COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
County of Franklin Solid Waste Management Authority
Constable, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the County of Franklin Solid Waste Management Authority (the "Authority") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents. The financial statements of the Authority as of, and for the year ended, June 30, 2018 were audited by other auditors whose report dated October 18, 2018, expressed an unqualified opinion on those statements.

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 appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the County of Franklin Solid Waste Management Authority, as of June 30, 2019 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 the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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 purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and relate 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, Supplementary Information, as listed in the table of contents, 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 our report dated November 25, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

R.A. Mercer & Co., P.C.

R.A. Mercer & Co. P.C.

West Seneca, New York
November 25, 2019

The Authority Board Members

Warren Gaggin, Chairman

Boyce Sherwin, Treasurer

Greg Cook

Barry Dabiew

Dean Lefebvre

Edward Robideau

Brandon Titus

Executive Director

Todd Perry

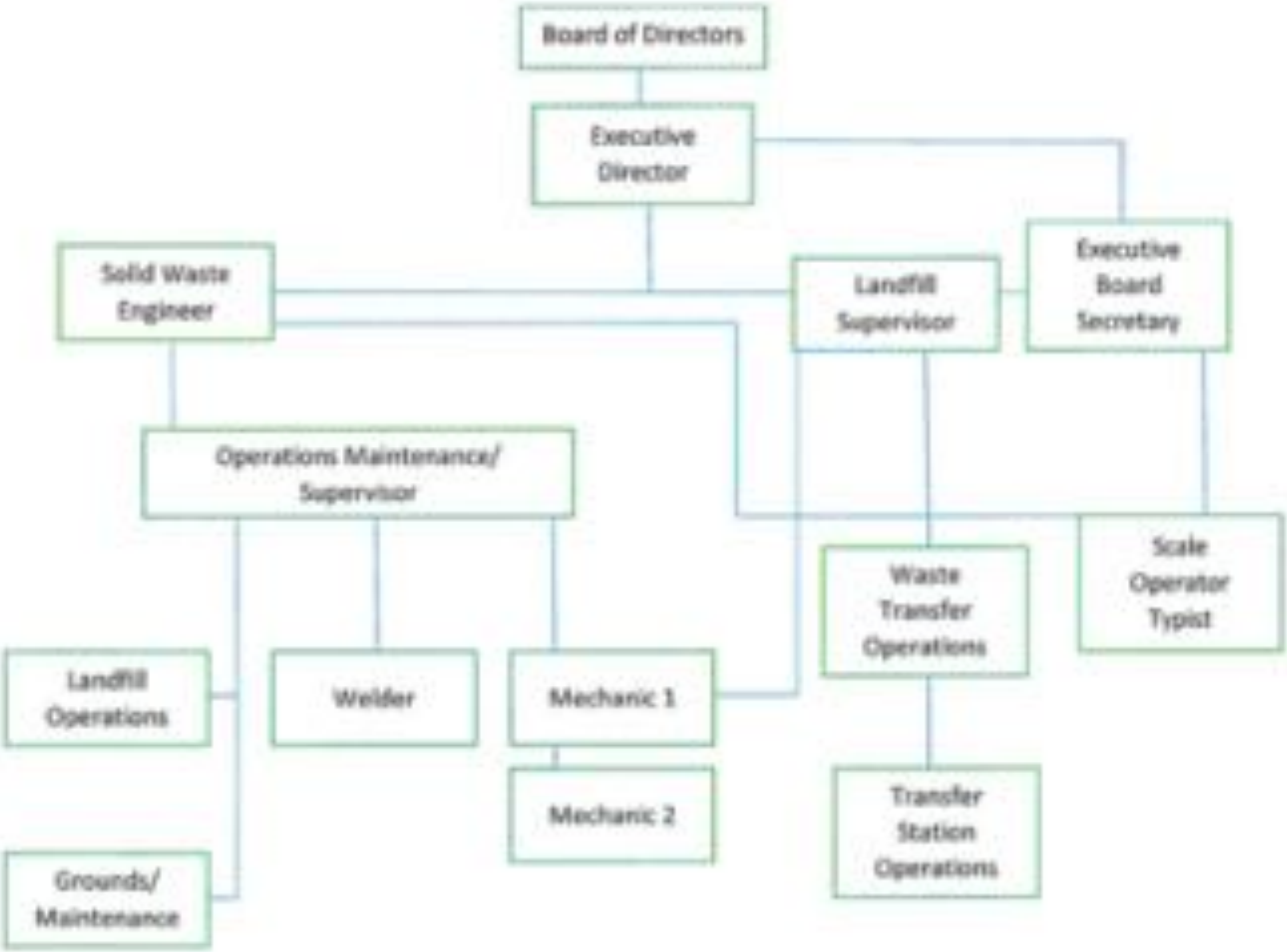
General Counsel

Brian Stewart

Auditors

R.A. Mercer & Co., P.C.

COUNTY OF FRANKLIN SOLID WASTE
MANAGEMENT AUTHRORITY
ORGANIZATIONAL CHART



MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the County of Franklin Solid Waste Management Authority (The Authority) presents the readers of our financial statements the following narrative overview and analysis of the financial activities for the fiscal year ending June 30, 2019. Please consider this information in conjunction with the additional information we have furnished in our letter of transmittal and the accompanying financial statements.

Financial Highlights

In 2019, the Authority experience landfill volumes somewhat higher than the historical average. This may reflect an improvement in the economy. It certainly contributed to our improved financial position. The Authority continues to develop other sources of MSW to increase revenue now that we have sufficient airspace available to market.

In fiscal year 2010, management turned the net position from a deficit to a surplus. The fund deficit peaked in 2000 at ($5,648,023). The fund deficit in 2005 was ($5,454,144). The fund deficit in 2006 was ($4,193,747). In 2007, we substantially reduced the fund deficit to ($2,662,513). In 2008, the fund deficit was reduced to ($890,680). In 2009, the fund deficit was ($572,345). As mentioned in the 2009 MD&A, management anticipated retiring the fund deficit in fiscal year 2010. In fiscal year 2010, the fund surplus was $366,251. In fiscal year 2011, management showed a surplus of $424,364.

In 2014 we implemented GASB No. 65, *Items previously reported as assets and liabilities*, which resulted in a change in accounting. Bond issuance costs are no longer deferred and amortized over the life of the bond repayment, but are expensed in the year they occur. To reflect this change in accounting, beginning net position has been restated for the years 2012 and balances were restated for the years presented. In 2012, it was previously reported that the fund surplus was $181,838, after the restatement for GASB No. 65, as discussed above, there was a deficit of ($144,994), due to additional closure costs associated with future estimated closure and post closure costs along with bond issuance costs of $229,311. In 2013, the restated current fund surplus is $257,240, previously reported as a surplus of $537,435. The fund surplus in 2014 decreased to $68,832. This was due to a loss in interest revenue of $202,623 and bond issuance costs of $277,722. The Authority increased tipping fees in April 2014 in anticipation of this change in position. Interest expense in 2016 was higher than 2015 with an increase of $118,539 due to the issuance of the Revenue Bond Series 2015 A&B. Net position in 2016 decreased by $862,216 after a restatement for the revision in the operating plan to extend the post closure period to 2074 and include post closure costs for the expansion cells. Without this change in estimate, the Authority recognized an increase in net position of $636,127. In 2017, 2018 and 2019, the net position increased by $4,084, $392,049, and $218,153 respectively.

The capital assets of the Authority, in the amount of $15,627,411 after depreciation, include land, buildings and equipment. Restricted cash and cash equivalents amount to $17,523,639.

In 2019, the Authority's revenues exceeded its expenses by $218,153. This is a decrease of

$173,896 over last year's results. The change is due to a number of factors including increases in operations and maintenance costs and well and bond issuance costs that were $165 thousand more than last year. Management continues to aggressively price beneficial use materials. Our objective is to receive the optimum price, while ensuring that materials are not shipped to our competitors due to a significant price differential.

In March 2015, the Authority issued Revenue Bond Series A & B for $8,550,000 and drew down $5,158,772 from EFC financing to construct Cell 5, pump house, force mains, leachate tank, shop and offices. In March 2015, the Authority refinanced a portion of the BANS through EFC at a reduced interest rate. In September 2016, the Authority issued 2016 EFC bonds in the amount of $11,342,974, using the proceeds to pay the 2014 EFC short term interest free refinancing $5,067,550 and EFC short term market rate refinancing $3,500,681 and to provide funds for local debt service reserve funds, provide funds for construction costs and bond issuance costs.

