

**County of Franklin Solid Waste  
Management Authority**

Financial Statements and  
Supplemental Information

For The Years Ended June 30, 2023 and 2022



**COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY**  
**Table of Contents**

Independent Auditors' Report	6
Management's Discussion and Analysis	10
Basic Financial Statements	
Statements of Net Position	14
Statements of Revenues, Expenses, and Changes in Net Position	15
Statements of Cash Flows	16
Notes to the Financial Statements	18
Required Supplementary Information	
Schedule of the Local Government's Proportionate Share of the Net Pension Liability	36
Schedule of the Local Government's Share of Contributions	37
Supplementary Information	
Schedules of Operating Expenses	40
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on and Audit of Financial Statements Performed in Accordance with Government Auditing Standards	44

## **The Authority Board Members**

Brandon Titus, Chairman

Boyce Sherwin, Treasurer

Kip Cassavaw

Scott Premo

C. Curtis Smith

Scott Traynor

## **Executive Director**

Todd Perry

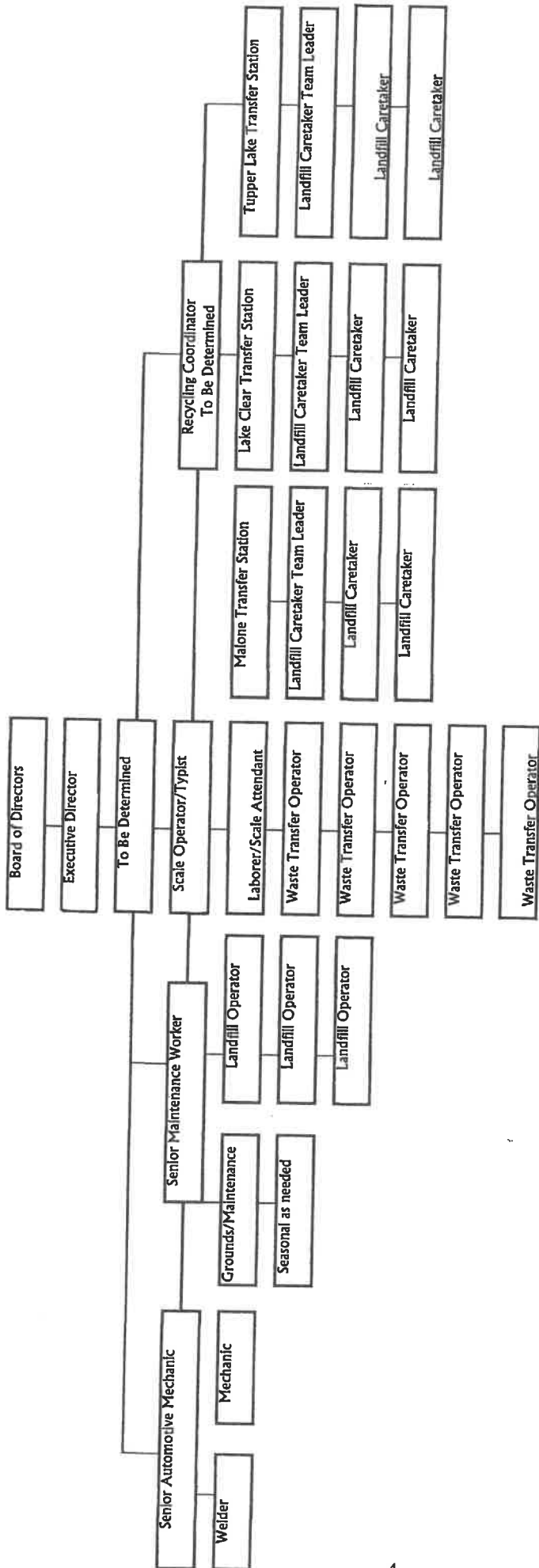
## **General Counsel**

Matthew Fuller

## **Auditors**

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

# CFSWMA ORGANIZATION CHART



**THIS PAGE LEFT INTENTIONALLY BLANK**



Kenneth S. Frank, CPA  
Roger J. Lis, Jr. CPA  
Christopher M. Zera, CPA

**R. A. MERCER & CO., P.C.**  
**Certified Public Accountants**  
290 Center Road  
West Seneca, New York 14224  
Phone 716-675-4270 Fax 716-675-4272  
[www.ramercercpa.com](http://www.ramercercpa.com)

Raymond A. Mercer, CPA 1931-1983

Kathryn A. Larracuent, CPA

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the County of Franklin Solid Waste Management Authority (the "Authority"), a component unit of the County of Franklin, New York as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2023 and 2022, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, and the local government pension contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

#### ***Supplementary 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 accompanying Schedules of Operating Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are 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 October 20, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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 County of Franklin Solid Waste Management 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  
October 20, 2023

**THIS PAGE LEFT INTENTIONALLY BLANK**

# County Of Franklin Solid Waste Management Authority

## Management's Discussion and Analysis June 30, 2023 And 2022

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 years ending June 30, 2023 and 2022. 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

#### *For the period ending June 30, 2023*

- In 2023 the Authority's net position increased by \$4.5 million, due to its revenues exceeded its expenses.
- Total operating revenues increased by \$1.1 million over 2022 due to increased revenue volume by several of the Authority's major customers. Operating expenses decreased by \$2.8 million compared to the prior year. Of this amount, depreciation expense decreased by \$418 thousand. Additionally, during the previous year, the Authority incurred \$2.7 million in costs associated with capping cells 3 and 4. No such costs were incurred in the year ended June 30, 2023, which partially explains the decrease in operating expenses from 2022 to 2023.
- The Authority invested \$2 million in capital assets during 2023.
- The Authority repaid approximately \$1.9 million in long-term debt during 2023.

