

**AUCILLA AREA SOLID WASTE
ADMINISTRATION**

FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Aucilla
Area Solid Waste Administration
Greenville, Florida

We have audited the accompanying financial statements of Aucilla Area Solid Waste Administration (the Administration) as of September 30, 2020 and the related notes to the financial statements, which collectively comprise the Administration'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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Aucilla Area Solid Waste Administration as of September 30, 2020, and the results of its operations, and changes in net assets, cash flows and the budgetary comparisons for the year then ended in conformity 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 the management's discussion and analysis information on pages 5 through 6 and pension schedules on pages 29 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit 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.

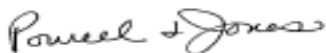
Other Information

Our audit was conducted for the purposes of forming an opinion on the financial statements that collectively comprise the Aucilla Area Solid Waste Administration's basic financial statements. The budgetary comparison schedule is not a required part of the basic financial statements.

The budgetary comparison schedule shown on page 33 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 28, 2021, on our consideration of Aucilla Area Solid Waste Administration's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Administration's internal control over financial reporting and compliance.



POWELL & JONES
Certified Public Accountants
Lake City, Florida
June 28, 2021

**AUCILLA AREA SOLID WASTE ADMINISTRATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Years Ended September 30, 2020 and 2019**

This section of Aucilla Area Solid Waste Administration's (the Administration) annual financial report presents our discussion and analysis of the Administration's financial performance during the fiscal years ended September 30, 2020 and 2019. Please read it in conjunction with the Administration's financial statements and accompanying notes.

This annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The Administration is a self-supporting entity and follows proprietary fund reporting; accordingly, the financial statements are presented on the accrual basis of accounting.

The following table summarizes the statements of net position as of September 30, 2020 and 2019:

Statements of Net Position

	2020	2019
Assets		
Current assets	\$ 8,943,570	\$ 8,295,846
Restricted assets	9,550,942	9,368,332
Capital assets	5,430,256	5,868,527
Total Assets	23,924,768	23,532,705
 Deferred Outflows of Resources	 107,780	 95,664
 Liabilities		
Current liabilities	220,217	133,070
Long-term liabilities	8,314,934	6,709,855
Total Liabilities	8,535,151	6,842,925
 Deferred Inflows of Resources	 8,644	 24,049
 Net Position		
Invested in capital assets, net of related debt	5,430,256	5,868,527
Restricted	1,723,593	3,071,292
Unrestricted	8,334,904	7,821,576
Total Net Position	\$ 15,488,753	\$ 16,761,395

Net position may serve as a useful indicator of the Administration's financial position. Assets exceeded liabilities by \$15.5 million and \$16.7 million at the close of the fiscal years 2020 and 2019, respectively.

Administration resources that are subject to external restrictions on how they may be used represent \$1.7 million for fiscal year 2020 and \$3.0 million for fiscal year 2019. Such resources are restricted for debt service, renewal and replacement and landfill closure. The balance of unrestricted net position for fiscal years 2020 and 2019, \$8.3 and \$7.8 million, respectively, will be used for new cell construction, equipment and closure and post-closure costs of existing cells in excess of the amounts

escrowed. The Board has earmarked these funds to avoid future rate increases or the possibility of seeking funds from the member Counties.

The remaining balance of net assets is represented by capital assets. This component of net assets consists of capital assets net of accumulated depreciation.

The following table summarizes the changes in net position for the years ended September 30, 2020 and 2019:

	2020	2019
Revenues		
Operating revenues	\$ 2,898,156	\$ 2,585,541
Net interest and investment income	248,927	348,423
Gain on disposition of capital assets	-	95,000
Total Revenues	3,147,083	3,028,964
Expenses		
Personnel services	560,587	530,351
Contracted services	898,899	400,597
Operating expenses	483,660	384,010
Depreciation	438,270	438,270
Change in closure and postclosure	1,538,309	(225,007)
Distributions	500,000	377,461
Total Expenses	4,419,725	1,905,682
Change in net position	(1,272,642)	1,123,282
Net position - beginning	16,761,395	15,638,113
Net position - ending	\$ 15,488,753	\$ 16,761,395

Revenues and Expenses

Operating revenues for the fiscal year 2020 increased \$312,615 from the prior year. Investment income for fiscal year 2020 decreased by \$99,496.

Personnel services increased by \$30,236, primarily due to an increase of \$25,063 in wages and \$3,430 increase in GASB 68 pension accruals.

Operating expenses increased \$99,650. Within operating expenses there was a decrease in tire disposal fees of \$7,430, and an increase in repairs and maintenance expenses of \$66,212.

Closure and postclosure care costs increased \$1,763,316 due to an increase in estimated costs of long-term closure and post-closure costs provided by the Administration's engineers as compared to these estimated costs from the prior year.