The DEC issued the Authority a permit to construct Cell 5 on January 28, 2014. In March, the Authority clear cut 20 acres of timber in anticipation of constructing Cell 5. In April 2014, the Authority signed a contract with Zoladz Construction of Alden, NY for the construction of Cell 5. Construction commenced in mid-April 2014 and was to be complete in November 2014. At the close of the 2015 fiscal year construction was not complete. The contract was completed in November 2015. The Authority was in litigation with the contractor. The Authority settled with the contractor subsequent to the year ended June 30, 2019 as noted in footnote 11 to these financial statements.

In October 2014, the Authority entered into a contract with Bette and Cring for the construction of new office and shop facilities. The facility was completed in fiscal year 2018 and placed in service.

In June of 2011, the Authority renewed an agreement with the Village of Malone which ensures the Authority access to the Malone WTTP for the disposal of leachate. The Authority and the Village continue to realize cost savings. We have developed a very good working relationship. This agreement ensures the Authority and the Village a cost-effective manner of dealing with leachate and sludge. We renewed the agreement in December 2015.

In September 2012, the Authority entered into an agreement with the St. Regis Mohawk Tribe Environmental Division to receive MSW from their transfer station in Fort Covington. This is a mutually beneficial arrangement which was renewed in 2014 and again in November 2017. The Authority receives 3,000 tons of waste from their Ft. Covington Transfer Station.

In May, 2019, the Authority formalized an agreement to continue receiving waste from Essex County through the end of 2024, with an option for a 5 year extension of the contract. During the year ended June 30, 2019, the Authority received 11,583 tons of waste from Essex County.

The Authority's total liabilities increased $5,752,876 in 2019 due to the issuance of a new bond in the amount of $6,155,000 netted with the normal bond and long-term debt payments.

Overview of the Financial Statements

The Authority is a single enterprise fund and presents its financial statements using the economic resources measurement focus and accrual basis of accounting. **This is the same measurement focus and basis of accounting employed by private-sector business enterprises**. This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. These include the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, Statements of Cash Flows, and notes to the financial statements.

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

The Statement of Revenues, Expenses, and Changes in Net Position is the basic financial statement of revenue and expense for proprietary funds. This statement provides the user information on the Authority's operating revenue and expenses, non-operating revenues and expenses, and whether the Authority's financial position has improved or deteriorated as a result of the year's operations.

The Statement of Cash Flows presents the change in the Authority's cash and cash equivalents during the period reported on. This information can assist the user of the report in determining how the Authority financed its activities and how it met its cash requirements.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the statements and can be found beginning on page 28 of this report.

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. The Authority's total net position increased $218,153 in fiscal year 2019. A condensed summary of the Authority's net position for fiscal year 2019, 2018, and 2017 is presented below.

	2019	2018	2017
Assets			
Current Assets	$ 1,296,966	912,158	1,146,075
Investments and Related Assets	19,190,348	11,786,223	11,414,187
Other Assets	965,029	1,379,252	1,458,245
Capital Assets	15,627,411	17,069,901	18,065,175
Total Assets	37,079,754	31,147,534	32,083,682
Deferred Outflows of Resources	203,361	567,907	382,307
Liabilities:			
Current Liabilities	3,407,572	3,319,659	3,928,522
Bonds Payable	27,245,000	21,980,000	22,857,974
Long-Term Debt	295,468	490,226	609,902
Other Liabilities	5,784,544	5,359,473	5,086,390
Pension Liability - ERS	327,674	158,024	411,605
Total Liabilities	37,060,258	31,307,382	32,894,393
Deferred Inflows of Resources	174,133	577,488	133,074
Net Position	$ 48,724	(169,429)	(561,478)

A summary of revenues, expenses and changes in net position for the years ending 2019, 2018, and 2017, is presented below:

	2019	2018	2017
Total Operating Revenues	$14,172,844	13,125,085	12,513,295
Total Operating Expenses	13,270,082	12,117,735	11,789,857
Operating Income	902,762	1,007,350	723,438
Other Income (Expense)	(684,609)	(615,301)	(719,354)
Increase (Decrease) in Net Position	$ 218,153	392,049	4,084

In September 2016, the Authority issued 2016 EFC bonds in the amount of $11,342,974, using the proceeds to pay the 2014 EFC short term interest free refinancing $5,067,550 and EFC short term market rate refinancing $3,500,681 and to provide funds for local debt service reserve funds, provide funds for construction costs and bond issuance costs.

The Authority has the long-term objective of accumulating funds to meet all future cell expansion, closure and post-closure requirements from annual revenues. In addition to setting aside funds for the closure and post closure funds in 2019, the Authority was able to set aside funds in the debt service reserve fund, equipment replacement fund and the rate stabilization fund.

To meet the above objectives, the Authority projects the timing and costs of equipment replacement, cell expansion and cell closure, utilizing assumptions that it deems reasonable and appropriate. The Authority's consulting engineer annually provides estimates of closure and post closure costs and estimates deposit requirements to the closure and post closure funds, as required by DEC.

In 2005, the Authority reviewed its Solid Waste Management Plan. An updated plan was adopted by the Board. It was submitted and approved by the DEC in May of 2006. The updated, fifteen-year solid waste management plan included an increase in permitted tonnage to 125,000 tons of MSW per year and an enlarged footprint to accommodate the increase in tonnage limits. The increase in tonnage was approved by the DEC in May of 2006. The enlarged footprint was approved and permitted January 28, 2014.

The Draft Environmental Impact Statement was completed by our consulting engineer and approved by the Authority Board in September 2008. The Authority negotiated and finalized a Host Community Benefit Package with the Towns of Constable and Westville. The Host Community Benefit Package was adopted in February 2009. The Final Environmental Impact Statement was completed in February 2009 and adopted by the Board in March 2009. The Authority Solid Waste Management Plan allows for the development of 145 acres of landfill over the next 100 years.

The adoption of the final EIS allowed us to acquire the properties needed for the development of the footprint and buffer for the landfill. The land acquisition was completed in October 2012.

The Authority completed the drilling of 12 exploratory borings during January and February 2010. This information along with the information from exploratory test pits completed in the fall of 2010, provided the necessary information to complete the hydro-geologic report. In the 2012 fiscal year, the Authority and their consulting engineer finalized the planning for the proposed footprint extension. The new landfill footprint will consist of 3 cells of about 8 acres. This footprint will provide solid waste capacity for about 20 years. The final report was submitted to the DEC in the fall of 2013. It was approved in January 2014. A permit was issued for construction of cell five and the future construction of cells 6 and 7. Construction of Cell 5 began in April 2014. The construction was not completed as expected in November 2014. Construction was completed in November 2015. The cell was opened for use December 3, 2015. The Authority was in litigation with the contractor. The Authority settled with the contractor subsequent to the year ended June 30, 2019 as noted in footnote 11 to these financial statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority continues to invest in capital assets. During 2019, the Authority purchased and installed a radiation detection system and also capitalized substantial repairs made to its compactor.

During 2018, the new administration, scale house & maintenance facility was completed and placed in service. The Authority purchased during 2018, a JCB telescopic handler, a new scale in the Malone transfer station and a used loader from New York State. During fiscal year 2017, the Authority purchased a 2017 Freightliner roll off truck and a new Caterpillar 826K compactor. During the fiscal year 2016, the construction of cell #5 was completed and placed in service along with the leachate pump stations & controls, the new leachate tank and electrical upgrades.

In 2014, a 3/4-ton Ford was purchased to replace our old pickup which was 12 years old and the construction of Cell 5 began.

In 2013, three new pieces of heavy equipment were acquired for landfill operations.

In fiscal year 2012, the major investment in capital assets by the Authority was the acquisition of land for the expansion of the landfill. A blazer pickup truck for landfill use and a front-end loader for use at transfer stations were acquired in 2012.

The Authority currently uses approximately one acre per year of cell space. Cell 5 began receiving waste in December 2015. It is 7 acres in size and will be full in fiscal year 2023. Cells 6 and 7 have about 15 acres in total remain to be built. Cell 4 is almost full and will be closed in the near future.