#### *For the period ending June 30, 2022*

- In 2022 the Authority's net position increased by \$125 thousand, due to its revenues exceeded its expenses.
- Total operating revenues increased by \$1.7 million over 2021 due to increased revenue volume by several of the Authority's major customers. Operating expenses increased by \$4.5 million compared to the prior year. Of this amount, depreciation expense increased by \$1.4 million. Additionally, the Authority incurred \$2.7 million in costs associated with capping cells 3 and 4. While incurring these expenses was required to properly cap these cells in conjunction with applicable regulations, they are not of the nature where they will provide the Authority with additional future revenue generating capacity and, therefore, these costs were not capitalized but rather expensed.
- The Authority invested \$704 thousand in capital assets during 2022.
- The Authority repaid approximately \$1.9 million in long-term debt during 2022.

Management continues to aggressively price beneficial use materials. The Authority's objective is to receive optimum pricing, while ensuring materials are not shipped to our competitors due to a significant price differential.

### Overview of the Financial Statements

The financial report consists of management's discussion and analysis, the statements of net position, statements of revenue, expenses, and changes in net position, statements of cash flows, and the notes to the financial statements. The statements of net position provide a record or snapshot of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the close of each year. They present the financial position of the Authority on an accrual basis utilizing historical costs. The statements of revenue, expenses, and changes in net position present the results of the business activities of the Authority

## Overview of the Financial Statements - Continued

over the course of each year. The statements of cash flows are related to the other financial statements by the way they analyze changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources and their effect on cash and equivalents over the course of each year. The statements of cash flows are divided into four categories: operating, investing, non-capital and related financing and capital and related financing. The accompanying notes to the financial statements provide useful information regarding the Authority's significant accounting policies; explain significant account balances and activities, certain material risks, obligations, commitments, contingencies, and subsequent events, if any.

### Statement of Net Position

A condensed summary of the Authority's net position for fiscal year 2023, 2022, and 2021 is presented below.

	2023	2022	2021
Assets			
Current Assets	\$ 2,839,795	\$ 1,857,377	\$ 1,332,670
Restricted Assets	19,014,906	16,638,408	16,487,220
Capital Assets	18,655,956	19,066,635	21,257,719
Net Pension Asset	-	479,139	-
Total Assets	<u>40,510,657</u>	<u>38,041,559</u>	<u>39,077,609</u>
Deferred Outflows of Resources	<u>842,185</u>	<u>962,176</u>	<u>1,155,885</u>
Liabilities:			
Current Liabilities	2,916,441	2,702,594	2,384,849
Non Current Liabilities	<u>23,182,411</u>	<u>24,016,217</u>	<u>25,795,088</u>
Total Liabilities	26,098,852	26,718,811	28,179,937
Deferred Inflows of Resources	<u>154,888</u>	<u>1,729,487</u>	<u>1,622,665</u>
Net Position	<u>\$ 15,099,102</u>	<u>\$ 10,555,437</u>	<u>\$ 10,430,892</u>

The Authority's total assets increased by approximately \$2.5 million when compared to 2022. The increase is attributed primarily to an increase in the Agency's restricted cash and investments during the year. Total deferred outflows of resources decreased by \$120 thousand from the prior year, in conjunction with the increase in the Authority's net pension liability.

Total liabilities decreased by approximately \$620 thousand. This decrease can largely be attributed to long-term debt reductions of \$1.9 million netted with an increase in the net pension liability (reported as a liability in 2023) of \$1.3 million and changes in various other liability accounts. Total deferred inflows of resources decreased by approximately \$1.6 million based on the actuarially calculated net pension asset amount.

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

A summary of revenues, expenses, and changes in net position for the years ending 2023, 2022, and 2021, is presented below:

	2023	2022	2021
Total Operating Revenues	\$ 11,926,779	10,811,561	9,094,634
Total Operating Expenses	7,273,353	10,072,170	5,577,987
Operating Income	4,653,426	739,391	3,516,647
Other Income (Expense), Net	(109,761)	(614,846)	(746,920)
Increase (Decrease) in Net Position	\$ 4,543,665	124,545	2,769,727

The financial operations of the Authority continued to improve during 2023. Revenues increased over the 2022 amount. The Authority incurred cell closing costs of approximately \$2.7 million in fiscal year 2022. These costs were properly expensed, and no such costs were incurred in 2023, which partially explains the large decrease in operating expenses in 2023 compared with the prior year. Additionally, depreciation expense decreased in 2023 by approximately \$418 thousand from 2022.

## CAPITAL ASSET ADMINISTRATION

The Authority continues to invest in capital assets. During 2023 and 2022, the Authority capitalized construction and engineering costs incurred to improve and upgrade landfill cell 6, as well as vehicle and equipment purchases, and costs incurred to upgrade the Authority's information technology infrastructure. A summary of the Authority's capital assets is presented below:

	2023	2022	2021
Buildings	\$ 8,621,355	\$ 8,544,379	\$ 8,544,379
Landfill Cells	28,721,449	28,366,592	28,366,592
Vehicles and Equipment	8,948,586	7,314,153	7,314,153
Right-to-Use Assets	1,500,077	1,500,077	1,500,077
Land Improvements	4,565,536	4,565,536	4,565,536
Accumulated Depreciation	(35,766,026)	(33,289,081)	(33,289,081)
Total Depreciable	16,590,977	17,001,656	17,001,656
Land	2,064,979	2,064,979	2,064,979
Total Capital Assets	\$ 18,655,956	\$ 19,066,635	\$ 19,066,635

## LONG-TERM DEBT ADMINISTRATION

Authority issued bonds were used to construct buildings, systems and land improvements associated with landfill cells within the facility. The Authority uses leases to finance various vehicles and equipment.