**AUCILLA AREA SOLID WASTE ADMINISTRATION
SOLID WASTE ENTERPRISE FUND
STATEMENT OF NET POSITION
September 30, 2020**

ASSETS	
Current assets	
Cash and cash equivalents	\$ 7,310,239
Investments	1,313,135
Accounts receivable - net	97,854
Due from other governments	195,147
Prepaid expenses	24,133
Accrued interest	3,062
Total current assets	<u>8,943,570</u>
Restricted assets	
Cash and cash equivalents	2,694,352
Investments	6,856,590
Total restricted assets	<u>9,550,942</u>
Fixed assets	
Non-depreciable assets:	
Land	424,330
Depreciable assets:	
Landfill costs	10,070,354
Buildings, machinery and equipment	2,629,945
Less accumulated depreciation	<u>(7,694,373)</u>
Total fixed assets	<u>5,430,256</u>
Total assets	<u>23,924,768</u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u>107,780</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	51,515
Customer deposits	95,194
Due to other governments	73,508
Total current liabilities	<u>220,217</u>
Long-term liabilities	
Accrued compensated absences	85,364
Accrued closure and postclosure costs	7,827,349
Net pension liability	402,221
Total long-term liabilities	<u>8,314,934</u>
Total liabilities	<u>8,535,151</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>8,644</u>
NET POSITION	
Invested in fixed assets	5,430,256
Restricted for landfill closure	1,723,593
Unrestricted	8,334,904
Total net position	<u>\$ 15,488,753</u>

See notes to financial statements.

AUCILLA SOLID WASTE ADMINISTRATION

SOLID WASTE ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Year Ended September 30, 2020

Operating revenues	
Charges for services	\$ 2,898,110
Miscellaneous	46
Total operating revenues	<u>2,898,156</u>
Operating expenses	
Personnel services	560,587
Contracted services	898,899
Operating expenses	483,660
Depreciation	438,270
Total operating expenses	<u>2,381,416</u>
Operating income	516,740
Nonoperating revenues and (expenses)	
Interest income	248,927
Closure and postclosure care adjustment	(1,538,309)
Distributions	(500,000)
Total nonoperating revenues	<u>(1,789,382)</u>
Change in net position	(1,272,642)
Total net position - beginning of year	<u>16,761,395</u>
Total net position - end of year	<u>\$ 15,488,753</u>

See notes to financial statements.

**AUCILLA AREA SOLID WASTE ADMINISTRATION
SOLID WASTE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended September 30, 2020**

Cash flows from operating activities	
Cash received from cutomers and others	\$ 2,903,002
Cash paid to employees for services	(509,655)
Cash paid for contracted services	(919,727)
Cash paid to suppliers for goods and services	(448,765)
Net cash provided by operating activities	<u>1,024,855</u>
Cash flows from non-capital related financing activities	
Distributions	(475,221)
Net closure adjustment	(8,000)
Net cash used for non-capital related financing activities	<u>(483,221)</u>
Cash flows from investing activities	
Proceeds from investment maturities	1,677,671
Interest income	249,860
Net cash provided by investing activities	<u>1,927,531</u>
Net increase in cash	2,469,165
Cash and cash equivalents, beginning of year	<u>7,535,426</u>
Cash and cash equivalents, end of year	<u><u>\$ 10,004,591</u></u>
Classified As:	
Current Assets	6,701,355
Restricted Assets	834,071
	<u><u>\$ 7,535,426</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating Income	<u>\$ 516,740</u>
Adjustments to reconcile increase in net position to net cash provided by operating activities:	
Depreciation	438,270
Decrease (increase) in current assets:	
Accounts receivable	(38,454)
Prepays	(1,319)
Deferred outflows of resources	(12,116)
Due from other governments	(17,145)
(Decrease) increase in current liabilities:	
Accounts payable and accrued liabilities	36,214
Customer deposits	43,300
Compensated absences	7,178
Net pension liability	67,592
Deferred inflows of resources	(15,405)
Total adjustments	<u>508,115</u>
Net cash provided by operating activities	<u><u>\$ 1,024,855</u></u>

See notes to financial statements.

**AUCILLA AREA SOLID WASTE ADMINISTRATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Aucilla Area Solid Waste Administration conform to generally accepted accounting principles for governmental entities. The following is a summary of significant accounting policies.

Reporting Entity

The Aucilla Area Solid Waste Administration is an organization established by an Interlocal agreement between Taylor County, Florida, Madison County, Florida, Jefferson County, Florida, and Dixie County, Florida. The purpose of this entity is to facilitate, through the collective effort of the counties involved, solid waste disposal through the establishment and operation of a joint solid waste disposal facility. The entity began accepting solid waste in December, 1992.

The governing board of this entity is composed of four County Commissioners, one representing each county. The Board elects its officers and manages the Aucilla Area Solid Waste Administration.

Fund Accounting

The Aucilla Area Solid Waste Administration's accounting records are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity, with a self-balancing set of accounts recording financial resources with all related liabilities, revenues and residual equities, or changed therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Proprietary funds are used to account for activities similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration.