Equipment Replacement Fund ("ERF")

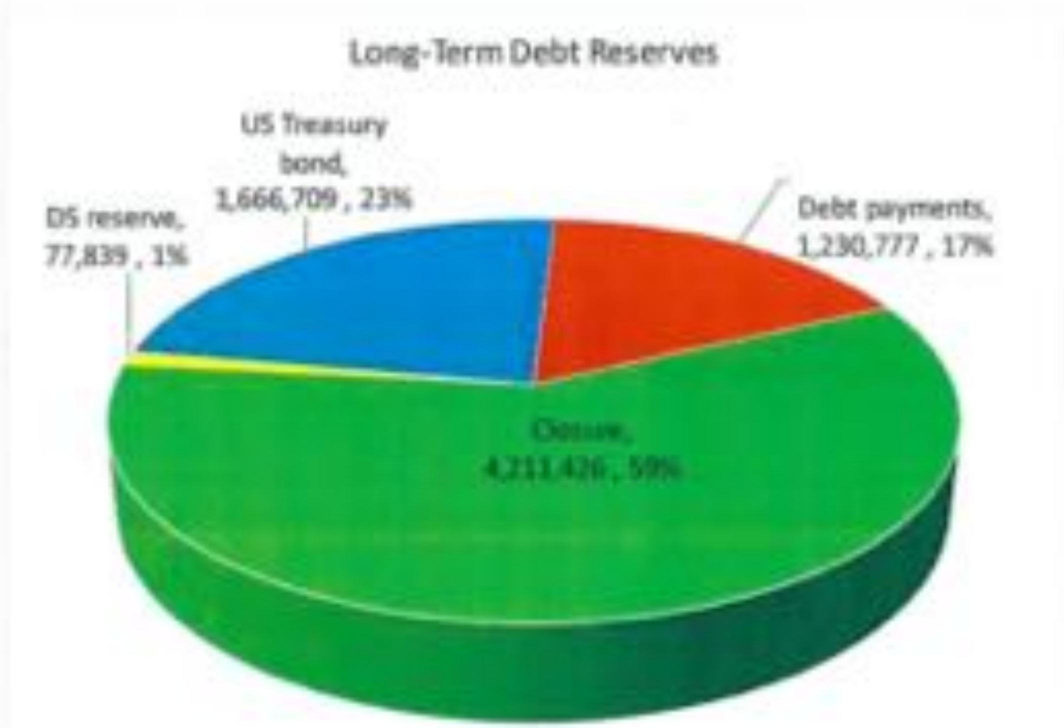
The ERF is funded to provide funds to replace or refurbish equipment and other physical assets of the Authority. Deposits are made to the ERF to meet current equipment payment costs. These deposits are reviewed annually in the Authority's budget process.

During 2019, the Authority purchased and installed a radiation detection system and also made substantial repairs to its compactor which were capitalized. 2018, the Authority purchased a JCB telescopic handler, a new scale in the Malone transfer station and a used loader from New York State. In 2017, the Authority replaced the Tupper Lake Scales with hydraulic scales to improve scale performance. In 2017, the Authority added a 2017 Freightliner roll off truck to our truck fleet and a new 826 K compactor was purchased to replace our 1992 826 C. In 2016, we converted the Lake Clear Scales to hydraulic from electronic to improve scale performance. We will continue updating our equipment in 2019. The continuing replacement of equipment coincides with our long-term objectives of replacing equipment on a timely basis.

Long-Term Debt

The Authority is required to maintain in the DSRF the equivalent of one year's outstanding capital and interest payments for the bonds issued.

As of June 30, 2019, the balance held in the Debt Service Reserve Fund was $1,744,548 as required by Bond resolution. The following chart show the long-term debt reserves by category.



On July 15, 2008 the Authority issued $5,640,000 in Revenue Bonds, Series 2008. On September 17, 2003, the Authority issued $9,840,000 in Refunding Revenue Bonds, Series 2003A and $970,000 in Refunding Revenue Bonds, Series 2003B (Taxable) for the purpose of refunding $9,915,000 outstanding principal of the Authority's $20,830,000 Solid Waste Revenue Bonds, Series 1993. At the close of fiscal year 2007, the Authority had $9,105,000 in outstanding revenue bonds. The advance refunding of the Series 1993 bonds reduced the Authority's aggregate debt service payments by approximately $1,200,000 and produced an economic gain of $613,394. As part of the financing, the Authority's overall credit was reviewed. The Authority's overall credit rating was raised from a **BBB- to a BBB+**. In 2009, Standard and Poor's reviewed the rating of Franklin County Solid Waste Authority. The overall review was positive and the Authority's rating was raised **from BBB+ to A-**, a significant improvement in these times. In 2012, the Authority issued $4,883,923 in bonds for the acquisition of land which will meet future landfill and buffer requirements.

The Authority issued $15,450,000 in BAN's in March 2014, for the construction of Cell 5 and ancillary facilities. In March 2015, a portion of the BANs were converted to short term EFC funding. The remaining $8,720,000 was converted to long term bonds. The Authority converted the short-term EFC funding to bonds in September 2016.

In 2019, the Authority issued $6,155,000 in Revenue Bonds, Series 2019, the proceeds of which are to be used to fund the construction of Cell 6 and ancillary facilities, to pay for the issuance costs, and to partially fund the debt service reserve.

Additional information on the bonds payable may be found in Notes 3 and 4- Bans (Revenue Anticipation Notes) and Bonds Payable of the notes to the financial statements starting on page 31 of this report. Further information on long-term debt with respect to equipment financing may be found in Note 5- Long-Term Debt of the notes to the financial statements on page 33 of this report

Closure and Post-Closure & Other Reserves

The Authority is required to file, and have approved by the DEC, a closure and post-closure plan and the financial mechanism for funding the plan.

In addition to the bonds payable, the Authority has an obligation to close the landfill site and perform post closure monitoring. Funds for these expenses are evaluated annually and set aside for those future requirements. See Note 6 - Environmental and Closure Accrual for Landfill on page 34.

The Authority retains a consulting engineer to estimate the requirement for closure and post-closure care costs utilizing projected future closure costs, post-closure costs and current regulations. Based on the current estimate, the Authority is setting aside $258,800 annually for deposit to the closure/post-closure reserves. The reserve funding requirements are incorporated in current tipping fees and are deposited to the reserve funds on a monthly basis.

As of June 30, 2019, the cash balances held in the Closure and Post Closure reserve funds was $4,211,427. The current post closure monitoring cash reserve fund balance is $1,835,599. The current closure construction cash reserve fund balance is $2,375,828 which reflects the drawdown for the partial closure of part of Cell 3. The Authority continues to contribute to the fund to provide for final closure of Cell 3 and 4.

HISTORICAL AND STATISTICAL DATA

Capacity

Existing Capacity: As of June 30, 2016, Cell 5 had a capacity of 437,000 cubic yards or about 5 years of life. As of June 30, 2017, it had a capacity of 348,093 cubic yards or about 4 years of life. As of June 30, 2018, it had a capacity of 242,539 cubic yards or about 3 years of life. As of June 30, 2019 it had a capacity of 127,758, or about 2 years of life. Cells 6 and 7 which are permitted, have a combined capacity of 1,922,000 cubic yards or about 22 years at current usage rates.

Permitted and potential Capacity: The Authority adopted a Final Environmental Impact Statement on February 26, 2009 for the long-term development of the landfill. In May 2012, the financing for land acquisition of 686 acres was completed. The proposed maximum build-out of the new footprint is 142 acres with an estimated capacity of 19,100,000 cu. yds. The total area of landfill footprint disturbance is approximately 165 acres. The remaining 521 acres located north and south of county route 20 will be used as buffer or for potential wetland mitigation in the future. The landfill extension is permitted and constructed in phases of about 25 acres. The initial 25 acre phase was permitted in January 2014. Future footprint extensions on the 145 acre footprint will take place as required.

Transfer Stations

The Authority operates three transfer stations within the County located in Malone, Lake Clear and Tupper Lake. The Authority ceased providing solid waste collection to St. Regis Falls (Town of Waverly) in July 2012. All transfer stations have permits issued by the New York State Department of Environmental Conservation ("DEC").

Host Community Fees

The Authority negotiated a formal Host Community Benefit Package with the Towns of Westville and Constable which took effect March 26, 2009. The agreement pays each of the Towns $0.50 for each ton of municipal solid waste received at the Landfill for the first 50,000 tons. The payment per ton increases on a graduated scale up to $1.50 per ton on tonnages greater than 150,000 tons per year. This ensures that each town benefits as the landfill realizes the benefits of economy of scale from increased tonnages.