Total bonds outstanding, exclusive of bond premiums, was \$22,440,000, \$24,240,000, and \$25,990,000 as of June 30, 2023, 2022, and 2021, respectively. Total obligations under leases payable were \$264,873, \$374,483, and \$258,137 as of June 30, 2023, 2022, and 2021 respectively.

## LONG-TERM DEBT ADMINISTRATION - CONTINUED

During 2023, the Authority repaid \$1,800,000 in bonds and \$109,611 in lease obligations, for a total reduction due to principal payments of \$1,909,611 in long-term debt. Additionally, during 2022 the Authority acquired a new lease in the amount of \$237,468 to finance the acquisition of a new piece of equipment.

## WASTE QUANTITIES AND CONTROL

The following table summarizes waste received at the Landfill in tons from 2014 through 2023 fiscal years.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>MSW</b>										
Franklin County	\$ 31,932	\$ 33,787	\$ 34,385	\$ 34,209	\$ 34,566	\$ 33,198	\$ 37,246	\$ 41,984	\$ 44,623	\$ 41,653
Out-of-County	18,837	18,702	13,185	22,768	23,134	24,207	52,931	45,728	59,224	65,764
<b>Total</b>	<b>50,769</b>	<b>52,489</b>	<b>47,570</b>	<b>56,977</b>	<b>57,700</b>	<b>57,405</b>	<b>90,177</b>	<b>87,712</b>	<b>103,847</b>	<b>107,417</b>
<b>BUD</b>										
Franklin County	1,856	1,729	7,915	11,612	2,968	5,940	3,908	6,577	6,355	1,308
Other	25,740	23,093	24,950	14,631	19,026	25,285	36,075	28,131	32,949	68,783
<b>Total</b>	<b>27,596</b>	<b>24,822</b>	<b>32,865</b>	<b>26,243</b>	<b>21,992</b>	<b>31,225</b>	<b>39,983</b>	<b>34,708</b>	<b>39,304</b>	<b>70,091</b>
<b>Total tons</b>	<b>\$ 78,365</b>	<b>\$ 77,311</b>	<b>\$ 80,435</b>	<b>\$ 83,220</b>	<b>\$ 79,692</b>	<b>\$ 88,630</b>	<b>\$ 130,160</b>	<b>\$ 122,420</b>	<b>\$ 143,151</b>	<b>\$ 177,508</b>

## CURRENTLY KNOWN FACTS AND CIRCUMSTANCES

The Authority remains in a strong financial position and continues to build its net position. All of the Agency's required reserves are fully funded and debt service payments are made on time.

Management of the Authority are happy to answer any other questions that may arise after reviewing this report.

Todd Perry, Executive Director  
518-483-8270  
[www.cfswma.com](http://www.cfswma.com)

**COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY  
STATEMENTS OF NET POSITION**

	As of June 30,	
	2023	2022
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 752,915	\$ 815,734
Accounts Receivable	1,968,312	924,046
Prepaid Expenses	118,568	117,597
Total Current Assets	2,839,795	1,857,377
Noncurrent Assets:		
Cash and Cash Equivalents - Restricted	17,348,197	14,971,699
Investments - Restricted	1,666,709	1,666,709
Total Restricted Assets	19,014,906	16,638,408
Capital Assets		
Depreciable, net	16,590,977	17,001,656
Nondepreciable	2,064,979	2,064,979
Total Capital Assets	18,655,956	19,066,635
Other Non-Current Assets		
Net Pension Asset	-	479,139
Total Assets	40,510,657	38,041,559
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
	842,185	962,176
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	850,929	675,248
Pension Contribution payable	5,244	11,496
Accrued Interest	99,418	106,240
Bonds Payable	1,860,000	1,800,000
Leases Payable	100,850	109,610
Total Current Liabilities	2,916,441	2,702,594
Noncurrent Liabilities:		
Bonds Payable - Less Current Installments	20,829,355	22,775,269
Leases Payable - Less Current Installments	164,022	264,873
Landfill Closure and Postclosure Monitoring Accrual	938,466	970,831
Pension Contribution payable	-	5,244
Net Pension Liability	1,250,568	-
Total Noncurrent Liabilities	23,182,411	24,016,217
Total Liabilities	26,098,852	26,718,811
<b>DEFERRED INFLOWS OF RESOURCES</b>		
	154,888	1,729,487
<b>NET POSITION</b>		
Restricted	19,014,906	16,638,408
Unrestricted	(3,915,804)	(6,082,971)
Total Net Postion	\$ 15,099,102	\$ 10,555,437