All of the Aucilla Area Solid Waste Administration's financial operations are accounted for in a proprietary fund. The Administration has elected to apply applicable GASB statements as opposed to statements issued by the Financial Accounting Standards Board after November 30, 1989.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary-type funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of those funds are included in the statement of net position. The difference between the Administration's assets and its liabilities is its net position. Net position is presented in three components: invested in capital assets, net of related debt; restricted (distinguishing between major categories of restrictions); and unrestricted. Proprietary fund-type operating statements present increases (e.g. revenues) and decrease (e.g. expenses) in net position.

The accrual basis of accounting is utilized by proprietary-type funds. Under this method revenue is recognized when earned and expenses are recorded at the time liabilities are incurred.

Budgets are prepared on the relevant basis of accounting described for each fund. The Administration adopted a budget in September of 2019 for the fiscal year ending September 30, 2020.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the Administration are charges to customers for dumping fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonoperating revenues and expenses are items such as investment income, gains and losses on investments, interest on short and long term borrowings and closure and post closure care expenses.

When both restricted and unrestricted resources are available for use, it is the Administration's policy to use restricted resources, as they are needed.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

- A. Cash and Investments** – Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, *Florida Statutes*.

Investments consist of amounts placed with Capital City Trust Company and the State Board of Administration for participation in the Florida PRIME investment pool created by Sections 218.405 and 218.417, *Florida Statutes*, and those made locally. The local investments operate under the guidelines established by Section 218.415, *Florida Statutes*. The Administration's investments in the Pool, which the State Board of Administration indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of September 30, 2020, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

Investments made locally consist of certificates of deposit and are reported at fair value. Types and amounts of investments held at fiscal year end are described in a subsequent note on investments.

For financing reporting purposes, investments are categorized to give an indication of the level of custodial credit risk assumed by the Administration at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the Administration or its agent in the Administration's name. At year end the Administration's investments was classified as Category 1.

Capital Assets

All capital assets owned by the Administration, are reflected at cost on the balance sheet.

Depreciation of capital assets is charged as an expense against operations. Accumulated depreciation is classified on the balance sheet as a contra-asset account. Depreciation has been calculated over the estimated useful life using the straight-line method. The relevant estimated useful lives are as follows:

Buildings	20-25 years
Equipment	3-10 years
Landfill Cost - Cell I	6 years
Landfill Cost - Cell II	10 years
Landfill Cost - Class III Cell	1 year
Landfill Cost - Leachate, Stormwater, Roadways, Engineering, etc.	42 years
Landfill - Mobilization, Site Prep, etc.	20 years

Capitalization of Interest

Interest is capitalized for assets constructed with tax-exempt debt. The amount of interest capitalized is calculated by offsetting interest expense incurred from the date of project completion with interest earned on the invested proceeds over the same period. No interest was capitalized in fiscal year ended September 30, 2020.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and investments with original maturities of ninety days or less.

Compensated Absences

Each employee may accumulate 12 to 20 vacation days, depending on years of service, and 12 days of sick leave per year. Employees are paid for 50% of their sick leave upon retirement but not upon other termination. Vacation days may not exceed 30 working days on January 1st of each year. The Administration accrues a liability for compensated absences based on the following:

1. The administrative obligation related to employees' right to receive compensation for future absences attributable to employees' services rendered.
2. The obligation relates to vested rights.
3. The payment of compensation is probable.
4. The amount can be estimated.

In accordance with the above criteria, the Administration has accrued a liability for vacation pay which has been earned but not taken by the Administration's employees. In addition, 50% of employees' sick leave has been accrued. The liability for compensated absences is recorded as an accrued liability.

Encumbrances

The Administration does not use encumbrance accounting.

Operating Revenues

The Administration's statement of revenues, expenditures and changes in fund net position distinguishes between operating revenues and nonoperating revenues. Operating revenues result from exchange transactions associated with providing a solid waste disposal facility. Nonexchange revenues including grants and contributions received for purposes other than capital assets acquisitions are reported as nonoperating revenues.

Risk Management

The Administration is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruptions; errors and omissions; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

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, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on pensions in the government-wide statement of net position. Deferred outflows on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred outflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the Town's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. Contributions to pension plans made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which is related to pensions. Deferred inflows on pension plan investments exceed actual earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the Town's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan.

Net Position

Net position comprises the various net earnings from operating income and nonoperating revenues and expenses. Net position is classified in the following components:

- Invested in capital assets, net of related debt—This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted—This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position—This component of net position consists of net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

NOTE 2. DEPOSITS AND INVESTMENTS

1. Deposits

At September 30, 2020, the carrying amount of the Administration’s bank deposits was \$10,004,591. All deposits with financial institutions were 100% insured by federal depository insurance or by collateral provided by qualified public depositories to the State Treasurer pursuant to the Public Depository Security Act of the State of Florida. The Act established a Trust Fund, maintained by the State Treasurer, which is a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a member fails.