Competition

The Authority closely monitors pricing and customer service practices at competitive waste disposal facilities. Prices at nearby landfills for commercial waste disposal include:

Facility	In County Tip Fee at Transfer Stations (Per ton MSW)	In County Tip Fee at Landfill (Per ton MSW)	Out of County Tip Fee (Per ton MSW)
Clinton County	$ 87.80	66.76	80.17
St. Lawrence County	166.00	N/A	N/A
Essex County	125.00	N/A	125.00
Lewis County	84.00	N/A	84.00
Jefferson County	120.00	N/A	120.00
Herkimer	62.00	62.00	N/A
CFSWMA	120.00	105.00	45 to 70
DANC (located in Jefferson County)	N/A	46.00	N/A

The Authority believes that it is currently competitive with other facilities in the area given transportation costs and the dynamics of the waste market.

Financial Performance

The Authority experienced tonnages closer to the historical average. We were again able to achieve positive operating results of $902,762. Since 2000, management has been able to show positive results fourteen out of nineteen years. Since 2005, the operating deficit of ($5,454,144) has changed to a current operating surplus of $902,762.

The continuing positive operating results presented this year reflect changes over the last several years. In January 2008, the Authority instituted flow control. The increase in permissible tonnage in 2006, has allowed management flexibility in managing waste flows. We are able to take advantage of opportunities presented in the market place which was not possible prior to this change.

In 2006, the Authority instituted graduated tipping fees at the transfer stations which improved cash flow. Total tonnages handled at the transfer stations remained stable after the price increase. The Authority annually reviews its tipping fees. In 2011, we increased the graduated tipping fees. This was the first fee increase since 2006. The commercial tipping fees were increased in 2010 and 2012. In April 2014, we increased the graduated tipping fees to ensure adequate revenue for continued positive operating results.

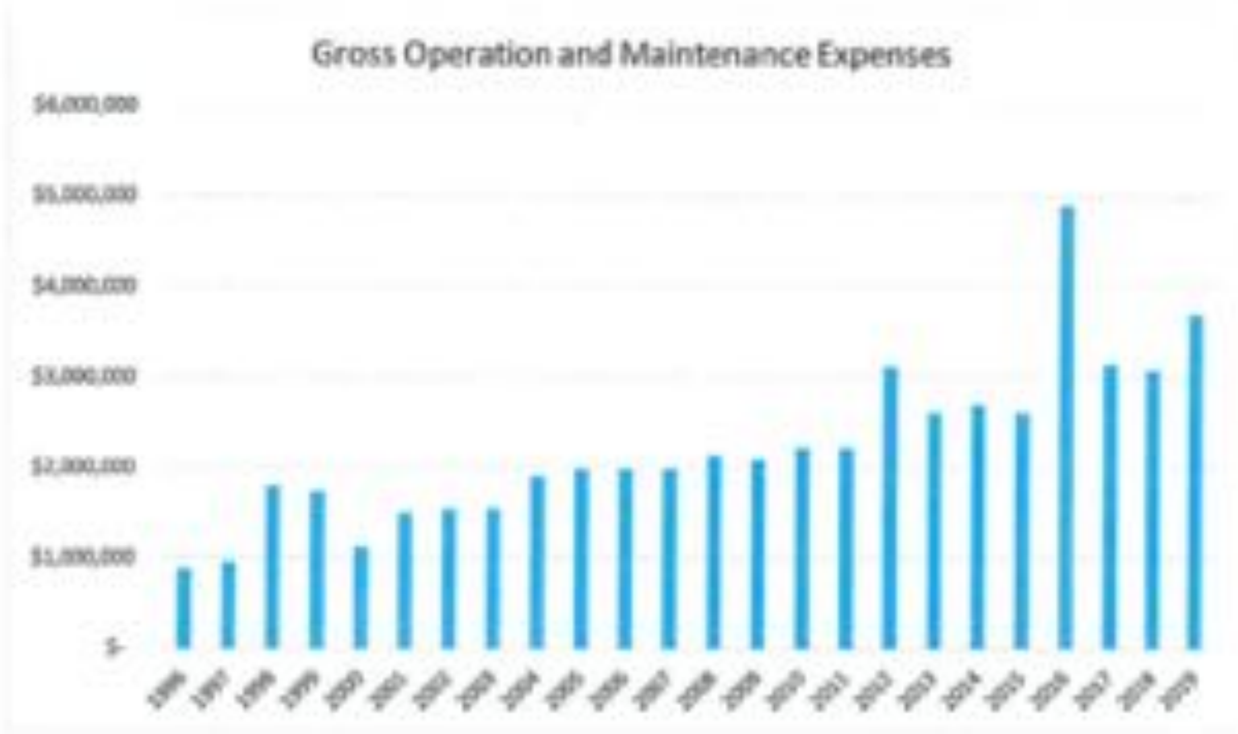
An increase in permitted tonnage in 2006 has allowed for better management of MSW and BUD materials which have enhanced cash flow. In 2011, we closed the Malone transfer station on Thursdays and the regional landfill on Saturday. We realized substantial cost savings with this change. We began receiving MSW from the St. Regis Mohawk Tribe in September 2013.

The above changes over the years, along with careful management of expenses has allowed the Authority to continue to show positive results. In 2013 and 2012, we were able to increase our MSW revenues from outside the county. With Cell 5 open the Authority is actively looking for additional sources of revenue which will have a positive impact on future operating results.

The new SWMP approved in 2006, reflects the long-term plan of increased tonnages and an increased footprint to better balance debt loads and operating costs. With the completion of the Draft Environmental Impact Statement and the approval of the Final Environmental Impact Statement in March 2011, the Authority continued to move towards its long-term goal of expansion as outlined in its updated Solid Waste Management Plan of 2006. Land acquisition for the long-term plan was completed in 2012. In January 2014, DEC issued a permit for the construction of Cell 5 and permitting of future Cells 6 and 7. The Authority began using Cell 5 in December 2015. The Authority continues to show positive financial results and provide cost effective waste disposal for the County.

The following graph shows the Authority's fuel expense amounts by year from 1996 through 2019.

The following graph shows the Authority's gross operation and maintenance expense by year from 1996 through 2019:



The following graph and chart show the Authority's historical net income amounts by year from 1996 through 2019:

Year-End	1994	1995	1996	1997	1998	1999	2000	2001
Loss/Gain	$(41,672)	(566,577)	(161,634)	(462,614)	(1,530,215)	(77,395)	(644,788)	72,393

Year-End	2002	2003	2004	2005	2006	2007	2008	2009
Loss/Gain	210,056	291,159	132,623	(536,798)	383,067	1,531,234	1,771,833	318,245

Year-End	2010	2011	2012	2013	2014	2015	2016	2017
Loss/Gain	938,686	58,113	(436,807)	402,234	(188,408)	284,186	(862,216)	4,084

Year-End	2018	2019
Loss/Gain	392,049	218,153

Waste Quantities and Control

Generalized Annual Summary - Waste Received by Authority in Tons

The following table summarizes waste received at the Landfill in tons from the 2003 through 2019 fiscal years:

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
MSW																	
Franklin County	23,776	22,513	26,603	25,457	28,538	28,645	29,754	32,357	33,345	38,259	32,289	31,932	33,787	34,385	34,209	34,566	33,198
Out-of-County	23,749	22,112	16,413	16,741	19,097	18,989	18,305	15,799	17,034	19,857	24,835	18,837	18,702	13,185	22,768	23,134	24,207
Total	47,525	44,625	43,016	42,198	47,635	47,634	48,059	48,156	50,379	58,116	57,124	50,769	52,489	47,570	56,977	57,700	57,405
BUD																	
Franklin County	12,152	14,959	17,945	14,825	11,998	8,869	8,644	10,848	1,949	4,283	1,870	1,856	1,729	7,915	11,612	2,966	5,940
ARRA (1)	16,599	12,701	4,251	13,083	1,272	-	-	-	-	-	-	-	-	-	-	-	-
Other	2,575	11,978	5,144	12,989	44,983	45,347	10,366	12,260	15,375	11,617	17,064	25,740	23,093	24,950	14,631	19,026	25,285
Total	31,326	39,638	27,340	40,897	58,253	54,216	19,010	23,108	17,324	15,900	18,934	27,596	24,822	32,865	26,243	21,992	31,225
Total tons	78,851	84,263	70,356	83,095	105,888	101,850	67,069	71,264	67,703	74,016	76,058	78,365	77,311	80,435	83,220	79,692	88,630

(1) ARRA is Adirondack Resource Recovery Associates, the company that operates the solid waste incinerator in Hudson Falls, NY.