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**

	<b>For the Year Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Operating Revenue:</b>		
Solid Waste Fees	\$ 11,791,776	\$ 10,678,938
Recycling Fees	109,824	121,267
Miscellaneous Income	25,179	11,356
<b>Total Operating Revenues</b>	<u>11,926,779</u>	<u>10,811,561</u>
<b>Operating Expenses:</b>		
Operations and Maintenance	3,988,618	6,321,091
General and Administration	807,790	776,908
Depreciation	2,476,945	2,895,391
Change in Landfill Closure and Postclosure Accrual	-	78,780
<b>Total Operating Expenses</b>	<u>7,273,353</u>	<u>10,072,170</u>
 Operating Income	 <u>4,653,426</u>	 <u>739,391</u>
<b>Nonoperating Revenues (Expenses):</b>		
Interest Income	538,523	40,308
Interest Expense	(648,284)	(655,154)
Service Fees from Franklin County	9,811,381	9,555,088
Service Fees to Franklin County	(9,811,381)	(9,555,088)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(109,761)</u>	<u>(614,846)</u>
 <b>Change in Net Position</b>	 4,543,665	 124,545
 <b>Net Position - Beginning of Year</b>	 <u>10,555,437</u>	 <u>10,430,892</u>
 <b>Net Position - End of Year</b>	 <u><u>\$ 15,099,102</u></u>	 <u><u>\$ 10,555,437</u></u>

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



**COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY  
STATEMENTS OF CASH FLOWS**

	<b>For the Year Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Cash Received from Customers	\$ 10,882,513	\$ 10,722,897
Payments to Suppliers	(1,873,096)	(5,005,215)
Payments to Employees for Salaries and Benefits	(2,517,364)	(1,990,057)
<b>Net Cash Provided by Operating Activities</b>	<u>6,492,053</u>	<u>3,727,625</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Cash Payments from Franklin County	9,811,381	9,555,088
Cash Payments to Franklin County	(9,811,381)	(9,555,088)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>-</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Principal Repayments	(1,909,611)	(1,871,122)
Lease Proceeds	-	237,468
Interest Paid	(741,020)	(794,438)
Acquisition and Construction of Capital Assets	(2,066,266)	(704,307)
<b>Net Cash Provided by (Used by) Capital and Related Financing Activities</b>	<u>(4,716,897)</u>	<u>(3,132,399)</u>
<b>Cash Flows from Investing Activities</b>		
Interest Received on Deposits and Cash Equivalents	538,523	40,308
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<u>2,313,679</u>	<u>635,534</u>
Cash and Cash Equivalents - Beginning of Year	<u>15,787,433</u>	<u>15,151,899</u>
Cash and Cash Equivalents - End of Year	<u>\$ 18,101,112</u>	<u>\$ 15,787,433</u>

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

**COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY  
STATEMENTS OF CASH FLOWS  
(CONTINUED)**

	June 30,	
	2023	2022
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating Income	\$ 4,653,426	\$ 739,391
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
(Increase) decrease in:		
Deferred outflows of resources - pension related	119,991	193,709
Deferred inflows of resources - pension related	(1,574,599)	106,822
Depreciation	2,476,945	2,895,391
Loss on asset disposition	-	-
Changes in Operating Assets - (Increase) Decrease		
Accounts and Grants Receivable	(1,044,266)	(88,664)
Prepaid Expenses	(971)	48,303
Changes in Operating Liabilities - Increase (Decrease)		
Accounts Payable and Accrued Liabilities	164,185	238,362
Environmental Closure and Postclosure Accrual	(32,365)	78,779
Net Pension Liability / Asset	1,729,707	(484,468)
<b>Net Cash Provided by Operating Activities</b>	<b><u>\$ 6,492,053</u></b>	<b><u>3,727,625</u></b>
Supplemental schedule of cash flow information - classification of cash and cash equivalents:		
Unrestricted	\$ 752,915	815,734
Restricted	<u>17,348,197</u>	<u>14,971,699</u>
<b>Total cash and cash equivalents</b>	<b><u>\$ 18,101,112</u></b>	<b><u>15,787,433</u></b>

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

# County Of Franklin Solid Waste Management Authority

## Notes to the Financial Statements

### June 30, 2023 and 2022

#### Note 1 - Summary Of Significant Accounting Policies

##### a. 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.

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

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

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

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

Net position is classified as follows:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by the net outstanding debt balances. If the balance in this category is negative, as it is with the Authority at June 30, 2023 and 2022, the negative amount is reclassified and grouped with unrestricted net position, discussed below.

## Note 1 - Summary Of Significant Accounting Policies - Continued

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

- Restricted net position has externally placed constraints on use.
- Unrestricted net position consists of assets and deferred outflows and liabilities and deferred inflows that do not meet the definition of “restricted net position” or “net investment in capital assets.” This category also includes the “negative” amount of net investment in capital assets, if such a negative amount exists.

Revenues are recognized when earned, and expenses are recognized when incurred. The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the disposal of solid waste. The principal operating revenues of the Authority are charges to customers for user services. Operating expenses include the cost of personnel and contractual services, materials and supplies, utilities, change in post-closure accrual estimate, administrative expenses, depreciation on capital assets and other costs related to solid waste administration. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### *c. Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

### *d. Fair Value Measurement*

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

### *e. Cash, Cash Equivalents, and Investments*

Cash and cash equivalents consist of 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 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, 2023 and 2022 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.

## Note 1 - Summary Of Significant Accounting Policies - Continued

### *f. 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.

### *g. Capital Assets, Net*

Capital assets 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.

### *h. Deferred Outflows and Inflows of Resources*

Deferred outflows of resources are defined as the consumption of assets by the Authority that is applicable to future a future reporting period. Deferred inflows of resources are defined as an acquisition of assets by the Authority that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resource decrease net position, similar to liabilities. The Authority reports deferred outflows and inflows of resources related to its net pension liability (See Note 8).

