936	$ 43,615,689
OPERATING EXPENSES		
Personal services	2,286,840	2,267,031
Employee benefits	1,098,798	1,050,739
Other post employment benefit obligations	504,610	724,533
Contractual services	35,124,210	33,785,151
Depreciation and amortization	3,827,193	3,680,692
Total Operating Expenses	42,841,651	41,508,146
Operating Income	2,688,285	2,107,543
NON-OPERATING REVENUES (EXPENSES)		
Interest income	163,643	188,660
Interest expense	(2,896,644)	(3,008,663)
State aid	360,284	1,632,017
Federal aid	752,620	287,825
Insurance proceeds	-	143,187
Gain on disposal of capital assets	-	227,053
Total Non-Operating Expenses, net	(1,620,097)	(529,921)
Change in Net Position	1,068,188	1,577,622
NET POSITION		
Beginning of Year, as restated	18,642,923	18,028,487
Net Position - End of Year	$ 19,711,111	$ 19,606,109

See notes to financial statements.

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

Statement Of Cash Flows
Year Ended December 31, 2013
(With Comparative Amounts for Year Ended December 31, 2012)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Collections of solid waste disposal charges	$ 44,969,789	$ 43,784,588
Payments to vendors	(36,012,929)	(30,721,345)
Payments for salaries and benefits	(3,326,451)	(3,234,572)
Net Cash from Operating Activities	5,630,409	9,828,671
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State and Federal aid	1,960,890	538,496
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Repayments of bonds	(3,615,000)	(3,310,000)
Repayments of capital lease	(334,672)	(340,318)
Bonds issued	3,270,434	-
Loan issued	-	1,546,084
Repayments of loans	(3,022,637)	(50,000)
Restricted cash and equivalents	3,420,755	1,733,874
Restricted investments	193,704	(392,000)
Capital assets	(2,147,574)	(3,454,552)
Interest paid	(2,818,591)	(2,944,488)
Insurance proceeds	-	143,187
Proceeds from disposal of capital asset	-	227,053
Net Cash from Capital and Related Financing Activities	(5,053,581)	(6,841,160)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	163,643	188,660
Net Change in Cash and Cash Equivalents	2,701,361	3,714,667
CASH AND CASH EQUIVALENTS		
Beginning of Year	17,809,526	14,094,859
End of Year	$ 20,510,887	$ 17,809,526
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES		
Operating income	$ 2,688,285	$ 2,107,543
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation and amortization	3,827,193	3,680,692
Changes in operating assets and liabilities		
Accounts receivable	(560,147)	168,899
Prepaid expenses and other receivables	(31,280)	130,401
Accounts payable	(1,471,011)	3,061,002
Accrued liabilities	672,759	(44,399)
Other post employment benefit obligations payable	504,610	724,533
Net Cash from Operating Activities	$ 5,630,409	$ 9,828,671

See notes to financial statements.

Note 1 - Summary of Significant Accounting Policies

Organization and Purpose

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. The Authority was established in 1993 and became operational in 1995. The Authority is administered by seventeen members. Eight members are 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 provides solid waste management services to residents of the County of Rockland, New York ("County").

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Authority's more significant accounting policies:

A. Financial Reporting Entity

A majority of the Authority's governing board consists of members of the County Legislature and members appointed by the County Legislature, and therefore the County is considered able to impose its will on the Authority. The ability to impose will is considered sufficient criteria to establish the Authority as a component unit of the County. Since the Authority does not provide services entirely or almost entirely to the County the financial statements have been reflected in the County's financial statements as a discretely presented component unit.

B. Basis of Presentation

The activities of the Authority are reported in accordance with generally accepted accounting principles as applicable to enterprise funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. The Authority applies all applicable Financial Accounting Standards Board ("FASB") guidance, unless they conflict with or contradict GASB pronouncements, in accounting and reporting for its operations.

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment is determined by an entity's measurement focus. Enterprise funds are accounted for on the flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income. With this measurement focus, all assets and liabilities (whether current or non-current) associated with the operation of the entity are included on the statement of net position. Enterprise fund statements of activities present increases (revenues) and decreases (expenses) in net total assets. The accrual basis of accounting is followed by the Authority. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred.

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

Cash and Cash Equivalents

Cash and cash equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with maturities of three months or less at the time of purchase.

The Authority's deposit and investment policies are governed by State statutes. The Authority has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies. The Authority is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements, obligations of other municipal entities or its political subdivisions and investment agreements, and accordingly, the Authority's policy provides for no credit or interest rate risk on investments.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Authority has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Authority's name. The Authority's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2013.

