

Broward County, Florida Landfill Management Escrow Account

Schedule of Activity
September 30, 2017

Contents

Independent auditor's report	1-2
Schedule of activity	3
Notes to schedule of activity	4-6



RSM US LLP

Independent Auditor's Report

To the Board of County Commissioners of Broward County, Florida
Broward County, Florida Landfill Management Escrow Account

We have audited the accompanying schedule of activity of the Landfill Management Escrow Account (the Schedule) of Broward County, Florida (the County) as of and for the year then ended September 30, 2017, and the related notes to the Schedule.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule 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 the Schedule that is free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on this Schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, 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 Schedule 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 Schedule.

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 Schedule referred to above presents fairly, in all material respects, the activity of the Landfill Management Escrow Account of the County as of and for the year ended September 30, 2017, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As more fully described in Note 2, the accompanying Schedule was prepared for the purpose of complying with Section 62-701.630(5)(c) of the Florida Administrative Code. The Schedule referred to above presents only the activity and balance of the Landfill Management Escrow Account and does not purport to, and does not, present fairly the financial position, results of operations and cash flows of Broward County, Florida in conformity with accounting principles generally accepted in the United States of America.

Restriction on Use

This report is intended solely for the information and use of the Board of County Commissioners and management of Broward County, Florida and the Florida Department of Environmental Protection and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Fort Lauderdale, Florida
February 1, 2018

Broward County, Florida
Landfill Management Escrow Account

Schedule of Activity

As of and for the Year Ended September 30, 2017

	Broward County Interim Contingency Southwest Regional Landfill	South Broward Resource Recovery Landfill	Total Landfill Escrow Account
Funding:			
Escrow, September 30, 2016			
Closure	\$ 4,575,150	\$ 4,083,997	\$ 8,659,147
Long-term	8,133,601	13,672,509	21,806,110
Escrow balance, September 30, 2016	12,708,751	17,756,506	30,465,257
Less withdrawals	(35,772)	(63,724)	(99,496)
Plus deposits	497,057	151,238	648,295
Escrow balance, September 30, 2017	13,170,036	17,844,020	31,014,056
Accumulated escrow for closure	4,609,513	3,568,804	8,178,317
Accumulated escrow for long-term	8,560,523	14,275,216	22,835,739
Escrow balance, September 30, 2017	\$ 13,170,036	\$ 17,844,020	\$ 31,014,056

See notes to schedule of activity.

**Broward County
Landfill Management Escrow Account**

Notes to Schedule of Activity

Note 1. Reporting Entity

Broward County, Florida (the County) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board) who is responsible for legislative and fiscal control of the County. In addition to the members of the Board, there are four elected constitutional officers: the Clerk of the County and Circuit Court, Property Appraiser, Sheriff, and Supervisor of Elections.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The Landfill Management Escrow Account (the Escrow Account) was established on September 27, 1990, to comply with the escrow requirements of Section 62 - 701.630(5) of the Florida Administrative Code (the Code) and the Escrow Agreement. This rule requires the County to annually deposit funds in an interest bearing escrow account for the purpose of funding the estimated landfill closure costs of each of the County's landfills and to cover the following year's long-term care costs.

The balance and activity of the Escrow Account is presented and reported within the County's Solid Waste Fund.

The Schedule of Activity of the Landfill Management Escrow Account (the Schedule) is presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Schedule contains only the escrow account balance and activity required by the Code. And is not intended to present, and does not present, the financial position and changes in financial position of the County or the complete activity of the landfill.

Cash: All cash deposits are held in qualified public depositories pursuant to State of Florida Statutes Chapter 280, *Florida Security for Public Deposits Act* (the Act). Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The pledging level may range from 50 percent to 125 percent depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default (see Note 3).

Investments: The County's investment practices are governed by Chapter 125 and Section 218.415 of the Florida Statutes, County Ordinance 87-82, *Investment of Surplus Public Funds* (as amended), as well as the requirements of outstanding bond issues (see Note 3) and all investments are reported at fair value.

Funding source: The escrow account is funded through deposits made out of the Solid Waste Fund's operating budget.

Withdrawals: Withdrawals represent reimbursements for actual out of pocket costs related to closure and post-closure care expenses paid out of the operating account of the Solid Waste Fund.

**Broward County
Landfill Management Escrow Account**

Notes to Schedule of Activity

Note 3. Landfill Management Escrow Account

In accordance with Code 62-701.630 rules, the required level of funding of the Escrow Account at September 30, 2017, consists of cash held in a qualified public depository.

The minimum amount to be deposited into the Escrow Account in the subsequent year is based on estimates made biennially by a registered Professional Engineer from a consulting firm. The Fund uses the balance method where the minimum fiscal year-end account balance is the current dollar closing cost estimate multiplied by the percentage of the design life exhausted to the total design life of the landfill less all closing costs paid to date. For government-owned landfills, the owner or operator shall deposit into the Escrow Account, at the time of closing and each year thereafter, sufficient funds to cover the following year's long-term care costs. Funds determined to be in excess of the required financial assurance balances are retained in the escrow account for contingencies and are used to offset future annual funding requirements for closure and post-closure care. Deficiencies are funded through operating transfers.

Note 4. Application of GASB Pronouncements

State and federal laws require that the County place a final cover on its landfill sites when they stop accepting waste and that the sites be monitored for up to 30 years after closure. Although closure and post-closure care costs will be paid only near, or after, the date the landfills stop accepting waste, the County reports a portion of these costs as an operating expense and a liability in each period based on landfill capacity used as of the balance sheet date as required by Governmental Accounting Standards Board (GASB) Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs*. The County's landfill closure and post-closure care liability at September 30, 2017, was estimated to be \$22,891,775. The total estimated costs for closure and long-term maintenance costs for each landfill when it reaches capacity is as follows:

	Broward County Interim Contingency Southwest Regional Landfill	South Broward Resource Recovery Landfill	Total
Estimated costs:			
Estimated closure costs	\$ 9,450,650	\$ 8,766,540	\$ 18,217,190
Estimated long-term maintenance costs	12,258,708	9,141,471	21,400,179
Total estimated costs, September 30, 2017	\$ 21,709,358	\$ 17,908,011	\$ 39,617,369

**Broward County
Landfill Management Escrow Account**

Notes to Schedule of Activity

Note 5. Schedule of Deposits and Withdrawals

In accordance with Code 62-701.630 rules, below is a schedule of all deposits and withdrawals including dates and amounts:

Deposits:

4/11/2017	Interest	\$	54,633
5/8/2017	Interest		18,412
6/8/2017	Interest		18,495
7/11/2017	Interest		21,130
8/4/2017	Interest		21,128
8/4/2017	Interest		18,495
8/8/2017	Interest		24,993
9/5/2017	Interest		24,994
9/5/2017	Interest		21,130
9/11/2017	Interest		25,235
9/28/2017	Broward County Interim Contingency Southwest Landfill		393,330
9/28/2017	South Broward Resource Recovery Landfill		6,320
		\$	<u>648,295</u>

Withdrawals:

8/4/2017	Interest adjustment	\$	21,128
8/4/2017	Interest adjustment		18,495
9/5/2017	Interest adjustment		21,128
9/5/2017	Interest adjustment		24,993
9/28/2017	South Broward Resource Recovery Landfill		13,752
		\$	<u>99,496</u>