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COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY
STATEMENTS OF NET POSITION
AT JUNE 30, 2019 AND 2018

		2019	2018
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$	375,959	106,269
Accounts and Grants Receivable		824,986	621,740
Prepaid Expenses		96,021	184,149
Total Current Assets		1,296,966	912,158
Restricted Assets:			
Cash and Cash Equivalents - Restricted		17,523,639	10,119,514
Investments - Restricted		1,666,709	1,666,709
Total Restricted Assets		19,190,348	11,786,223
Noncurrent Assets:			
Property, Plant, and Equipment			
Land Improvements		4,565,536	4,565,536
Landfill Cell		19,437,385	19,437,385
Buildings		8,544,378	8,544,378
Machinery, Equipments, Vehicles		7,821,435	7,903,119
		40,368,734	40,450,418
Less Accumulated Depreciation		(26,806,302)	(25,445,496)
		13,562,432	15,004,922
Land		2,064,979	2,064,979
Net Property, Plant, and Equipment		15,627,411	17,069,901
Other Assets			
Capitalized Engineering and Cell Expansion Costs		1,334,426	1,676,830
Less Accumulated Amortization		(369,397)	(297,578)
Total Other Assets		965,029	1,379,252
Total Noncurrent Assets		16,592,440	18,449,153
Total Assets		37,079,754	31,147,534
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows on ERS Pension		203,361	567,907
Total Deferred Outflows of Resources	$	203,361	567,907

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

COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY
STATEMENTS OF NET POSITION
AT JUNE 30, 2019 AND 2018
(CONTINUED)

	2019	2018
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Expenses	$ 1,732,208	1,659,867
Accrued Interest Payable	133,561	114,779
Retainage Payable	457,045	457,045
Current Installments of Bonds Payable	890,000	877,974
Current Installments of Long-Term Debt	194,758	209,994
Total Current Liabilities	3,407,572	3,319,659
Noncurrent Liabilities:		
Bonds Payable - Less Current Installments	27,245,000	21,980,000
Long-Term Debt - Less Current Installments	295,468	490,226
Environmental and Closure Accrual for Landfill	5,784,544	5,359,473
Pension Liability - ERS	327,674	158,024
Total Noncurrent Liabilities	33,652,686	27,987,723
Total Liabilities	37,060,258	31,307,382
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows on ERS Pension	174,133	577,488
Total Deferred Inflows of Resources	174,133	577,488
NET POSITION		
Unrestricted	48,724	(169,429)
Total Net Position	$ 48,724	(169,429)

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

COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
AT JUNE 30, 2019 AND 2018

	2019	2018
Operating Revenue:		
Solid Waste Fees	$ 7,038,794	6,472,925
Recycling Fees	121,513	115,229
Service Fees - Franklin County	6,969,584	6,485,709
Grant Income	-	16,567
Miscellaneous Income	42,953	34,655
Total Operating Revenues	14,172,844	13,125,085
Operating Expenses:		
Operations and Maintenance	3,696,697	3,081,621
General and Aministration	997,691	897,081
Depreciation	1,508,260	1,555,474
Amortization	97,850	97,850
Service Fees - Franklin County	6,969,584	6,485,709
Total Operating Expenses	13,270,082	12,117,735
Operating Income	902,762	1,007,350
Nonoperating Revenues (Expenses):		
Interest Income	205,055	110,603
Rental and Transport Income	26,740	27,105
Bond Issuance Costs	(255,728)	(90,773)
Interest Expense	(660,676)	(662,236)
Total Nonoperating Revenues (Expenses)	(684,609)	(615,301)
Change in Net Position	218,153	392,049
Net Position - Beginning of Year	(169,429)	(561,478)
Net Position - End of Year	$ 48,724	(169,429)

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

COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY
STATEMENTS OF CASH FLOWS
AT JUNE 30, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities		
Cash Received from Customers	$ 7,000,064	6,724,347
Payments to Suppliers	(2,123,218)	(2,002,701)
Payments to Employees for Salaries and Benefits	(1,870,470)	(2,143,902)
Net Cash Provided by Operating Activities	3,006,376	2,577,744
Cash Flows from Noncapital Financing Activities		
Cash Payments from Franklin County	6,969,584	6,485,709
Cash Payments to Franklin County	(6,969,584)	(6,485,709)
Other Receipts (Disbursements) - Nonoperating	26,740	27,105
Net Cash Provided by Noncapital Financing Activities	26,740	27,105
Cash Flows from Capital and Related Financing Activities		
Principal Repayments	(1,087,968)	(1,217,784)
Interest Paid	(667,926)	(683,440)
Acquisition and Construction of Capital Assets	(197,523)	(573,670)
Proceeds from Bond Premium	489,789	-
Payments for Debt Issuance Costs	(255,728)	(90,773)
Proceeds from Issuing Debt	6,155,000	101,236
Net Cash Provided by (Used by) Capital and Related Financing Activities	4,435,644	(2,464,431)
Cash Flows from Investing Activities		
Interest Received on Deposits and Cash Equivalents	205,055	110,603
Net Cash Provided by Investing Activities	205,055	110,603
Net Increase in Cash and Cash Equivalents	7,673,815	251,021
Cash and Cash Equivalents - Beginning of Year	10,225,783	9,974,762
Cash and Cash Equivalents - End of Year	$ 17,899,598	10,225,783

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

COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY
STATEMENTS OF CASH FLOWS
AT JUNE 30, 2019 AND 2018
(CONTINUED)

		2019	2018
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	$	902,762	1,007,350
Adjustments to Reconcile Operating Income to Net Cash			
Provided by Operating Activities:			
Depreciation		1,508,260	1,555,474
Amortization		97,850	97,850
(Gain) Loss on Sale of Equipment		-	15,983
Change in Deferred Outflow of Resouces on ERS Pension		364,546	(185,600)
Change in Pension Liability ERS and Deferred Inflow of Resources		(233,705)	190,833
Changes in Operating Assets - Increase (Decrease)			
Accounts and Grants Receivable		(203,246)	84,971
Prepaid Expenses		88,128	27,931
Changes in Operating Liabilities - Increase (Decrease)			
Accounts Payable and Accrued Liabilities		56,710	(472,736)
Change in Retainage		-	(17,395)
Environmental Closure Accrual		425,071	273,083
Net Cash Provided by Operating Activities	$	3,006,376	2,577,744

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The County of Franklin Solid Waste Management Authority (Authority) was created as a public benefit corporation under New York State Public Authorities Laws 2041, Title 13-AA Chapter 665 of the Laws of 1988 by the New York State Legislature with powers to, among other things, (i) plan, develop, and construct solid waste management facilities; (ii) acquire interests in real and personal property and dispose of them; (iii) receive, transport, process, dispose of, sell, store, convey, recycle, and deal with solid waste and energy generated by operation of a solid waste management facility;(iv) contract with governments including Franklin County (County) and local governments within the County in relation to its activities; (v) borrow money and issue bonds; and (vi) fix and collect rates, rentals, fees, and other charges for the use of the facilities of, or services rendered by, or any commodities furnished by, the Authority.

The Board of the Authority is comprised of seven members appointed by the legislature of the County.

The Authority has constructed a solid waste management system (SWMS), which includes a regional landfill and three transfer stations in Franklin County (Malone, Lake Clear, and Tupper Lake). The SWMS began operations on June 6, 1994. It is included in Franklin County's financial statements as a component unit.

A summary of the significant accounting policies consistently applied in the preparation of accompanying financial statements follows.

ACCOUNTING METHOD

The Authority's financial statements are prepared in conformance with generally accepted accounting principles (GAAP) as prescribed by the Government Accounting Standards Board (GASB). The Authority's operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation and maintenance of the solid waste facility.

CASH AND INVESTMENTS

Cash and cash equivalents consist of cash and investments which mature no more than three months after the date purchased.

Restricted cash and cash equivalents are held in money market funds and are legally restricted in uses and purposes by the Authority's bond documents.