2. Investments

As of September 30, 2020, the Administration had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificates of Deposit	One year or less	\$ 807,857
CDAR's	One year or less	505,278
Total unrestricted investments		<u>\$ 1,313,135</u>
Fixed income securities		
U.S. Government agencies	3/4/2020 to 12/31/2021	282,782
U.S. Treasury bonds and notes	10/31/2019 to 12/31/2022	3,556,801
Florida PRIME	48 days	3,017,007
Total restricted investments		<u>6,856,590</u>
Total investments		<u>\$ 8,169,725</u>

A. Florida PRIME

The Administration's investment in Florida PRIME is administered by the Florida State Board of Administration (SBA). Florida PRIME is an external investment pool that is not a registrant with the SEC; however, the SBA has adopted operating procedures consistent with the requirements for a SEC rule 2a-7 fund. Florida PRIME is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of Florida PRIME. Additionally, the State of Florida, Office of the Auditor General performs the operational audit of the activities and investments of the SBA. Throughout the year and as of September 30, 2020, Florida PRIME contained certain floating rate and adjustable-rate securities that were indexed based on the prime rate and/or one and three month LIBOR. These floating rate and adjustable rate securities are used to hedge against interest risk and provide diversification to the portfolio. Exposure to a single issuer is limited to 5% of the portfolio's amortized cost. Investments in Florida PRIME are not evidenced by securities that exist in physical or book entry form. The current rating for the Florida PRIME is AAAM by Standard and Poors. The weighted average days to maturity of the Florida Prime at September 30, 2020 is 48 days. The fair value of the Administration's position in the pool approximates the value of the pool shares. At September 30, 2020, the Administration had \$3,017,007 invested in Florida PRIME. Florida PRIME's most recent financial statements can be found at:

<https://www.sbafla.com/prime/audits/tabid/582default.aspx>.

Fair Value Measurements

In February 2015, GASB issued GASB Statement No. 72. GASB 72 applicability related to the application of fair value is limited to assets and liabilities that are currently measured at fair value and certain investments that are not currently measured at fair value.

Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, the participant account balance is considered the fair value of the investment. Florida PRIME investment is exempt from the GASB 72 fair value hierarchy disclosures.

As of September 30, 2020, the Administration's investment in Florida PRIME investment pool is rated AAAM by Standard & Poors.

Investment Objective

The primary investment objectives for Florida PRIME, in priority order, are safety, liquidity, and competitive returns with minimization of risks. Investment performance of Florida PRIME will be evaluated on a monthly basis against the Standard & Poors U.S. AAA & AA Rated GIP All 30 Day Net Yield Index. While there is no assurance that Florida PRIME will achieve its investment objectives, it endeavors to do so by following the investment strategies described in its policies.

Interest Rate Risk

The dollar weighted average days to maturity (WAM) of Florida Prime at September 30, 2020, is 48 days. Next interest rate reset dates for floating rate securities are used in the calculation of WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2020, is 63 days.

Foreign Currency Risk

Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2019 through September 30, 2020.

Securities Lending

Florida PRIME did not participate in a securities lending program in the period from October 1, 2019 through September 30, 2020.

Fair Value Hierarchy

Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost; therefore, participant account balances should also be reported at amortized cost.

B. Other Investments Measurements

Other investments solely consist of fully-backed U.S. government securities.

Fair Value Measurements

The framework for measuring fair value provides 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 or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

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

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

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

The asset or liability's 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 methodologies used for asset measured at fair value. There have been no changes in the valuation methodologies used at September 30, 2020 and 2019.

U.S. government securities: The fair values of U.S. government securities are based on yields currently available on identical securities being traded on the open market.

The following table sets forth by level, within the fair value hierarchy, the Administration's assets at fair value as of September 30:

Assets:	2020			Total
	Level 1	Level 2	Level 3	
U.S. government securities	\$ 282,782	\$ -	\$ -	\$ 282,782
U.S. Treasury bonds and notes	3,556,801	-	-	3,556,801
	<u>\$ 3,839,583</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,839,583</u>

NOTE 3. ACCOUNTS RECEIVABLE & DUE FROM OTHER GOVERNMENTS

Accounts receivable totaling \$97,854 constitutes the balance due at September 30, 2020 for landfill services rendered to the public. The amount of accounts receivable due from governmental customers was \$195,147. The allowance for uncollectible accounts was \$0 as of September 30, 2020. This was based on a history of full collectability of accounts receivable.

NOTE 4. RESTRICTED ASSETS

As of September 30, 2020, the Administration had the following restricted assets:

Landfill closure escrow funds	
Cash and cash equivalents - restricted	\$ 2,694,352
Investments - restricted	6,856,590
Total landfill closure escrow funds	<u>\$ 9,550,942</u>

These assets consist of cash and investments restricted for landfill closure and postclosure costs as required by state law.