Receivables

Receivables consist of amounts due from corporations and other governments. Receivables are recorded as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Restricted Cash and Cash Equivalents and Investments

Restricted cash and cash equivalents and investments consist of bond proceeds held by a custodial agent. These funds are to be used for the construction of solid waste disposal facilities and payment of debt service.

Intangible Assets

Intangible assets represent goodwill. Goodwill is the excess of cost of an acquired entity over the amounts assigned to assets acquired and liabilities assumed in a business combination. The Authority adopted new FASB guidance on goodwill impairment testing which allows an entity to first assess qualitative factors to determine whether it is more likely than not that goodwill may be

Note 1 - Summary of Significant Accounting Policies (Continued)

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; i. income; ii. discounted cash flows, or; iii. 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 year.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and land improvements	20 years
Machinery and equipment	5-20 years

Expenditures for maintenance and repairs are charged to expense, and renewals and betterments are capitalized. Upon sale or retirement, the cost of the asset and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in the results of operations.

Land and Construction-in-Progress

Land and construction-in-progress are not depreciated and are stated at cost. Interest paid on applicable debt, net of interest earned on available funds, is capitalized during the period of construction.

Deferred Outflows/Inflows 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/expenditure) 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.

As of December 31, 2013, the Authority has reported deferred outflows of resources of $123,707 for deferred losses on refunding bonds. These amounts are deferred and amortized over the life of the debt.

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Lease Payable

The Authority records capital leases payable at the present value of their future minimum lease payments as of the inception date.

Bonds Payable

The Authority records bonds payable at face value. Bond premiums and discounts are deferred over the life of the bonds. Bond issuance costs are expensed as incurred.

Compensated Absences

Vested or accumulated vacation or compensatory time is recorded as an expense and liability of the Authority as the benefit accrues to employees and is included in accrued liabilities.

Other Post Employment Benefit Obligations Payable

The Authority's annual other post employment benefit ("OPEB") obligation payable is determined in accordance with the parameters of GASB Statement No. 45.

Net Position

Net Position represents the equity generated from the operation of the Authority.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Comparative Financial Information

The financial statements include certain prior-year comparative information, but does not include all required note disclosures. Accordingly, such information does not constitute a presentation in conformity with generally accepted accounting principles. Such information should be read in conjunction with the Authority's financial statements for the year ended December 31, 2012, from which the comparative information was derived.

G. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 25, 2014.

Note 1 - Summary of Significant Accounting Policies (Continued)

H. Application of Accounting Standards/Change in Accounting Principle

For the year ended December 31, 2013, the Authority implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities". This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows/inflows of resources, certain items that were previously reported as assets and liabilities. This statement also recognizes as outflows of resources (expenses or expenditures) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities. As such, issuance costs on previously issued bonds in the amount of $963,186 were recorded as a change in accounting principle.

Note 2 - Cash and Equivalents

Restricted Cash and Equivalents

The carrying amounts of the Authority's restricted deposits at December 31, 2013 was $9,817,794. This amount is held in trust by a custodial agent on behalf of the Authority. The amount is not subject to risk collateralization requirements.

Note 3 - Restricted Investments

Restricted investments at December 31, 2012 consisted of the following

	Maturity Date	Interest Rate	Amount
Collateralized Investment Agreements -			
AIG Matched Funding Corp.	12/15/2025	4.59 %	$ 555,651
AIG Matched Funding Corp.	12/15/2028	4.59	399,966
Repurchase Agreement -			
Westdeutsche Landesbank	12/15/2016	6.43	1,130,599
U.S. Treasury Bond SLUG	06/15/2025	-	841,020
Certificates of Deposit:			
Capmark Bank	05/13/2014	3.5	99,179
CIT Bank	05/06/2014	3.5	99,117
			$ 3,125,532

The investment agreements are fully collateralized with securities guaranteed by the U.S. Government.

