

HERNANDO COUNTY, FLORIDA

**SCHEDULE OF TRANSACTIONS –
LANDFILL ESCROW ACCOUNT**

Year Ended September 30, 2023



INDEPENDENT AUDITOR'S REPORT

Honorable Board of County Commissioners
Hernando County, Florida

Report on the Schedule of Transactions

Opinion

We have audited the accompanying Schedule of Transactions – Landfill Escrow Account (the Schedule) of Hernando County, Florida (the County) as of and for the year ended September 30, 2023, and the related notes to the Schedule.

In our opinion, the Schedule referred to above present fairly, in all material respects, transactions of the Landfill Escrow Account of the County as of September 30, 2023, in accordance with the financial reporting provisions of the State of Florida Department of Environmental Protection (FDEP) as described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the County, 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 opinion.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with the financial reporting provisions of the FDEP; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Auditor's Responsibility for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is 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 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 Schedule.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, 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 Schedule.
- 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 County'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 Schedule.

Basis of Accounting

We draw attention to Note 2 of the Schedule, which provides the basis of accounting. The Schedule is prepared on the basis of the financial reporting provisions of the FDEP, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the FDEP. Our opinion is not modified with respect to this matter.

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.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
June 10, 2024

HERNANDO COUNTY, FLORIDA

SCHEDULE OF TRANSACTIONS LANDFILL ESCROW ACCOUNT

Year Ended September 30, 2023

	Beginning Balance	Charges for Services	Other Deposits (2)	Investment Income	Postclosure Care (3)	Ending Balance (1)
Equity in Pooled Cash:						
October 31, 2022	\$ 9,660,930	\$ -	\$ -	\$ 7,404	\$ -	\$ 9,668,334
November 30, 2022	9,668,334	841	-	15,798	(85)	9,684,888
December 31, 2022	9,684,888	-	-	13,868	(84)	9,698,672
January 31, 2023	9,698,672	-	-	47,704	(7,565)	9,738,811
February 28, 2023	9,738,811	1,624	124,077	20,841	(1)	9,885,352
March 31, 2023	9,885,352	-	38,718	24,635	(731)	9,947,974
April 30, 2023	9,947,974	1,616	39,488	82,638	(8,743)	10,062,973
May 31, 2023	10,062,973	-	-	28,810	(280)	10,091,503
June 30, 2023	10,091,503	-	130,419	19,949	(2,756)	10,239,115
July 31, 2023	10,239,115	2,511	44,729	24,414	(190)	10,310,579
August 31, 2023	10,310,579	-	41,616	-	(3,336)	10,348,859
September 30, 2023	10,348,859	5,205	95,548	(1,752)	(5,433)	10,442,427
	<u>\$ 9,660,930</u>	<u>\$ 11,797</u>	<u>\$ 514,595</u>	<u>\$ 284,309</u>	<u>\$ (29,204)</u>	<u>\$ 10,442,427</u>

- NOTES: (1) (1) Balance required at September 30, 2023, by Rule 62-701.630(5)(d), Florida Administrative Code, for closure care costs and postclosure care - \$3,862,484
(2) Other deposits are intrafund transfers.
(3) Disbursements for postclosure care during 2023.

HERNANDO COUNTY, FLORIDA

NOTES TO SCHEDULE OF TRANSACTIONS LANDFILL ESCROW ACCOUNT

Year Ended September 30, 2023

Note 1 – Reporting Entity

Hernando County, Florida (the County) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commission (the Board), which is responsible for legislative and fiscal control of the County.

The Schedule of Transactions Landfill Escrow Account (the Schedule) of the County is prepared and submitted to the State of Florida Department of Environmental Protection (FDEP) pursuant to Rule 62-701.630(5)(c) of the Florida Administrative Code (the Code). The Schedule contains only the transactions and balances of the Landfill Escrow Account as required by the Code and is not intended to present the financial position or the results of operations of the County as a whole.

Note 2 – Basis of Accounting

The Schedule is presented on the cash basis of accounting. Investments are recorded at market value.

Note 3 – Landfill Management Escrow

The County has established a landfill management escrow account (the Escrow Account) in accordance with the escrow agreement approved by the County officials in July 2009, as an available option to comply with the FDEP’s financial responsibility requirements. The Escrow Account holds the funds restricted for closure and postclosure care of the County’s active portions of the County’s Croom and Northwest Facility’s Landfills.

The Escrow Account at September 30, 2023 has a balance of \$10,442,427 and is invested in the Florida Local Government Investment Trust.

The required balance of the Escrow Account was based on estimates made by a registered professional engineer, and adjusted annually for inflation using factors provided by FDEP. Following are the components of the required balance in the Escrow Account at September 30, 2023:

	<u>Closing</u>	<u>Long-Term Care</u>	<u>Total</u>
Landfill			
Northwest Cells 1, 2, and 3	\$ 3,612,748	\$ 209,315	\$ 3,822,063
Northwest C and D Cells	-	40,421	40,421
Total	<u>\$ 3,612,748</u>	<u>\$ 249,736</u>	<u>\$ 3,862,484</u>

HERNANDO COUNTY, FLORIDA

NOTES TO SCHEDULE OF TRANSACTIONS LANDFILL ESCROW ACCOUNT *(Continued)*

Year Ended September 30, 2023

The required balances above were based on the following estimates:

	Northwest 1, 2, and 3	Northwest C and D
Landfill Management Escrow		
Total Remaining Closing Costs	\$ 7,948,046	\$ -
Estimated Remaining Design Life in Years	5	-
Annual Long-Term Care Cost	209,315	40,421
Date of Landfill Closure	Open	12/21/22

The actual balances in the Escrow Account at September 30, 2023, were comprised of the following and the total balance of \$10,442,427 is recorded as restricted cash:

	Closing	Long-Term Care	Total
Landfill			
Northwest Cells 1, 2, and 3	\$ 5,882,365	\$ 4,357,956	\$ 10,240,321
Northwest C and D Cells	-	202,106	202,106
Total	\$ 5,882,365	\$ 4,560,062	\$ 10,442,427

Note 4 – Application of Governmental Accounting Standards Board (GASB) Pronouncements

State and federal laws require that the County place final covers on its landfill sites when they stop accepting waste and that the sites be monitored for a number of years after closure. The Northwest Cells 1, 2, and 3 require postclosure monitoring for 30 years after closure and the Northwest C and D Cells for five years. Northwest Cells 1 and 2 were covered and partially closed in July 2015. Closure costs incurred in 2014 were \$3,158,604.

Although closure and postclosure care costs will be paid only near or after the date that the landfill stops 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 GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. Under this pronouncement, the County's accrued landfill closure and postclosure care costs at September 30, 2023 were estimated to be \$11,440,437 as shown below:

	Remaining Closure	Post Closure	Total
Landfill			
Northwest Cells 1, 2, and 3	\$ 5,882,365	\$ 5,355,966	\$ 11,238,331
Northwest C and D Cells	-	202,106	202,106
Total	\$ 5,882,365	\$ 5,558,072	\$ 11,440,437