NOTE 5. CAPITAL ASSETS

A summary of capital assets of the Administration at September 30, 2020 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable:				
Land	\$ 424,330	\$ -	\$ -	\$ 424,330
Depreciable:				
Landfill costs	10,070,354	-	-	10,070,354
Building and improvements	350,214	-	-	350,214
Equipment and machinery	2,279,732	-	-	2,279,732
Total capital assets	13,124,630	-	-	13,124,630
Less accumulated depreciation	(7,256,103)	(438,270)	-	(7,694,373)
Net assets	<u>\$ 5,868,527</u>	<u>\$ (438,270)</u>	<u>\$ -</u>	<u>\$ 5,430,257</u>

Depreciation for the year ended September 30, 2020, was \$438,270.

NOTE 6. DUE TO OTHER GOVERNMENTS

At September 30, 2020, the amount due to other governments of \$73,508 reflects the amount due to Taylor County for the landfill surcharges collected for Taylor County and later remitted to the County and rebates due to the County members.

NOTE 7. LONG-TERM LIABILITIES

During the year ended September 30, 2020, the following changes occurred in long-term debt.

	Balances 09/30/19	Additions	Deductions	Balances 09/30/20
Compensated absences	\$ 78,186	\$ 7,178	\$ -	\$ 85,364
Net pension liability	334,629	67,592	-	402,221
Accrued closure and postclosure costs	6,297,040	1,530,309	-	7,827,349
	<u>\$ 6,709,855</u>	<u>\$ 1,605,079</u>	<u>\$ -</u>	<u>\$ 8,314,934</u>

NOTE 8. CLOSURE AND POSTCLOSURE CARE COST

The Administration has obtained engineering estimates of closure construction costs and future costs to monitor sanitary landfill sites as required by U.S. Environmental Protection Agency (EPA) and Florida Department of Environment Protection (FDEP) regulations and the related provisions of Governmental Accounting Standards Board Statement No. 18. State and federal laws and regulations require the Administration to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste. The Administration reports a portion of these closure and postclosure care costs as an operating expense each period based on landfill capacity used as of each balance sheet date. The \$7,827,349 reported as landfill closure and postclosure care liability at September 30, 2020, represents the amount reported to date based on the approximate use of 82 percent of the currently active Class I landfill's estimated capacity and 72 percent of the currently active Class III landfill's estimated capacity. Changes in the estimated costs provided by the Administration's engineers resulted in a \$1,538,309 increase in the closure and postclosure care liabilities for fiscal year 2020. The Administration will recognize the remaining estimated cost of closure and post closure care of \$1,936,644 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2020 utilizing an outside contractor. The Administration expects to close the present footprint of the landfill in the year 2055. Actual cost may be higher or lower due in inflation, changes in technology, or changes in regulations.

Estimates by nature have a potential for change due to inflation, deflation, technology, or applicable laws or regulations. Therefore, the actual costs for future landfill closure and postclosure care costs may differ from projections.

The Administration is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The Administration is in compliance with these requirements. At September 30, 2020, cash and investments of \$9,550,942 are held for these purposes. These are reported as restricted assets on the balance sheet. The Administration expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are

determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users other sources.

Each year's "Landfill Management Escrow Accounting Schedule of Activity" report is prepared by the Administration and audited by independent auditors. This report is delivered to the Florida Department of Environmental Protection (FDEP) as evidence the Administration is complying with the escrow requirements of Section 62-701.630(5)(c) of the Florida Administrative Code. Copies of this report will be provided upon request by contacting the Administration.

NOTE 9. RETIREMENT PLANS

Florida Retirement System:

General Information - All of the Administration's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

Pension Plan

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited

service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, and Senior Management Service class members, Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020, respectively, were as follows: Regular—8.47% and 10.0%; Senior Management Service—25.41% and 27.29%; and DROP participants—14.60% and 16.98%. These employer contribution rates include 1.66% and 1.66% HIS Plan subsidy for the periods October 1, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020, respectively.

The Administration's contributions, including employee contributions, to the Pension Plan totaled \$40,637 for the fiscal year ended September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2020, the Administration reported a liability of \$284,194 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Administration's proportionate share of the net pension liability was based on the Administration's 2019-20 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the Administration's proportionate share was 0.000655709 percent, which was a decrease of 0.18 percent from its proportionate share measured as of June 30, 2019.