### *i. Landfill Closure and Post closure Monitoring Accrual*

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 \$4,040,672 and \$3,284,963 at June 30, 2023 and 2022, 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 the landfill system. 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.

## Note 2 - Cash, Cash Equivalents, And Investments

The Authority's investment policies are governed by State statutes. Authority monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Collateral is required for demand deposits and certificates of deposit in an amount equal or greater than the amount of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities.

All of the Authority's investment related deposits with financial institutions were either covered by FDIC insurance or fully collateralized by authorized investments of the pledging financial institution. Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. As noted above, by State statute, all deposits in excess of FDIC insurance coverage must be collateralized. As of June 30, 2023 and 2022, the Authority's deposits were FDIC insured or collateralized.

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

A framework has been established for measuring the fair value of investments. That framework 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 (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). Level 1 assets are those whose inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Authority has the ability to access. Investments held by the Authority are classified as level 1 in the fair value hierarchy.

## Note 3 - Capital Assets

A summary of changes in capital assets for June 30, 2023 and 2022 is presents below:

	July 1, 2022	Additions	Deletions	June 30, 2023
Capital assets being depreciated				
Buildings	\$ 8,544,379	\$ 76,976	\$ -	\$ 8,621,355
Landfill cells	28,366,592	354,857	-	28,721,449
Vehicles and equipment	7,314,153	1,634,433	-	8,948,586
Right-to-use assets	1,500,077	-	-	1,500,077
Land improvements	4,565,536	-	-	4,565,536
	<u>50,290,737</u>	<u>2,066,266</u>	<u>-</u>	<u>52,357,003</u>
Less accumulated depreciation	<u>(33,289,081)</u>	<u>(2,476,945)</u>	<u>-</u>	<u>(35,766,026)</u>
Total capital assets being depreciated, net	<u>17,001,656</u>	<u>(410,679)</u>	<u>-</u>	<u>16,590,977</u>
Capital assets not being depreciated				
Land	<u>2,064,979</u>	<u>-</u>	<u>-</u>	<u>2,064,979</u>
Total capital assets, net	<u>\$ 19,066,635</u>	<u>\$ (410,679)</u>	<u>\$ -</u>	<u>\$ 18,655,956</u>

### Note 3 - Capital Assets - Continued

	July 1, 2021	Additions	Deletions	June 30, 2022
Capital assets being depreciated				
Buildings	\$ 8,544,379	\$ -	\$ -	\$ 8,544,379
Landfill cells	28,321,259	45,333	-	28,366,592
Vehicles and equipment (as restated)	6,892,647	421,506	-	7,314,153
Right-to-use assets (as restated)	1,262,609	237,468	-	1,500,077
Land improvements	4,565,536	-	-	4,565,536
	49,586,430	704,307	-	50,290,737
Less accumulated depreciation	(30,393,690)	(2,895,391)	-	(33,289,081)
Total capital assets being depreciated, net	19,192,740	(2,191,084)	-	17,001,656
Capital assets not being depreciated				
Land	2,064,979	-	-	2,064,979
Total capital assets, net	\$ 21,257,719	\$ (2,191,084)	\$ -	\$ 19,066,635

Significant capital asset additions during the current year included vehicle and equipment purchases. Landfill cells include the engineering and other professional service costs incurred to bring the assets into service.

During the year ended June 30, 2022, the Authority capped cells 3 and 4, incurring \$2,684,976 in costs. These costs, while substantial, did not add to the Authority's future revenue generation capacities and, therefore, were expensed and not recorded as capital asset additions. These costs as shown on the Statement of Revenue, Expenses, and Changes in Net Position as "Operations and Maintenance" expenses.

### Note 4 - Long-Term Liabilities

A summary of changes in long-term liabilities for the periods ending June 30, 2023 and 2022 is presented below:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Bonds Payable - Principal	\$ 24,240,000	\$ -	\$ (1,800,000)	\$ 22,440,000	\$ 1,860,000
Bond Premium	335,269	-	(85,914)	249,355	-
Total Bonds Payable	24,575,269	-	(1,885,914)	22,689,355	1,860,000
Capital Leases Payable	374,483	-	(109,611)	264,872	100,850
Pension contribution payable	16,740	-	(11,496)	5,244	5,244
Net Pension Liability (Asset)	(479,139)	1,729,707	-	1,250,568	-
Closure and Postclosure Accrual	970,831	(32,365)	-	938,466	-
	\$ 25,458,184	\$ 1,697,342	\$ (2,007,021)	\$ 25,148,505	\$ 1,966,094

**Note 4 - Long-Term Liabilities - Continued**

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Bonds Payable - Principal	\$ 25,990,000	\$ -	\$ (1,750,000)	\$ 24,240,000	\$ 1,800,000
Bond Premium	434,482	-	(99,213)	335,269	-
Total Bonds Payable	26,424,482	-	(1,849,213)	24,575,269	1,800,000
Capital Leases Payable	258,137	237,468	(121,122)	374,483	109,610
Pension contribution payable	27,867	-	(11,127)	16,740	11,496
Net Pension Liability	5,329	-	(484,468)	(479,139)	-
Closure and Postclosure Accrual	892,052	78,779	-	970,831	-
	<u>\$ 27,607,867</u>	<u>\$ 316,247</u>	<u>\$ (2,465,930)</u>	<u>\$ 25,458,184</u>	<u>\$ 1,921,106</u>