Investments are presented at cost which approximates the current market value or the value at the date management anticipates liquidating the investment. Restricted investments consist of marketable equity securities held by the bond trustee. These investments will be liquidated and expended for the construction and acquisition of capital assets, bond interest and principal payments, and environmental and closure costs in accordance with the bond trust indentures.

The Authority has entered into a repurchase agreement. The agreement requires collateralization of cash at 100% and securities at 103%. Approximately $2,000,000 relating to the 1995, 2000, and 2003 Debt Service Reserve funds were subject to the agreement. The funds can be repurchased on demand to provide for shortfall in regularly scheduled payments of principal and interest on the bonds. The funds cannot be repurchased for reinvestment. The final repurchase date was April 1, 2015.

The Authority is required by local law to collateralize any of its cash deposits which are in excess of the Federal Deposit Insurance Corporation limit. The balances at June 30, 2019 and 2018 were properly covered by FDIC insurance, collateral or invested in U.S. Treasury backed securities.

All of the Authority's investments are either registered in the Authority's name or held in trust by a third-party custodian in the Authority's name.

ACCOUNTS RECEIVABLE

Trade accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that any realized losses on balances outstanding at year-end will be immaterial.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant and equipment are recorded at cost. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation and any resultant gain or loss is credited or charged to operations.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives on the straight-line basis, including the landfill cells. The straight- line method approximates the cells' capacity used. The estimated lives used in determining depreciation for property, plant and equipment vary from five to twenty years.

ENVIRONMENTAL AND CLOSURE ACCRUALS

State and federal laws and regulations require that the Authority place a final cap on its landfills when closed and perform certain maintenance and monitoring functions at the landfill sites after closure.

The Authority maintains a reserve for closure of the Regional Landfill as established in the 1993 Series Bond Agreement. The balance in the reserve totaled $4,211,427 and $3,901,351 at June 30, 2019 and 2018, respectively. These funds are reported herein as restricted cash equivalents and investments. The Authority meets its closure obligations through the financial assurance test and these reserve funds.

The Authority's policy regarding closure and monitoring costs for its landfills is to accrue these costs and charge them to the expense over the useful operating life of each landfill. Management believes this policy accurately matches closure and monitoring costs against revenues generated by each landfill. The accrual is based on the percentage of total landfill capacity used as of the end of each year, multiplied by the total estimated closure and monitoring costs. These estimates are generated by management, with assistance from an independent consulting engineering firm.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, investments, accounts receivable, accrued interest, accounts payable, and current portion of long-term debt and bonds payable approximated fair market value because of the short maturity of those instruments.

The carrying values of the Authority's long-term debt and bonds payable approximate market value as terms of the debt reflect current market rates and terms.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the Authority to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 2 - CAPITALIZED ENGINEERING, CELL EXPANSION COSTS AND BOND FINANCING

Capitalized costs relate to various initial start-up costs and costs associated with cell expansions. Also included are bond premium and discount costs when bonds are issued.

A summary of capitalized engineering, cell expansion and financing costs at June 30, 2019 and 2018, is as follows:

	2019	2018
Premium on Bonds Payable	$ (769,964)	(280,175)
Expansion Increased Costs	2,104,390	1,957,005
	$ 1,334,426	1,676,830

The footprint expansion costs are amortized over 20 years on a straight-line basis, beginning fiscal year ended June 30, 2016. Amortization expense related to the expansion costs totaled $97,850 and $97,850 for the years ended June 30, 2019 and 2018, respectively. Amortization associated with premium on bonds payable, was ($26,032) and ($18,857) for the years ended June 30, 2019 and 2018, respectively

NOTE 3 - REVENUE BOND ANTICIPATION NOTES PAYABLE

The Authority had no revenue bond anticipation notes payable outstanding at June 30, 2019 and 2018.

NOTE 4 – BONDS PAYABLE

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

	2019	2018
EFC bonds to be used to pay EFC note short term financing, fund debt service reserves, and provide funds for construction costs. Interest is payable semiannually at 0.8% to 5.0%, first payment due payable annually starting on July 1, 2017 through 2039.	$ 10,460,000	10,892,974
Solid Waste System Revenue Bonds Series 2012. Interest payable semiannually at 2.0% to 5.0% principal installments of $200,000 through $370,000, first payment due payable annually starting on June 1, 2015 through 2032.	3,760,000	3,980,000
Solid Waste System Revenue Bond Series 2019. Interest payable semiannually at 4.0% principal installments of $780,000 through $950,000, first payment due payable annually starting on June 1, 2021 through 2027.	6,155,000	-
Solid Waste System Revenue Bond Series 2015 A & B. Interest payable semiannually at 3.0% to 5.0% principal installments of $140,000 through $530,000, first payment due payable annually starting on June 1, 2016 through 2040.	7,760,000	7,985,000
	28,135,000	22,857,974
Less: current installments	(890,000)	(877,974)
	$ 27,245,000	21,980,000

A summary of the Authority's future minimum annual maturities for bonds payable and bond interest due is as follows:

For the Year Ending June 30,	Principal	Interest
2020	$ 890,000	861,440
2021	1,695,000	843,260
2022	1,750,000	789,286
2023	1,800,000	732,524
2024	1,870,000	668,282
2025-2029	8,305,000	2,342,999
2030-2034	5,560,000	1,289,963
2035-2039	5,150,000	564,516
2040-2044	1,115,000	26,120
	$ 28,135,000	8,118,389

Interest expense on the above indebtedness was $631,830 and $637,155 for the years ended June 30, 2019 and 2018, respectively, when bond related amortization costs are included. Interest paid was $639,080 and $658,359 for the years ended June 30, 2019 and 2018, respectively.

NOTE 5 – LONG-TERM DEBT

Long-term debt is summarized below:

	2019	2018
First Niagara Leasing, Inc. capital lease payable in annual installments of $21,099 including interest at 2.76% due March, 2019, secured by equipment.	$ -	20,533
TCF Equipment Finance capital lease payable in semiannual installments of $3,711 including interest at 3.211%, due January, 2020, secured by equipment.	7,248	14,268
First Niagara Leasing, Inc. capital lease payable in annual installments of $35,190 including interest at 2.54%, due August, 2021, secured by equipment.	67,786	100,424
Caterpillar Financial Services, capital lease payable in semiannual installments of $71,244 including interest at 2.5%, due November, 2022, secured by equipment.	343,240	474,677
Key Government Finance capital lease payable in semiannual installments of $11,337 including interest at 5.0%, due September, 2023, secured by equipment.	71,952	90,318
	490,226	700,220
Less: current portion	(194,758)	(209,994)
	$ 295,468	490,226

Interest expense incurred and paid on the above indebtedness was $26,322 and $21,979 for the years ended June 30, 2019 and 2018, respectively. The Authority incurred $2,524 of interest expense on the ERS financing. The Authority incurred $0 and $3,101 of additional interest expense on financing of its insurance policy payments during the years ended June 30, 2019 and 2018, respectively.

A summary of the Authority's future annual minimum maturities of long-term debt at June 30, 2019 is as follows:

For the year ending June 30,	2020	$ 194,758
	2021	192,732
	2022	91,677
	2023	11,059
	2024	-
		$ 490,226

NOTE 6 – ENVIRONMENTAL AND CLOSURE ACCURAL FOR LANDFILL

State and federal laws and regulations require the Authority 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. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Authority reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $5,784,544 and $5,359,473 reported as landfill closure and post closure care liability at June 30, 2019 and 2018, respectively, represents the cumulative amount reported to date based on the use of 50 percent and 47 percent of the estimated capacity of the landfill at June 30, 2019 and 2018, respectively. The Authority will recognize the remaining estimated cost of closure and post closure care of $5,817,015 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2019 and 2018. The Authority expects to close the landfill in the year 2045. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The Authority is required by state and federal laws and regulations to make annual contributions to a fund to finance closure and post closure care. The Authority is in compliance with these requirements, and at June 30, 2019 investments of $4,211,427 are held for these purposes. These are reported as restricted assets on the balance sheet. The Authority expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post closure 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 or from future tax revenue.