Note 4 - Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 6,200,325	$ -	$ -	$ 6,200,325
Construction in progress	4,876,268	1,931,695	(5,125,875)	1,682,088
Total capital assets not being depreciated	11,076,593	1,931,695	(5,125,875)	7,882,413
Capital assets being depreciated				
Buildings	46,257,432	3,731,941	-	49,989,373
Land improvements	2,420,054	-	-	2,420,054
Machinery and equipment	17,413,785	1,609,813	-	19,023,598
Total capital assets being depreciated	66,091,271	5,341,754	-	71,433,025
Less accumulated depreciation for Capital assets being depreciated				
Buildings	25,205,359	2,404,741	-	27,610,100
Land improvements	580,813	96,802	-	677,615
Machinery and equipment	11,435,257	1,325,650	-	12,760,907
Total accumulated depreciation	37,221,429	3,827,193	-	41,048,622
Total capital assets being depreciated, net	28,869,842	1,514,561	-	30,384,403
Capital assets, net	$ 39,946,435	$ 3,446,256	$ (5,125,875)	$ 38,266,816

Note 5 - Long-Term Liabilities

	Balance January 1, 2012	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2013	Due Within One Year
Bonds Payable					
Capital construction	$ 45,868,799	$ 3,270,434	$ 3,063,099	$ 46,076,134	$ 3,184,308
Other	13,986,201	-	551,901	13,434,300	585,692
	59,855,000	3,270,434	3,615,000	59,510,434	3,770,000
Bond premium and discount	(872,788)	-	(45,496)	(827,292)	-
	58,982,212	3,270,434	3,569,504	58,683,142	3,770,000
Capital lease payable	508,724	-	334,672	174,052	174,052
Loan payable	3,022,637	-	3,022,637	-	-
Other post employment benefit obligations payable	4,362,809	504,610	-	4,867,419	-
Total Other Noncurrent Liabilities	7,894,170	504,610	3,357,309	5,041,471	174,052
Governmental Activities Long-Term Liabilities	$ 66,876,382	$ 3,775,044	$ 6,926,813	$ 63,724,613	$ 3,944,052

Note 5 - Long-Term Liabilities (Continued)

Loan Payable

The Authority entered into two revolving loan agreements in the amount of $1,859,580 each with the Environmental Facilities Corporation ("EFC") in 2010. These agreements allowed the Authority to draw down on these loans up to a maximum amount of $3,719,160 for eligible project costs. During 2011 and 2012 the Authority drew down $1,526,553 and $1,546,084 for various repairs to the Clarkstown Transfer Station. The first $1,859,580 is interest free and the second $1,859,580 bears interest at .69%. The first principal payment was made in July, 2012, which was based on the loan outstanding at that time. Pursuant to the agreement with EFC, the Authority refinanced the loans with EFC through long term financing in 2013. Interest expense was $7,795 for the year ended December 31, 2013.

Capital Lease Payable

The Authority has entered into various agreements to lease certain equipment. The terms of the agreements provide options to purchase the equipment at any time during the lease period. The lease meets the criteria of a capital lease as defined by FASB guidance. The annual payments include interest with rates ranging from 3.09% to 6.759% and mature in various months through 2014. The balance due at December 31, 2013 was $174,052. Interest expense was $7,781 for the year ended December 31, 2013.

The annual requirements to amortize all capital leases outstanding at December 31, 2013, including interest of $2,416 are as follows:

Year	Principal	Interest	Total
2014	$ 174,052	$ 2,416	$ 176,468

Bonds Payable

Bonds Payable consisted of the following issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2013
Public Improvements	1996	$ 11,620,000	December, 2014	5.625 %	$ 485,000
Public Improvements	2003	15,273,468	December, 2025	4.629 - 6.189	9,825,000
Public Improvements	2003	8,720,000	December, 2028	3.750 - 5.125	6,495,000
Public Improvements	2006	10,080,000	December, 2021	4.250 - 5.000	7,005,000
Public Improvements	2008	27,535,000	December, 2033	3.250 - 5.750	23,855,000
Public Improvements	2010	7,900,000	December, 2024	2.500 - 4.000	7,265,000
Public Improvements	2010	2,250,000	December, 2018	3.000 - 3.500	1,465,000
Public Improvements	2013	3,270,434	November, 2029	.263 - 4.083	3,115,434
					$ 59,510,434

Interest expense was $2,881,068 for the year ended December 31, 2012, including $70,156 of amortization expense for the original issue premium and discount.

Note 5 - Long-Term Liabilities (Continued)

At the option of the Authority, certain serial bonds are subject to redemption prior to maturity at various dates, depending on the issue.