**Note 5 - Bonds Payable**

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

	Issue Date	Original Amount	Interest Rate(s)	Final Maturity	Outstanding at June 30, 2023
EFC Bonds Payable	August, 2016	\$ 11,342,974	.8% to 5.0%	Jul-39	\$ 9,150,000
Revenue Bonds	May, 2012	4,810,000	2.0% to 5.0%	Jun-32	2,820,000
Revenue Bonds	March, 2015	8,550,000	3.0% - 5.0%	Jun-40	6,750,000
Revenue Bonds	June, 2019	6,155,000	4.0%	Jun-27	3,720,000
					<u>\$ 22,440,000</u>

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
2024	\$ 1,860,000	652,054
2025	1,930,000	615,224
2026	2,000,000	576,338
2027	2,070,000	540,121
2028	1,120,000	501,953
2029-2033	5,725,000	1,916,274
2034-2038	4,970,000	961,467
2039-2041	2,765,000	131,058
	<u>\$ 22,440,000</u>	<u>5,894,489</u>

Interest expense on the above indebtedness was \$686,582 and \$650,003 for the years ended June 30, 2023 and 2022 respectively.



## Note 6 - Leases

During the year ended June 30, 2022, the Authority implemented the requirements of *GASB Statement No. 87 – Leases*. Under the rules of this GASB statement, governmental entities record leased assets as intangible “right-to-use” assets at the present value of the assets leased. These assets are depreciated over the life of the lease using the straight-line method. The Authority implemented the requirements of this standard retroactively. The Authority had no material operating leases as of the beginning of fiscal year June 30, 2022 so the implementation of this new standard only affected account titles. There was no impact on the Authority’s net position.

Lease debt is summarized below:

	<u>2023</u>	<u>2022</u>
Key Government Finance lease payable in semiannual installments of \$11,337 including interest at 5.0%, due September, 2023, secured by equipment.	\$ -	\$ 11,062
SymQuest lease payable in 60 monthly installments of \$1,599, no stated interest rate, due January, 2026, secured by equipment.	49,564	68,750
Key Government Financial lease payable in annual installments of \$36,858 including interest at 2.75%, due October, 2024, secured by equipment.	70,782	104,759
Caterpillar Financial Services Corporation lease payable in semi-annual installments of \$25,364, which includes interest at 2.99%, due 2027, secured by equipment	<u>144,526</u>	<u>189,912</u>
	264,872	374,483
Less: current portion	<u>(100,850)</u>	<u>(109,610)</u>
	<u>\$ 164,022</u>	<u>\$ 264,873</u>

Interest expense incurred and paid on the above indebtedness was \$8,500 and \$5,151 for the years ended June 30, 2023 and 2022, respectively.

A summary of the Authority’s future annual minimum maturities of long-term debt at June 30, 2023 is as follows:

For the year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 100,850	\$ 5,922	\$ 106,772
2025	103,221	3,552	106,773
2026	<u>60,801</u>	<u>1,116</u>	<u>61,917</u>
	<u>\$ 264,872</u>	<u>\$ 10,590</u>	<u>\$ 275,462</u>

**Note 7 - Landfill Closure And Post Closure Monitoring Accrual**

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 \$938,466 and \$970,831 reported as landfill closure and post closure care liability at June 30, 2023 and 2022, respectively, represents the cumulative amount reported to date based on the use of 13.41 percent and 12.46 percent of the estimated capacity of the landfill system at June 30, 2023 and 2022, respectively. The Authority will recognize the remaining estimated cost of closure and post closure care of \$5,622,672 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care at a time in the future where the Authority cannot accept any more waste, and, therefore, cannot generate any more revenue. The Authority expects to close the landfill in the year 2074. 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, 2023 investments of \$4,040,672 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, 2023 and 2022, based on the Authority’s operating plan approved by the State of New York is as follows:

	At 6/30/23	At 6/30/22
Total estimated landfill capacity (cubic yards)	18,650,000	18,650,000
Total estimated landfill capacity (cubic yards) used through June 30, 2023 and 2022	2,500,329	2,322,960
Percentage of total landfill capacity	13.41%	12.46%
Estimated closure and post-closure costs for approved cells	\$ 7,000,032	7,794,370
Environmental and closure accrual	\$ 938,466	970,831
Anticipated closure date	2074	2074

**Note 8 - 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

## Note 8 - Pension Plan - Continued

### Plan Description - Continued

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.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, 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:

2022-2023	\$ 201,422
2021-2022	\$ 195,439
2020-2021	\$ 166,241

The employer contribution rates for the plan's year ending in 2023 are as follows:

Tier/Plan	Rate
4 A15	14.9%
5 A15	12.9%
6 A15	9.5%

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 FY23 and FY22, the Authority paid the full contribution of \$201,422 and \$195,439, respectively. The contribution for the years 2023 and 2022 included payments on the 2013 and 2014 deferred amounts of \$12,071 and \$12,071, respectively.