For the fiscal year ended September 30, 2020, the Administration recognized pension expense of \$35,334. In addition the Administration reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,877	\$ -
Changes in assumptions	51,448	-
Net difference between projected and actual earnings on Pension Plan investments	16,921	-
Changes in proportion and differences between Pension Plan contributions and proportionate share of contributions	826	(1,471)
Pension Plan contributions subsequent to the measurement date	7,600	-
Total	<u>\$ 87,672</u>	<u>\$ (1,471)</u>

The deferred outflows of resources related to the Pension Plan, totaling \$7,600 resulting from Administration contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>September 30</u>	<u>Amount</u>
2021	\$ 16,198
2022	25,227
2023	21,443
2024	12,819
2025	2,914
Thereafter	-
	<u>\$ 78,601</u>

Actuarial Assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Discount rate	6.80%

Mortality rates were based on the PUB-2010 Base Table generational mortality using gender specific MP-2018 mortality improvement projection scale.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.20%	2.20%	1.20%
Fixed income	19.00%	3.00%	2.90%	3.50%
Global equity	54.20%	8.00%	6.70%	17.10%
Real estate	10.30%	6.40%	5.80%	11.70%
Private equity	11.10%	10.80%	8.10%	25.70%
Strategic investments	4.40%	5.50%	5.30%	6.90%
Total	<u>100.00%</u>			
Assumed Inflation - Mean			2.40%	1.70%

(1) As outlined in the Pension Plan's investment policy

Discount Rate - The discount rate used to measure the total pension liability was 6.80%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Administration's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Administration's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the Administration's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate:

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
Administration's proportionate share of the net pension liability	<u>\$ 453,810</u>	<u>\$ 284,194</u>	<u>\$ 142,530</u>

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2020, the Administration did not have any payables to report for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2020.

HIS Plan

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement

systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2020, the HIS contribution for the period October 1, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020 was 1.66% and 1.66%, respectively. The Administration contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Administration’s contributions to the HIS Plan, including employee contributions, totaled \$8,917 for the fiscal year ended September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2020, the Administration reported a liability of \$118,027 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Administration’s proportionate share of the net pension liability was based on the Administration’s 2019-20 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the Administration's proportionate share was 0.0009666629 percent, which was a decrease of 0.23 percent from its proportionate share measured as of June 30, 2019.

For the fiscal year ended September 30, 2020, the Administration recognized pension expense of \$4,738. In addition the Administration reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,828	\$ (91)
Change of assumptions	12,390	(6,863)
Net difference between projected and actual earnings on HIS Plan investments	94	-
Changes in proportion and differences between HIS Plan contributions and proportionate share of contributions	1,223	(219)
HIS Plan contributions to subsequent to the measurement date	1,573	-
Total	\$ 20,108	\$ (7,173)

The deferred outflows of resources related to the HIS Plan, totaling \$1,573 resulting from Administration contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

<u>September 30</u>	<u>Amount</u>
2021	\$ 3,228
2022	2,394
2023	654
2024	1,519
2025	2,069
Thereafter	1,799
	<u>\$ 11,663</u>

Actuarial Assumptions - The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal bond rate	2.21%
Real growth rate	0.85%

Mortality rates were based on the PUB-2010 Base Table generational mortality using the gender specific MP-2018 mortality improvement projection scale.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate - The discount rate used to measure the total pension liability was 2.21%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Administration's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Administration's proportionate share of the net pension liability calculated using the discount rate of 2.21%, as well as what the Administration's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	1.21%	2.21%	3.21%
Administration's proportionate share of the net pension liability	<u>\$ 137,562</u>	<u>\$ 118,027</u>	<u>\$ 103,812</u>

Pension Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2020, the Administration did not have any payables to report for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2020.

NOTE 10. INTERLOCAL AGREEMENT

The Interlocal Agreement entered into by the four counties that own and operate the landfill contains a clause to equalize to Dixie County the transportation cost associated with hauling waste from Dixie County to a point designated in Taylor and Jefferson Counties. The host county (Madison) will be exempt from this clause. The agreement, as amended on July 17, 1995, provides that the amounts to be paid shall not exceed \$44,000 for Taylor County and \$25,000 for Jefferson County.

NOTE 11. BUDGETARY PROCESS

The Administration follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. In May the Budget Committee begins preparing a budget for the fiscal year commencing the following October 1.
- b. In June the Administration adopts and approves the budget.
- c. The budget is adopted on a basis consistent with generally accepted accounting principles. The legal level of budgeting control is the fund level.

NOTE 12. INVENTORIES

It has consistently been the policy of the Administration to record the acquisition of goods and supplies as expenditures at the time of purchase. The amount of such inventory on hand at any one time would be a nominal amount and considered to be immaterial.

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB)

The Administration is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the Administration or the retiree. Participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy". This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the Administration younger and statistically healthier active employees. GASB Statement 45 requires governments to report this cost and related liability in its financial statements.

Due to the fact that no retirees participated in the plan during the year and that it is anticipated that this situation will continue in the future because most employees work until they are eligible for Medicare benefits, management had determined that the Administration's OPEB obligation at year

end would be of a de minimis amount. Management will monitor this situation in the future and take appropriate steps to properly comply with this GASB Statement.