The annual requirements to amortize all bonds outstanding at December 31, 2013, including interest of $21,818,840 are as follows:

Year	Principal	Interest	Total
2014	$ 3,770,000	$ 2,998,056	$ 6,768,056
2015	3,945,434	2,825,497	6,770,931
2016	4,140,000	2,639,920	6,779,920
2017	4,340,000	2,443,659	6,783,659
2018	4,555,000	2,230,308	6,785,308
2019-2023	26,520,000	7,383,457	33,903,457
2024-2028	11,860,000	1,239,802	13,099,802
2029-2033	380,000	58,141	438,141
	59,510,434	$ 21,818,840	$ 81,329,274
Less: Unamortized original issue premium and discount	(827,292)		
	$ 58,683,142		

Other Post Employment Benefit Obligations

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 post employment 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 are currently no retirees of the Authority.
The Authority's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In

Note 5 - Long-Term Liabilities (Continued)

addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Authority is required to accrue the amounts necessary to finance the Plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in post retirement benefits are as follows:

Year Ended December 31,	Health Insurance	Medicare Part B
2014	10.00 %	8.00 %
2015	9.50	7.50
2016	9.00	7.00
2017	8.50	6.50
2018	8.00	6.00
2019	7.50	5.50
2020	7.00	5.00
2021	6.50	5.00
2022	6.00	5.00
2023	5.50	5.00
2024+	5.00	5.00

The amortization basis is the level dollar amortization method with an open amortization approach with 25 years remaining in the amortization period. The Authority's assumptions included a 6.0% investment rate of return. The Authority currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the projected unit credit actuarial cost method. Payroll growth is not considered when using this method. The inflation rate is implicit in the trend rate and cannot be separately identified.

The number of participants as of December 31, 2013 was as follows:

Active Employees	29
Retired Employees	-
Total	29

Note 5 - Long-Term Liabilities (Continued)

Amortization Component:	
Actuarial Accrued Liability as of 1/1/13	$ 2,604,825
Assets at Market Value	-
Unfunded Actuarial Accrued Liability	$ 2,604,825
Funded Ratio	0.00%
Covered Payroll (active plan members)	$ 2,286,839
UAAL as a Percentage of Covered Payroll	114%
Annual Required Contribution	$ 541,868
Interest on Net OPEB Obligation	261,769
Adjustment to Annual Required Contribution	(299,027)
Annual OPEB Cost	504,610
Contributions Made	-
Increase in Net OPEB Obligation	504,610
Net OPEB Obligation - Beginning of Year	4,362,809
Net OPEB Obligation - End of Year	$ 4,867,419

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and two preceding years is as follows:

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$ 504,610	- %	$ 4,867,419
2012	724,533	-	4,362,809
2011	730,773	-	3,638,276

Note 6 - Pension Plan

The Authority participates in the New York State and Local Employees' Retirement System ("System"). The System is a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12224.

Funding Policy - The System is non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary and employees in tier 5 who also contribute 3% of their salary without regard to their years of service and employees in tier 6 who contribute between 3% and 6% depending on salary levels and also without regard to years of service. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance

Note 6 - Pension Plan (Continued)

portion and a regular pension contribution. Contribution rates for the plan year ended March 31, 2014 is as follows:

Tier/Plan	Rate
4 A15	20.8 %
5 A15	16.7

Contributions made to the Systems for the current and two preceding years were as follows:

2013	$ 415,108
2012	417,126
2011	247,718

These amounts were equal to 100% of the actuarially required contributions for each respective fiscal year.

Note 7 - Compensated Absences

Unused vacation time or compensatory time may be carried forward to subsequent years. Unused personal time is added to sick leave. The Authority has determined that the potential liability for accumulated vacation and compensatory time at December 31, 2013 was $577,152. This amount is included in accrued liabilities of the Authority.

Note 8 - Net Position

The components of net position are detailed below:

Net *Investment in Capital Assets* - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Unrestricted - the difference between the assets and liabilities that is not reported in the net investment in capital assets.

Note 9 - Summary of Significant Contingencies

Risk Management

The Authority purchases various conventional insurance coverages to reduce its exposure to loss. The Authority maintains general liability insurance coverage with a policy limit of $3 million. The auto policy provides coverage up to $1 million and the pollution liability policy provides coverage up to $10 million. The Authority also maintains an umbrella policy with coverage up to $10 million. The Authority purchases conventional workers' compensation insurance with coverage at statutory limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Authority also purchases conventional health insurance.

Note 9 - Summary of Significant Contingencies (Continued)

Litigation

The Authority is a defendant in a complaint that alleges that the County's Flow Control Law is unconstitutional. Plaintiffs request injunctive and declaratory relief, as well as compensatory damages in an unspecified amount, plus interest, costs and attorney's fees. The Authority is vigorously defending the matter. Counsel has indicated that it is not possible to predict the outcome of this case at this time.