A summary of the environmental and closure accrual, which includes the consulting engineer's estimate of the cost for environmental compliance, landfill closure, and post-closure through June 30, 2019, based on the Authority's operating plan approved by the State of New York is as follows:

	At 6/30/19	At 6/30/18
Total landfill capacity (cubic yards)	3,987,420	3,987,420
Total landfill capacity (cubic yards) used through June 30, 2019	1,988,130	1,873,349
Percentage of total landfill capacity	49.86%	46.98%
Estimated closure and post-closure costs for approved cells	$ 11,601,559	11,407,629
Environmental and closure accural	$ 5,784,544	5,359,473
Anticipated closure date	2074	2074

NOTE 7 – PENSION PLAN

PLAN DESCRIPTION

The County of Franklin Solid Waste Management Authority of New York participates in the New York State and Local Employees' Retirement System (ERS) which is referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which is established to hold all net asset and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The County of Franklin Solid Waste Management Authority also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.phpor obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2018-2019	$ 180,471
2017-2018	167,295
2016-2017	184,159

The employer contribution rates for the plan's year ending in 2019 are as follows:

Tier/Plan	Rate
4 A15	15.8%
5 A15	13.0%
6 A15	9.3%

Prior to 2013, the Authority's contributions made to the System were equal to 100% of the contributions required for each year. Beginning in 2013 the Authority elected to amortize payments with the Contribution Stabilization Program. For the years ending June 30, 2014 and 2013, the Authority elected maximum amortization of $45,069 and $56,767, respectively. The Comptroller of New York State annually determines the interest rate for the program. For the 2014 and 2013 ERS payments, rates of 3.67% and 3.0%, respectively were set for each ten-year period. For FY19 and FY18 the Authority paid the full contribution of $180,471 and $167,295, respectively. The contribution for the years 2019 and 2018 included payments on the 2013 and 2014 deferred amounts of $12,071 and $12,071, respectively.

A summary of the Authority's future annual minimum maturities of the amortization at June 30, 2019, is as follows:

For the year ended June 30,	Principal	Interest	Total
2020	$ 10,424	1,646	12,070
2021	10,770	1,300	12,070
2022	11,127	943	12,070
2023	11,496	574	12,070
2024	5,244	191	5,435
	$ 49,061	4,654	53,715

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

At June 30, 2019 and 2018, the County of Franklin Solid Waste Management Authority reported a liability of $327,674 and $158,024, respectively for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County of Franklin Solid Waste Management Authority's proportion of the net pension liability was based on a projection of the County of Franklin Solid Waste Management Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019 and 2018, the County of Franklin Solid Waste Management Authority's proportion was 0.0046247 percent and 0.0048963 percent, respectively. The ERS reported 0.0002716 percent change in the allocation percentage measured as of March 31, 2019 in relation to the March 31, 2018 percentage.

For the year ended June 30, 2019 and 2018, the County of Franklin Solid Waste Management Authority recognized pension expense of $178,049 and $159,607, respectively. At June 30, 2019 and 2018, the County of Franklin Solid Waste Management Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 64,526	21,996
Changes of assumptions	82,364	-
Net difference between projected and actual earnings on pension plan investments	-	84,099
Changes in proportion and differences between contributions and proportionate share of contributions	17,099	68,038
Contributions subsequent to the measurement date	39,372	-
Total	$ 203,361	174,133

June 30, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 56,362	46,575
Changes of assumptions	104,783	-
Net difference between projected and actual earnings on pension plan investments	229,517	453,044
Changes in proportion and differences between contributions and proportionate share of contributions	22,812	77,869
Contributions subsequent to the measurement date	154,433	-
Total	$ 567,907	577,488

The County of Franklin Solid Waste Management Authority's had $39,372 and $154,433 at June 30, 2019 and 2018, respectively in accrued contributions subsequent to the measurement date that are considered deferred outflows of resources that would be recognized as a reduction of the net pension liability in the subsequent years ending June 30, 2020 and 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	2019	2018
2019	$ -	-
2020	41,438	8,623
2021	(76,676)	4,199
2022	(13,550)	(121,694)
2023	38,644	(55,142)
Thereafter	-	-

Actuarial Assumptions

The total pension liability was determined by using an actuarial valuation as noted in the tables below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the respect valuations were as follows:

	2019	2018
Measurement date	March 31, 2019	March 31, 2018
Actuarial valuation date	April 1, 2018	April 1, 2017
Investment rate of return	7.0%	7.0%
Salary scale	4.2% Indexed by Service	3.8% indexed by Service
Projected COLAs	1.3%	1.3%
Decrement Tables	4/1/10 to 3/31/15 System's Experience	4/1/10 to 3/31/15 System's Experience
Inflation rate	3.0%	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015 and the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2019 and 2018 are summarized below.

2019

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	36%	4.55%
International equity	14%	6.35%
Private equity	10%	7.50%
Real estate	10%	5.55%
Absolute return strategy strategies	2%	3.75%
Opportunistic portfolio	3%	5.68%
Real assets	3%	5.29%
Bonds and mortgages	17%	1.31%
Cash	1%	-0.25%
Inflation-indexed bonds	4%	1.25%
	100%	

2018

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	36%	4.55%
International equity	14%	6.35%
Private equity	10%	7.75%
Real estate	10%	5.80%
Absolute return strategy strategies	2%	4.00%
Opportunistic portfolio	3%	5.89%
Real assets	3%	5.54%
Bonds and mortgages	17%	1.31%
Cash	1%	-0.25%
Inflation-indexed bonds	4%	1.50%
	100%	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for 2019 and 7.0% for 2018. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the County of Franklin Solid Waste Management Authority's proportionate share of the net pension liability calculated using the discount rate of 7.0% for 2019 and 2018, as well as what the County of Franklin Solid Waste Management Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	June 30, 2019		
	1% Decrease (6.0%)	Current Assumption (7.0%)	(1%) Increase (8%)
Authority's proportionate share of the net pension liability (asset)	$ 1,432,644	327,674	(600,579)

	June 30, 2018		
	1% Decrease (6.0%)	Current Assumption (7.0%)	(1%) Increase (8%)
Authority's proportionate share of the net pension liability (asset)	$ 1,195,651	158,024	(719,767)

Pension plan fiduciary net position

The components of the collective net pension liability of ERS as of March 31, 2019 and 2018 measurement date were as follows:

	March 31, 2019	March 31, 2018
Total pension liability	$ 189,803,429,000	183,400,590,000
ERS fiduciary net position	(182,718,124,000)	(180,173,145,000)
Employer's net pension liability	$ 7,085,305,000	3,227,445,000
ERS fiduciary net position as a percentage of total pension liability	96.27%	98.2%

Employer contribution to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employers' contribution rate, by tier plus any remaining liability for deferred payments from FY's 2013 and 2014. Accrued retirement contributions to ERS as of June 30, 2019 were $85,307. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employers' contribution rate, by tier plus any remaining liability for deferred payments from FY's 2013 and 2014. Accrued retirement contributions to ERS as of June 30, 2018 were $85,837.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

On May 1, 1993, the Authority entered into a Services Agreement with Franklin County, whereby the County will cause to be delivered to the Authority substantially all solid waste produced within the County. This agreement commenced upon operation by the Authority and will continue until the later of (a) the twentieth anniversary of the operation commencement date or (b) the maturity date of outstanding Authority indebtedness, provided, however, that in no event shall the agreement have a term of greater than twenty-five years from the latest date of execution of the Services Agreement. The agreement was renewed on May 1, 2012 and the provisions extended accordingly.

In consideration of the Authority's performance of certain activities relating to solid waste disposal, the County shall pay a service fee equal to the Authority's estimated debt service, plus operating and maintenance costs less estimated net investment earnings, if any, for each fiscal year, provided that in no event shall the service fee be less than zero. The County shall pay the Authority one-twelfth of the current fiscal year's estimated service fee on the first day of each month.

Service fees paid by the County to the Authority for the years ended June 30, 2019 and 2018 total $6,969,584 and $6,485,709 respectively.

The Authority is required to reimburse the County an amount equal to total tipping and user fees received in the prior month up to the aggregate estimated service fee paid by the County, as described above. Under this agreement, the Authority reimbursed the County for the years ended June 30, 2019 and 2018, $6,969,584 and $6,485,709, respectively. The Authority owed Franklin County $576,739 and $508,800 at June 30, 2019 and 2018, respectively. These amounts are included in accounts payable.

Within ninety days of the end of each fiscal year, the Authority shall calculate a year-end adjustment which represents the Authority's actual service fee; calculated using the cash basis of accounting, less amounts paid by the County plus the aggregate amount of all Authority reimbursements to the County. A service fee surplus for any year-end shall be maintained by the Authority in its operating cash account, provided that if such service fee surplus occurs in the final year of the Services Agreement, such amount shall be remitted to the County. A service fee shortfall for any year-end shall be paid to the Authority by the County.