NOTE 14. CONTINGENCIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) was characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Administration. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUCILLA AREA SOLID WASTE ADMINISTRATIONS
PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Administration's proportion of the FRS net pension liability	0.000655709%	0.000656891%	0.000660046%	0.000657845%	0.000648280%	0.000673716%	0.000665446%
Administration's proportionate share of the FRS net pension liability	\$ 284,194	\$ 226,224	\$ 198,809	\$ 194,586	\$ 163,691	\$ 87,019	\$ 84,435
Administration's proportion of the HIS net pension liability	0.000966663%	0.000968857%	0.000969093%	0.000968698%	0.000964992%	0.000931463%	0.00092919%
Administration's proportionate share of the HIS net pension liability	<u>118,027</u>	<u>108,405</u>	<u>102,570</u>	<u>103,578</u>	<u>112,466</u>	<u>94,995</u>	<u>86,884</u>
Administration's proportionate share of the total net pension liability	<u>\$ 402,221</u>	<u>\$ 334,629</u>	<u>\$ 301,379</u>	<u>\$ 298,164</u>	<u>\$ 276,157</u>	<u>\$ 182,014</u>	<u>\$ 171,319</u>
Administration's covered-employee payroll	\$ 341,657	\$ 328,115	\$ 315,815	\$ 311,677	\$ 315,360	\$ 287,281	\$ 287,281
Administration's proportionate share of the net pension liability as a percentage of its covered-employee payroll	117.73%	101.99%	95.43%	95.66%	87.57%	63.36%	59.63%
Plan fiduciary net position as a percentage of the total pension liability	74.46%	78.22%	79.86%	79.30%	79.36%	92.00%	92.00%

Note 1) The amounts presented for each year were determined as of the June 30 year end of the Florida Retirement System.

*GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUCILLA AREA SOLID WASTE ADMINISTRATION'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS*

	2020	2019	2018	2017	2016	2015	2014
Contractually required FRS contribution	\$ 21,471	\$ 21,587	\$ 19,776	\$ 18,169	\$ 17,596	\$ 17,248	\$ 15,830
Contractually required HIS contribution	8,917	5,702	5,524	5,439	5,505	3,786	3,475
Total Contractually Required Contributions	30,388	27,289	25,300	23,608	23,101	21,034	19,305
Contributions in relation to the contractually required contribution	(30,388)	(27,289)	(25,300)	(23,608)	(23,101)	21,034	(19,305)
Contribution deficiency (excess) ^	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administration's covered-employee payroll	\$ 341,657	\$ 328,115	\$ 315,815	\$ 311,677	\$ 315,360	287,281	275,416
Contributions as a percentage of covered-employee payroll	8.89%	8.32%	8.01%	7.57%	7.33%	7.32%	7.01%

*GASB requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
AUCILLA AREA SOLID WASTE ADMINISTRATION'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY AND REQUIRED CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
For the Fiscal Year End September 30, 2020**

Net Pension Liability

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of September 30, 2020, are shown below (in thousands):

	<u>FRS</u>	<u>HIS</u>
Total pension liability	\$ 204,909,739	\$ 12,588,098
Plan fiduciary net position	<u>(161,568,265)</u>	<u>(378,261)</u>
	<u>\$ 43,341,474</u>	<u>\$ 12,209,837</u>
 Plan fiduciary net position as a percentage of the total pension liability	 78.85%	 3.00%

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated June 30, 2020. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

The HIS actuarial valuation was prepared as of July 1, 2019, and update procedures were used to determine liabilities as of June 30, 2020. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the Plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

Basis for Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the System's fiscal years ending June 30, 2015 - June 30, 2020, for employers that were members of the FRS and HIS during those fiscal years. For fiscal year 2020, in addition to contributions from employers the required accrued contributions for the Division (paid on behalf of the Division's employees who administer the Plans) were allocated to each employer on a proportionate basis. The Division administers the Plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's CAFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable

for that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflow of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

Actuarial Methods and Assumptions

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2020 for the period July 1, 2013 through June 30, 2019. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both Plans is assumed at 2.40%. Payroll growth, including inflation, for both Plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.80%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.21% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both Plans were based on the Generational RP-2000 with Projection Scale BB tables (refer to the valuation reports for more information – See Additional Financial and Actuarial Information).

The following changes in actuarial assumptions occurred in 2020:

- **FRS:** The long-term expected rate of return was decreased from 6.90% to 6.80% and the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.
- **HIS:** The municipal bonds rate used to determine total pension liability was decreased from 3.50% to 2.21%.