Cash and Investment Restrictions

Upon issuance of the serial bonds, the indentures required the establishment of a restricted cash balance of $5,083,080 in 2013, which is maintained with the trustee of the bonds. In addition, at December 31, 2013, the trustee held $7,860,246 for the purchase and construction of facilities. These amounts, totaling $12,943,326 for 2013, have been reflected as restricted cash and investments on the statement of net position.

Note 10 - Subsequent Event

On February 14, 2014 there was a roof collapse at our Biosolid Co-composting Facility due to the heavy snow accumulation. This event caused the facility to be inoperable. We are in the process of planning the reconstruction. It should be completed by the end of 2014. All sludge from Rockland County Waste Water treatment plants are being disposed of as per our contractual obligation and costs incurred are being paid in accordance with the We Care contract. The Authority is working with our insurance carrier to ensure proper and full reimbursement as stated in the policy.

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

Required Supplementary Information - Schedule of Funding Progress -
Other Post Employment Benefits
Last Three Fiscal Years

Fiscal Year Ended December 31,	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
2011	$ -	$ 2,117,542	$ 2,117,542	- %	$ 2,223,909	95.22 %
2012	-	2,117,542	2,117,542	-	2,267,036	93.41
2013	-	2,604,825	2,604,825	-	2,286,839	113.91

		Adopted Budget		Revised Budget		Actual			Variance Favorable (Unfavorable)
OPERATING REVENUES									
Solid waste disposal charges									
User fees	$	8,997,612	$	8,997,612	$	8,997,056		$	(556)
Ad valorem		11,652,518		11,652,518		11,662,368			9,850
Recycling facility materials		1,836,000		1,836,000		1,986,127			150,127
Co-Compost facility user charges									
Septage		64,000		64,000		67,646			3,646
Out-of-County users		484,820		484,820		432,562			(52,258)
Solid waste collection and disposal charges									
Spring Valley		778,816		778,816		779,990			1,174
Village of Haverstraw		568,521		568,521		569,162			641
Village of Sloatsburg		320,618		320,618		320,615			(3)
Village of New Hempstead		437,055		437,055		437,059			4
Rockland County		361,552		361,552		347,341			(14,211)
Transfer station tipping fees/sales		20,467,600		20,467,600		19,861,522	1		(606,078)
Other unclassified		-		-		68,488			68,488
Total Operating Revenues		45,969,112		45,969,112		45,529,936			(439,176)
NON-OPERATING REVENUES									
Interest									
Bank		50,000		50,000		36,393			(13,607)
Restricted funds		75,000		75,000		127,250			52,250
Interest subsidy		273,768		273,768		286,034			12,266
Environmental Protection Facility grants		290,000		290,000		401,127			111,127
Federal Emergency Management Agency		-		-		752,620			752,620
State Emergency Management Agency		-		-		(40,843)			(40,843)
Total Non-Operating Revenues		688,768		688,768		1,562,581			873,813
APPROPRIATION OF NET POSITION		-		-		-			-
Total Revenues	$	46,657,880	$	46,657,880	$	47,092,517		$	434,637

1 Offset by savings in expenditures

(Continued)