The Authority did not have any revenue sources accounting for more than 10% of the Authority's operating revenues.

The Authority has no commitments to contractors for capital projects in process at June 30, 2019. All capital projects were completed and resulting assets were placed in service. Retainage in the amount of $457,045 was held at June 30, 2019 and June 30, 2018 and is reflected as a liability.

NOTE 9 – RELATED PARTY TRANSACTIONS

The Authority has agreements with Franklin County and the Village of Malone to accept waste generated from government departments at no charge up to agreed upon limits. During the year ended June 30, 2019 the Authority accepted at no charge $32,133 from Franklin County and $32,133 from the Village of Malone of waste generated by governmental departments.

NOTE 10 – RECLASSIFICATIONS

Certain accounts in prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

NOTE 11 – SUBSEQUENT EVENTS

The Authority has evaluated events and transactions that occurred between June 30, 2019 and November 25, 2019, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. The Authority was the defendant in a lawsuit filed by one of its vendors. On October 24, 2019, the Authority offered, and the plaintiff accepted, a settlement in the amount of $1,100,000.00. As of the date of these financial statements, the parties are working out the details of the settlement document.

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REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST FIVE YEARS *

New York State Employees Retirement System (ERS)

		Fiscal Year Ended June 30,				
		2019	2018	2017	2016	2015
Measurement Date		March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Authority's Proportion of the Net Pension Liability		0.0046247%	0.0048963%	0.0043805%	0.0043757%	0.0046574%
Authority's Proportionate Share of the Net Pension Liability	$	327,674	158,024	411,605	702,317	157,340
Authority's Covered-Employee Payroll	$	1,246,569	1,211,121	1,118,953	1,038,194	1,294,266
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll		26.29%	13.05%	36.78%	67.65%	12.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		96.27%	98.24%	94.70%	90.70%	97.90%

* : Information prior to the year ended June 30, 2015 is not available.

The accompanying independent auditors' report should be read in conjunction with these statements.

COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST FIVE YEARS *

New York State Employees Retirement System (ERS)

	Fiscal Year Ended June 30,				
	2019	2018	2017	2016	2015
Contractually Required Contributions	$ 39,372	154,433	149,003	125,912	207,475
Contributions in Relation to the Contractually Required Contribution	39,372	154,433	149,003	125,912	207,475
Contribution Deficiency (Excess)	-	-	-	-	-
Authority's Covered-Employee Payroll	$ 1,246,569	1,211,121	1,118,953	1,038,194	1,294,266
Contributions as a Percentage of Covered-Employee Payroll	13.51%	12.75%	13.32%	12.13%	16.03%

* : Information prior to the year ended June 30, 2015 is not available.

The accompanying independent auditors' report should be read in conjunction with these statements.

SUPPLEMENTARY INFORMATION

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COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019		2018	
	Operations & Maintenance	General & Administrative	Operations & Maintenance	General & Administrative
Salaries, Wages, and Compensated Absences	$ 996,847	367,230	972,298	330,846
Board Expenses	-	636	-	272
Host Community Benefits	20,004	93,016	-	100,643
Payroll Taxes and Employer Benefits	751,836	119,103	565,728	89,430
Environmental and Closure	470,457	-	323,852	-
Environmental Monitoring	18,032	-	60,960	-
Fuel	332,477	-	272,109	-
Insurance	83,102	74,990	80,715	85,414
Leachate Disposal	16,967	-	19,303	-
Wast Disposal	2,779	-	-	-
Miscellaneous Equipment	126,550	-	113,959	-
Office	4,143	17,782	14,345	10,414
Other Contractual Services	245,513	-	158,789	-
Professional Fees	32,350	200,642	15,093	191,083
Recycling	40,688	-	21,283	-
Repairs and Maintenance	435,394	17,286	345,140	35,789
Supplies	65,300	-	33,689	-
Telephone	6,258	10,701	9,217	7,279
Travel and Conferences	4,809	9,582	4,860	3,433
Trustee Costs	-	34,649	-	35,732
Utilities	36,761	4,213	67,384	1,155
Miscellaneous	4,430	28,261	5,097	5,591
	$ 3,696,697	997,691	3,081,621	897,081

The accompanying independent auditors' report should be read in conjunction with these statements.

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INTERNAL CONTROL AND COMPLIANCE

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

To the Board of Directors
County of Franklin Solid Waste Management Authority
Constable, 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 business-type activities of the County of Franklin Solid Waste Management Authority (the "Authority"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 25, 2019.

Internal Control over Financial Reporting

In planning and performing our audit, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 County of Franklin Solid Waste Management 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*.

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.

R.A. Mercer & Co., P.C.

R.A. Mercer & Co. P.C.

West Seneca, New York
November 25, 2019

COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY
COMMENTS TO MANAGEMENT
JUNE 30, 2019 AND 2018

The following deficiencies have been determined to be significant deficiencies over financial reporting.

2018-002: Segregation of Duties

Condition and criteria: We noted that cash receipts are collected by the same person who has access to all of the accounting records. The Authority's bookkeeper collects all cash and deposits the receipts each day and prepares the bank reconciliations. The bookkeeper also handles cash disbursements and the creation of new vendors. The bookkeeper has access to the payroll system and is entering employee time and processing payroll. This presents a segregation of duties problem. Additionally, the bookkeeper is responsible for assigning user rights and passwords in the scale software system.

Recommendation: Although we noted the Authority has implemented several mitigating controls to help detect errors or irregularities, due to the small size of the Authority's office staff, a perfect set of controls may not be possible. Therefore, we recommend that the Board be aware of the segregation of duties problem and continue to implement both preventative and detective controls over the business operating functions to help reduce the risk of misuse of the Authority's assets.

Management's response: *The Authority recognizes the segregation of duty problems. We will continue to implement preventative and detective controls when possible to minimize the misuse of Authority assets.*

2019-001: Late Reporting

Condition and criteria: We noted that various payroll reports to the federal and state governments were filed late and payments to these entities were also late. We noted that deferred compensation withheld from employees' paychecks were also paid late. We noted that the required reports to the New York State Public Authorities Reporting Information Systems (the "PARIS" system) have not been filed in the past several years. We noted the Secretary of the Board and bookkeeper were responsible for various reporting items where were either not completed or filed late. We noted that minutes, bank reconciliations, and payments of bills were all late or not completed. We also noted that financial information was either not reported to the Board on a timely basis or not reported to the Board at all during the year.

Recommendation: Based on the facts that the Secretary to the Board and bookkeeper were terminating in 2019, we recommend that management have a checklist of all required filing and completion dates and designate responsibility to certain staff. We recommend that management review this checklist monthly for timely reporting.

Management's response: *A checklist has been developed listing all required filings and associated due dates. Since the termination of previous employees, the required filings are complete and on time. The Authority has obtained the services of Crowley & Halloran CPAs, P.C. to oversee our accounting needs. We have also hired an additional clerical person to assist with daily office activities.*

Kenneth E. Frank, CPA
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November 25, 2019

To the Board of Directors
County of Franklin Solid Waste Management Authority
Constable, New York

We have audited the financial statements of the business-type activities of the County of Franklin Solid Waste Management Authority (the "Authority") for the years ended June 30, 2019 and 2018. 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. We have communicated such information in our letter to you dated July 11, 2019. 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 the Authority are described in Note I to the financial statements. All new accounting policies incorporated in applicable GASB statements were adopted and the application of existing policies was not changed during the year ended June 30, 2019. We noted no transactions entered into by Franklin County 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. The most sensitive estimates affecting the County's financial statements were:

> Management's estimate of depreciation is based on the estimated lives and costs of capital assets. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate of the environmental and closure accrual for landfill is based on the estimated costs of performing all closure and post closure care at year-end. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statement taken as a whol.e

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was:

> The disclosure of the Environmental and Closure Accrual for Landfill in Note 6 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 November 25, 2019.

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 Authority'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 Franklin County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. As discussed in the Schedule of Findings and Questioned Costs in the audit report, beginning on page 56, we have documented significant deficiencies.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI), as listed in the table of contents, which supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information, as listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary information accompanying the financial statements, including the required supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, 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.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the County of Franklin Solid Waste Management Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

R.A. Mercer & Co. P.C.

R.A. Mercer & Co., P.C.