**Note 8 - Pension Plan - Continued**

*Contributions - Continued*

A summary of the Authority's future annual minimum maturities of the amortization at June 30, 2023, is as follows:

For the year ended June 30,	Principal	Interest	Total
2024	\$ 5,244	\$ 191	\$ 5,435
	<u>\$ 5,244</u>	<u>\$ 191</u>	<u>\$ 5,435</u>

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

At June 30, 2023 and 2022, the Authority reported a liability of \$1,250,568 and an asset of \$479,139 respectively for its proportionate share of the net pension asset/liability. The net pension asset/liability was measured as of March 31, 2023 and 2022, respectively, and the total pension asset/liability used to calculate the net pension asset/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 asset/liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023 and 2022, the Authority's proportion was 0.0058318 percent and 0.0053516 percent, respectively. The ERS reported a 0.0004802 percent change in the allocation percentage measured as of March 31, 2023 in relation to the March 31, 2022 percentage.

For the years ended June 30, 2023 and 2022, the Authority recognized pension expense of \$418,269 and \$10,626, respectively. At June 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 133,195	\$ 35,121
Changes of assumptions	607,356	6,712
Net difference between projected and actual earnings on pension plan investments	-	7,347
Changes in proportion and differences between contributions and proportionate share of contributions	56,300	105,708
Contributions subsequent to the measurement date	45,334	-
<b>Total</b>	<u>\$ 842,185</u>	<u>\$ 154,888</u>

**Note 8 - Pension Plan - Continued**

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

The Authority had \$45,334 and \$45,601 at June 30, 2023 and 2022, 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, 2023 and 2022. 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,	
2024	\$ 149,721
2025	(79,312)
2026	241,414
2027	330,140
2028	-
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:

	<u>2023</u>	<u>2022</u>
Measurement date	March 31, 2023	March 31, 2022
Actuarial valuation date	April 1, 2022	April 1, 2021
Investment rate of return	5.9%	5.9%
Salary scale	4.4% Indexed by Service	4.4% Indexed by Service
Projected COLAs	1.5%	1.4%
Decrement Tables	4/1/15 to 3/31/20	4/1/15 to 3/31/20
	System's Experience	System's Experience
Inflation rate	2.9%	2.7%

For 2023 and 2022, the annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the April 1, 2022 and 2021 valuations are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

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, 2023 and 2022 are summarized below.

**Note 8 - Pension Plan - Continued**

*Actuarial Assumptions - Continued*

2023		
Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32%	4.30%
International equity	15%	6.85%
Private equity	10%	7.50%
Real estate	9%	4.60%
Opportunistic portfolio	3%	5.38%
Real assets	3%	5.84%
Bonds and mortgages	23%	1.50%
Cash	1%	0.00%
Credit	4%	5.43%
	<u>100%</u>	

2022		
Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32%	4.05%
International equity	15%	6.30%
Private equity	10%	6.75%
Real estate	9%	4.95%
Opportunistic portfolio	3%	4.50%
Real assets	3%	5.95%
Bonds and mortgages	23%	0.00%
Cash	1%	0.50%
Credit	4%	3.63%
	<u>100%</u>	

*Discount Rate*

The discount rate used to calculate the total pension liability was 5.9% for 2023 and 2022. 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.

**Note 8 - Pension Plan - Continued**

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rates of 5.9% for 2023 and 2022, as well as what the 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 (4.9 percent) or 1-percentage-point higher (6.9 percent) than the current rate:

	June 30, 2023		
	1% Decrease (4.9%)	Current Assumption (5.9%)	(1%) Increase (6.9%)
Authority's proportionate share of the net pension liability (asset)	\$ 3,022,085	\$ 1,250,568	\$ (229,742)

	June 30, 2022		
	1% Decrease (4.9%)	Current Assumption (5.9%)	(1%) Increase (6.9%)
Authority's proportionate share of the net pension liability (asset)	\$ 1,233,299	\$ (479,139)	\$ (1,911,510)

*Pension plan fiduciary net position*

The components of the collective net pension liability of ERS as of March 31, 2023 and 2021 measurement date were as follows:

	(Dollars in Thousands)	
	March 31, 2023	March 31, 2022
Total pension liability	\$ 232,627,259	223,874,888
ERS fiduciary net position	(211,183,223)	(232,049,473)
Employer's net pension liability	\$ 21,444,036	(8,174,585)
ERS fiduciary net position as a percentage of total pension liability	90.78%	103.65%

Employer contributions 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, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 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, 2023 were \$45,334. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 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, 2022 were \$45,601.

## **Note 9 - 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, 2023 and 2022 total \$9,811,381 and \$9,555,088 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, 2023 and 2022, \$9,811,381 and \$9,555,088, respectively. The Authority owed Franklin County \$23,786 and \$132,173 at June 30, 2023 and 2022, 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, 2023 or June 30, 2022. All capital projects were completed and resulting assets were placed in service. No retainage was held at June 30, 2023 or June 30, 2022 respectively.

## **Note 10 - 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 years ended June 30, 2023 and June 30, 2022, the Authority accepted at no charge \$17,933 and \$70,674 respectively from Franklin County and \$34,913 and \$51,931 respectively from the Village of Malone of waste generated by governmental departments.



### **Note 11 - New Accounting Standards**

The Authority has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. During the year ended June 30, 2023, the Authority implemented the following new statements issued by GASB:

- GASB Statement No. 91, Conduit Debt Obligations
- GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Arrangement
- GASB Statement No. 96, Subscription Based Information Technology Arrangements
- GASB Statement No. 98 – The Annual Comprehensive Financial Report
- GASB Statement No. 99, Omnibus 2022

### **Note 12 - Accounting Standards Issued but Not Yet Implemented**

The Authority has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 100 – Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62 effective for the year ending June 30, 2024; GASB Statement No. 101 – Compensated Absences effective for the year ending June 30, 2025.