OPERATING EXPENSES	Adopted Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Personal Services				
Salaries	$ 2,178,148	$ 2,178,148	$ 2,286,840 2	$ (108,692)
Fringe Benefits				
Health and dental	454,500	454,500	449,383	5,117
Retirement	412,000	412,000	415,108	(3,108)
Social security	166,628	166,628	157,989	8,639
Workers' compensation benefits	68,500	68,500	69,453	(953)
Metropolitan commuter transportation mobility tax	7,400	7,400	6,865	535
	1,109,028	1,109,028	1,098,798	10,230
Contractual Services				
Office Equipment				
Office furniture and fixtures	-	-	2,947	(2,947)
Data processing equipment	2,500	2,500	8,267	(5,767)
	2,500	2,500	11,214	(8,714)
Supplies expense				
Uniforms	1,200	1,200	2,201	(1,001)
Motor fuel	5,000	5,000	15,690	(10,690)
Office supplies and printing	40,000	40,000	54,559	(14,559)
Equipment	2,000	2,000	12,493	(10,493)
Books and publications	5,000	5,000	9,720	(4,720)
Operational supplies (leaf bags, recycling bins, etc.)	380,000	380,000	395,909	(15,909)
	433,200	433,200	490,572	(57,372)
Other Operating Expenses				
Rental of equipment	302,500	302,500	25,134	277,366
Travel	10,000	10,000	13,228	(3,228)
Advertising	35,000	35,000	32,554	2,446
Equipment repair	72,000	72,000	72,644	(644)
Painting and building repair	-	-	74,094	(74,094)
Cleaning contractor	14,300	14,300	14,619	(319)
Fees for services - non-employees	668,500	668,500	741,585	(73,085)
Legal fees	650,000	1,758,000	1,579,422	178,578
Engineering and other professional fees	395,000	395,000	549,565	(154,565)
Hurrican Sandy expenses	-	-	873,900	(873,900)
Postage	25,000	25,000	19,495	5,505
Conferences and schools	10,000	10,000	10,058	(58)
Repairs to vehicles	5,000	5,000	2,122	2,878
Association dues	2,000	2,000	2,819	(819)
Bid advertising	2,000	2,000	1,147	853
Maintenance agreements	30,000	30,000	32,815	(2,815)
Telephone	50,000	50,000	73,473	(23,473)
Utilities	743,450	743,450	577,418	166,032
Water and sewer	55,000	55,000	56,759	(1,759)
Meals	-	-	1,006	(1,006)
Household hazardous waste	828,900	828,900	841,231	(12,331)
Certiorari payments	275,000	50,000	193,146	(143,146)
	4,173,650	5,056,650	5,788,234	(731,584)

(Continued)

2 Inclusive of compensated absences accrual not budgeted

	Adopted Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUE-GENERATING OTHER OPERATING EXPENSES				
MRF operating and maintenance fee	$ 1,765,199	$ 1,765,199	$ 1,277,306	$ 487,893
Co-composting operating and maintenance fee	1,912,719	1,912,719	1,970,896	(58,177)
Yard waste composting fee	1,294,155	1,294,155	1,407,771	(113,616)
Host community fee	3,042,000	3,042,000	3,002,095	39,905
Solid waste collection and disposal:				
Spring Valley	756,132	756,132	728,195	27,937
Village of Haverstraw	551,962	551,962	559,597	(7,635)
Village of Sloatsburg	311,280	311,280	257,188	54,092
Village of New Hempstead	317,240	317,240	334,420	(17,180)
Rockland County	424,325	424,325	424,179	146
Recycling rebates	856,800	856,800	692,285	164,515
Transfer station rebates	75,000	75,000	160,054	(85,054)
Transfer station fees	20,574,633	19,691,633	17,772,992	1,918,641
	31,881,445	30,998,445	28,586,978	2,411,467
OTHER COSTS				
Tax related costs	16,000	16,000	15,544	456
Insurance premiums	175,000	175,000	177,019	(2,019)
Miscellaneous	7,000	7,000	54,649	(47,649)
	198,000	198,000	247,212	(49,212)
	39,975,971	39,975,971	38,509,848	1,466,123
DEBT SERVICE				
Principal	3,580,000	3,580,000	3,615,000	(35,000)
Interest	3,101,909	3,101,909	3,182,678	(80,769)
	6,681,909	6,681,909	6,797,678	(115,769)
Total Expenses	$ 46,657,880	$ 46,657,880	$ 45,307,526	$ 1,350,354

(Continued)

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

Supplementary Information (Continued)
Year Ended December 31, 2012

	Adopted Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES				
Solid waste disposal charges				
User fees	$ 9,007,864	$ 9,007,864	$ 9,007,392	$ (472)
Ad valorem	11,384,261	11,384,261	11,394,441	10,180
Recycling facility materials	1,906,837	1,906,837	2,163,730	256,893
Co-Compost facility user charges				
Septage	64,000	64,000	75,117	11,117
Out-of-County users	457,500	457,500	292,822	(164,678)
Solid waste collection and disposal charges				
Spring Valley	756,763	756,763	756,762	(1)
Village of Haverstraw	548,879	548,879	548,879	-
Village of Sloatsburg	319,759	319,759	319,759	-
Village of New Hempstead	428,630	428,630	428,630	-
Rockland County	351,021	351,021	341,594	(9,427)
Transfer station tipping fees/sales	20,467,600	20,467,600	18,215,350 1	(2,252,250)
Other unclassified	-	-	71,213	71,213
Total Operating Revenues	45,693,114	45,693,114	43,615,689	(2,077,425)
NON-OPERATING REVENUES				
Interest				
Bank	75,000	75,000	39,262	(35,738)
Restricted funds	75,000	75,000	149,398	74,398
Interest subsidy	254,543	254,543	291,989	37,446
Environmental Protection Facility grants	281,700	281,700	1,591,174	1,309,474
Federal Emergency Management Agency	-	-	287,825	287,825
State Emergency Management Agency	-	-	40,843	40,843
Gain on disposal of capital asset	-	-	227,053	227,053
Insurance proceeds	-	-	143,187	143,187
Total Non-Operating Revenues	686,243	686,243	2,770,731	2,084,488
APPROPRIATION OF NET POSITION	-	-	-	-
Total Revenues	$ 46,379,357	$ 46,379,357	$ 46,386,420	$ 7,063