SUPPLEMENTAL INFORMATION

AUCILLA AREA SOLID WASTE ADMINISTRATION

SOLID WASTE ENTERPRISE FUND

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL**

For the Fiscal Year Ended September 30, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance Final Budget Positive (Negative)
Operating revenues			
Charges for services	\$ 3,113,121	\$ 2,898,110	\$ (215,011)
Miscellaneous	502	46	(456)
Total operating revenues	<u>3,113,623</u>	<u>2,898,156</u>	<u>(215,467)</u>
Operating expenses			
Personnel services	508,136	560,587	(52,451)
Contracted services	265,444	898,899	(633,455)
Operating expenses	422,242	483,660	(61,418)
Depreciation	-	438,270	(438,270)
Total operating expenses	<u>1,195,822</u>	<u>2,381,416</u>	<u>(1,185,594)</u>
Operating income	1,917,801	516,740	(1,401,061)
Nonoperating revenues and (expenses)			
Interest income	30,000	248,927	218,927
Closure and postclosure care adjustment	(1,447,801)	(1,538,309)	(90,508)
Distributions	(500,000)	(500,000)	-
Total nonoperating revenues and (expenditures)	<u>(1,917,801)</u>	<u>(1,789,382)</u>	<u>128,419</u>
Change in net position	-	(1,272,642)	(1,272,642)
Total Net Position - beginning of year	16,761,395	16,761,395	-
Total Net Position - end of year	<u>\$ 16,761,395</u>	<u>\$ 15,488,753</u>	<u>\$ (1,272,642)</u>

See notes to financial statements.

COMPLIANCE SECTION

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

To the Honorable Board of Aucilla
Area Solid Waste Administration
Greenville, Florida

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 Aucilla Area Solid Waste Administration, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Aucilla Area Solid Waste Administration's basic financial statements, and have issued our report thereon dated June 26, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Aucilla Area Solid Waste Administration'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 Aucilla Area Solid Waste Administration's internal control. Accordingly, we do not express an opinion on the effectiveness of Aucilla Area Solid Waste Administration'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, we identified the following deficiency in internal control over financial reporting that we consider to be a significant deficiency in internal control over financial reporting.

**Finding 2013-1 (Excess of second succeeding year)
Financial Statement Preparation**

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the government does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in instances where Aucilla Area Solid Waste Administration is not capable of drafting the

financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

MANAGEMENT'S RESPONSE

We agree with this finding. We are a very small government and have used our available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. We likewise have confidence in our audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. Management reviews the annual financial reports and has the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. The report is formally presented by the auditor at a scheduled meeting of the Administration.

At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future.

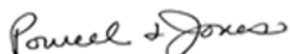
This response was not subjected to the auditing procedures applied in the audit and thus we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Aucilla Area Solid Waste Administration'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 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.



POWELL & JONES
Certified Public Accountants
Lake City, Florida
June 28, 2021

**MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

The Honorable Board of Aucilla
Area Solid Waste Administration
Greenville, Florida

We have audited the basic financial statements of the Aucilla Area Solid Waste Administration (the Administration) as of and for the year ended September 30, 2020, and have issued our report thereon dated June 28, 2021.

We have issued our 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* dated June 28, 2021. Disclosures in that report, should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards* issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida and require that the following be addressed in this letter:

PRIOR YEAR FINDINGS

There were no reportable findings in the previous year applicable to the management letter.

CURRENT YEAR FINDINGS

There were no reportable findings in the current year applicable to the management letter.

FINANCIAL COMPLIANCE MATTERS

Financial Emergency Status - We determined that the Administration had not met any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

Financial Condition Assessment Procedures - As required by the *Rules of the Auditor General* (Sections 10.554(1)(i)5.b. and 10.556(8), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

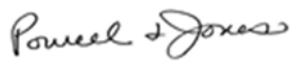
We noted no deteriorating financial conditions as defined by Rule 10.554(2)(f).

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

CONCLUSION

We very much enjoyed the challenges and experiences with our audit of the Administration. We appreciate the helpful assistance of Administration staff in completing our audit and also the generally high quality of the Administration's financial records and internal controls.

A handwritten signature in cursive script that reads "Powell & Jones".

POWELL & JONES
Certified Public Accountants
Lake City, Florida
June 28, 2021

INDEPENDENT ACCOUNTANT'S REPORT

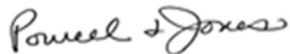
The Honorable Board of Aucilla
Area Solid Waste Administration
Greenville, Florida

We have examined Aucilla Area Solid Waste Administration's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2020. Management is responsible for the Administration's compliance with those requirements. Our responsibility is to express an opinion on the Administration'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, accordingly, included examining, on a test basis, evidence about the Administration'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 Administration's compliance with specified requirements.

In our opinion, the Administration complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

This report is intended solely for the information and use of the Aucilla Area Solid Waste Administration and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



POWELL & JONES
Certified Public Accountants
Lake City, Florida
June 28, 2021

Communication with Those Charged with Governance

The Honorable Board of Aucilla
Area Solid Waste Administration
Greenville, Florida

We have audited the financial statements of Aucilla Area Solid Waste Administration for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government *Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Aucilla Area Solid Waste Administration are described Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting Aucilla Area Solid Waste Administration's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 28, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

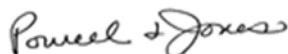
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board and management of Aucilla Area Solid Waste Administration, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



POWELL & JONES
Certified Public Accountants
Lake City, Florida
June 28, 2021