The Authority will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

### **Note 13 - Subsequent Events**

The Authority has evaluated events and transactions that occurred between June 30, 2023 and October 20, 2023, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

Subsequent to year end, the Authority closed on \$5,810,000 of revenue bonds (the “2023 bonds”). The proceeds of these bonds will be used primarily to provide permanent financing for the costs of various engineering and construction work associated with the phased replacement of the Authority’s registered and operational municipal solid waste transfer stations in its Lake Clear and Malone locations. This will include the construction of two new transfer stations and improvements directly related to such replacements.

Interest on the 2023 bonds is payable on June 1, 2024 and semiannually thereafter on June 1st and December 1st of each year. The interest rate on the bonds varies between 4.0 percent and 5.0 percent. Principal is due on June 1st of each year from 2024 through 2038.

**THIS PAGE LEFT INTENTIONALLY BLANK**

**REQUIRED SUPPLEMENTARY INFORMATION**

**THIS PAGE LEFT INTENTIONALLY BLANK**

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

**New York State Employees Retirement System (ERS)**

Measurement Date	Fiscal Year Ended June 30,								
	2023 March 31, 2023	2022 March 31, 2022	2021 March 31, 2021	2020 March 31, 2020	2019 March 31, 2019	2018 March 31, 2018	2017 March 31, 2017	2016 March 31, 2016	2015 March 31, 2015
Authority's Proportion of the Net Pension Liability	0.0058318%	0.0058613%	0.0053516%	0.0047962%	0.0046247%	0.0048963%	0.0043805%	0.0043757%	0.0046574%
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,250,568	(479,139)	5,329	1,270,071	327,674	158,024	411,605	702,317	157,340
Authority's Covered-Employee Payroll	\$ 1,526,271	1,476,034	1,416,483	1,310,842	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	81.94%	-32.46%	0.38%	96.89%	26.29%	13.05%	36.78%	67.65%	12.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.78%	103.65%	99.95%	86.39%	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 CONTRIBUTIONS**  
**LAST NINE YEARS \***

**New York State Employees Retirement System (ERS)**

	Fiscal Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 45,334	\$ 45,601	\$ 48,860	\$ 41,560	\$ 39,372	\$ 154,433	\$ 149,003	\$ 125,912	\$ 207,475
Contributions in Relation to the Contractually Required Contribution	45,334	45,601	48,860	41,560	39,372	154,433	149,003	125,912	207,475
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-
Authority's Covered-Employee Payroll	\$ 1,526,271	\$ 1,476,034	\$ 1,416,483	\$ 1,310,842	\$ 1,246,569	\$ 1,211,121	\$ 1,118,953	\$ 1,038,194	\$ 1,294,266
Contributions as a Percentage of Covered-Employee Payroll	2.97%	3.09%	3.45%	3.17%	3.16%	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**

**THIS PAGE LEFT INTENTIONALLY BLANK**



**COUNTY OF FRANKLIN SOLID WASTE MANAGEMENT AUTHORITY  
SCHEDULES OF OPERATING EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<b>2023</b>		<b>2022</b>	
	<b>Operations &amp; Maintenance</b>	<b>General &amp; Administrative</b>	<b>Operations &amp; Maintenance</b>	<b>General &amp; Administrative</b>
Salaries, Wages, and Compensated Absences	\$ 1,277,415	\$ 308,372	\$ 1,222,723	\$ 340,207
Board Expenses	-	-	-	-
Host Community Benefits	-	129,231	-	124,998
Payroll Taxes and Employer Benefits	920,160	132,950	607,975	59,049
Environmental and Closure	64,017	-	53,509	-
Environmental Monitoring	26,488	-	76,298	-
Fuel	502,998	-	459,128	-
Insurance	113,571	94,571	118,241	95,889
Leachate Disposal	42,726	-	48,853	-
Waste Disposal	7,663	-	7,177	-
Miscellaneous Equipment	107,967	-	58,764	-
Office	21,052	10,407	6,427	8,777
Other Contractual Services	54,633	-	28,442	-
Professional Fees	28,022	59,388	38,557	59,142
Recycling	31,047	-	39,347	-
Repairs and Maintenance	659,764	31,497	725,870	31,206
Cell Capping Expenses	-	-	2,684,976	-
Supplies	51,149	-	60,719	-
Telephone	10,484	6,594	9,356	7,814
Travel and Conferences	5,300	5,276	5,536	4,198
Trustee Costs	-	14,000	-	14,000
Utilities	63,763	15,504	69,193	17,838
Miscellaneous	399	-	-	13,790
	<u>\$ 3,988,618</u>	<u>\$ 807,790</u>	<u>\$ 6,321,091</u>	<u>\$ 776,908</u>

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

**THIS PAGE LEFT INTENTIONALLY BLANK**

## **INTERNAL CONTROL AND COMPLIANCE**

**THIS PAGE LEFT INTENTIONALLY BLANK**



Kenneth S. Frank, CPA  
Roger J. Lis, Jr. CPA  
Christopher M. Zera, CPA

**R. A. MERCER & CO., P.C.**  
**Certified Public Accountants**  
290 Center Road  
West Seneca, New York 14224  
Phone 716-675-4270 Fax 716-675-4272  
[www.ramercerpa.com](http://www.ramercerpa.com)

Raymond A. Mercer, CPA 1931-1983  
Kathryn A. Larracuente, CPA

**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 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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Franklin Solid Waste Management Authority (the "Authority"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 20, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on 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 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 financial statements. 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

October 20, 2023