1 Offset by savings in expenditures

(Continued)

OPERATING EXPENSES	Adopted Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Personal Services				
Salaries	$ 2,169,527	$ 2,169,527	$ 2,267,031	$ (97,504)
Fringe Benefits				
Health and dental	473,654	473,654	425,152	48,502
Retirement	376,000	376,000	417,126	(41,126)
Social security	166,000	166,000	156,157	9,843
Workers' compensation benefits	58,000	58,000	45,754	12,246
Metropolitan commuter transportation mobility tax	7,375	7,375	6,550	825
	1,081,029	1,081,029	1,050,739	30,290
Contractual Services				
Office Equipment				
Office furniture and fixtures	-	-	4,530	(4,530)
Data processing equipment	1,000	1,000	39,521	(38,521)
	1,000	1,000	44,051	(43,051)
Supplies expense				
Uniforms	1,200	1,200	519	681
Motor fuel	10,000	10,000	12,616	(2,616)
Office supplies and printing	40,000	40,000	51,264	(11,264)
Equipment	2,000	2,000	9,018	(7,018)
Books and publications	5,000	5,000	2,329	2,671
Operational supplies (leaf bags, recycling bins, etc.)	414,500	414,500	348,966	65,534
	472,700	472,700	424,712	47,988
Other Operating Expenses				
Rental of equipment	302,476	302,476	30,835	271,641
Travel	7,000	7,000	19,312	(12,312)
Advertising	35,000	35,000	49,425	(14,425)
Equipment repair	65,000	65,000	60,397	4,603
Painting and building repair	60,000	60,000	77,848	(17,848)
Cleaning contractor	30,000	30,000	25,255	4,745
Fees for services - non-employees	611,610	611,610	721,041	(109,431)
Hurricane Sandy expenses	-	-	147,662	(147,662)
Legal fees	525,000	525,000	1,749,289	(1,224,289)
Engineering and other professional fees	308,800	308,800	818,455	(509,655)
Postage	31,500	31,500	19,205	12,295
Conferences and schools	7,500	7,500	11,152	(3,652)
Repairs to vehicles	5,000	5,000	2,399	2,601
Association dues	2,000	2,000	2,102	(102)
Bid advertising	2,000	2,000	773	1,227
Maintenance agreements	15,500	15,500	31,224	(15,724)
Telephone	45,000	45,000	80,965	(35,965)
Utilities	698,200	698,200	592,738	105,462
Water and sewer	50,000	50,000	72,205	(22,205)
Meals	-	-	1,428	(1,428)
Household hazardous waste	784,000	784,000	777,972	6,028
Certiorari payments	275,000	275,000	76,287	198,713
	3,860,586	3,860,586	5,367,969	(1,507,383)

(Continued)

	Adopted Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUE GENERATING OTHER OPERATING EXPENSES				
MRF operating and maintenance fee	$ 1,753,532	$ 1,753,532	$ 1,227,903	$ 525,629
Co-composting operating and maintenance fee	1,921,825	1,921,825	1,903,402	18,423
Yard waste composting fee	1,304,068	1,304,068	1,412,428	(108,360)
Host community fee	3,046,400	3,046,400	2,530,841	515,559
Solid waste collection and disposal				
Spring Valley	734,720	734,720	729,717	5,003
Village of Haverstraw	532,895	532,895	544,368	(11,473)
Village of Sloatsburg	310,445	310,445	347,308	(36,863)
Village of New Hempstead	307,722	307,722	339,486	(31,764)
Rockland County	417,111	417,111	416,276	835
Recycling rebates	924,800	924,800	717,424	207,376
Transfer station rebates	50,000	50,000	181,635	(131,635)
Transfer station fees	20,620,038	20,620,038	17,358,889	3,261,149
	31,923,556	31,923,556	27,709,677	4,213,879
OTHER COSTS				
Tax related costs	15,300	15,300	14,942	358
Insurance premiums	175,000	175,000	174,578	422
Miscellaneous	4,000	4,000	49,222	(45,222)
	194,300	194,300	238,742	(44,442)
	39,702,698	39,702,698	37,102,921	2,599,777
DEBT SERVICE				
Principal	3,429,014	3,429,014	3,310,000	119,014
Interest	3,247,645	3,247,645	3,300,652	(53,007)
	6,676,659	6,676,659	6,610,652	66,007
Total Expenses	$ 46,379,357	$ 46,379,357	$ 43,713,573	$ 2,665,784

(Continued)

Reconciliation of Supplementary Schedules to Financial Statements

	2013	2012
REVENUES		
Revenues per Supplementary Schedule	$ 47,092,517	$ 46,386,420
Adjustment to reconcile supplementary schedule to Statement of Activities		
Interest subsidy	(286,034)	(291,989)
Interest income	(163,643)	(188,660)
State aid	(360,284)	(1,632,017)
Federal aid	(752,620)	(287,825)
Insurance Proceeds	-	(143,187)
Gain on disposal of capital asset	-	(227,053)
Operating Revenues per Statement of Activities	$ 45,529,936	$ 43,615,689
EXPENSES		
Expenses per Supplementary Schedule	$ 45,307,526	$ 43,713,573
Adjustment to reconcile supplementary schedule to Statement of Activities		
Bond principal	(3,615,000)	(3,310,000)
Interest subsidy	(286,034)	(291,989)
Interest expense	(2,896,644)	(3,008,663)
Other post employment benefit obligations	504,610	724,533
Depreciation and amortization	3,827,193	3,680,692
Operating Expenses per Statement of Activities	$ 42,841,651	$ 41,508,146

See Independent Auditors' 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*

Independent Auditors' Report

The Members of the Rockland County Solid Waste Management Authority, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Rockland County Solid Waste Management Authority ("Authority") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated March 25, 2014.

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 opinions 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 Authority'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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to the management of the Authority in a separate letter.

Purpose of this Report

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

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
March 25, 2014

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Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance

Independent Auditors' Report

The Members of the Rockland County
Solid Waste Management Authority, New York

Report on Compliance for Each Major Federal Program

We have audited the Rockland County Solid Waste Management Authority, New York's ("Authority") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2013. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
March 25, 2014

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Rockland County Solid Waste Management Authority ("Authority") under programs of the federal government for the year ended December 31, 2013. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations.* Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A–87, *Cost Principles for State, Local and Indian Tribal Governments,* which establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments.

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

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2013

Federal Grantor Program Title	Federal CFDA Number (1)	Federal Program Expenditures
U.S. Department of Homeland Security		
Indirect Program - Passed through New York State Emergency Management Office		
Disaster Grant - Public Assistance	97.036	$ 752,620

(1) Catalog of Federal Domestic Assistance number.
The accompanying notes are an integral part of this schedule.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Rockland County Solid Waste Management Authority ("Authority") under programs of the federal government for the year ended December 31, 2013. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A–87, *Cost Principles for State, Local and Indian Tribal Governments,* which establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments.

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2013

None

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

Schedule of Findings and Questioned Costs
Year Ended December 31, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified	___ Yes _X_ No
• Significant deficiency(ies) identified?	___ Yes _X_ None reported
• Noncompliance material to financial statements noted?	___ Yes _X_ No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	___ Yes _X_ No
• Significant deficiency(ies) identified?	___ Yes _X_ None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	___ Yes _X_ No

Identification of major programs

CFDA Number(s)	Name of Federal Program or Cluster
97.036	Disaster Grant – Public Assistance

Dollar threshold used to distinguish between Type A and Type B programs	$300,000
Auditee qualified as low-risk auditee?	___ Yes _X_ No

Schedule of Findings and Questioned Costs
Year Ended December 31, 2013

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

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Independent Auditors' Report on Compliance with Section 2925(3)(1) Of the New York State Public Authorities Law

The Members of the Rockland County Solid Waste Management Authority, New York

We have examined the Rockland County Solid Waste Management Authority (the "Authority") compliance with Section 2925(3)(1) of the New York State Public Authorities Law and Part 201 of Title Two of the New York Code of Rules and Regulations during the year ended December 31, 2013. Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining on a test basis evidence supporting the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2013.

This report is intended solely for the information and use of management, the Members of the Board and the Office of the State Comptroller of the State of New York. It is not intended to be and should not be used by anyone other than these specified parties.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
March 25, 2014

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