

City of Daytona Beach, Florida
SCHEDULE OF ACTIVITY
LANDFILL MANAGEMENT ESCROW ACCOUNT

For the Year Ended
September 30, 2017



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor and Members of the City Commission
City of Daytona Beach, Florida

We have audited the accompanying Schedule of Activity for the Landfill Management Escrow Account (the "Schedule") of the City of Daytona Beach, Florida, for the year ended September 30, 2017, and the related notes.

Management's Responsibility for the Schedule of Activity

Management is responsible for the preparation and fair presentation of this Schedule in accordance with the provisions of Rule 62-701.630(5) of the Florida Administrative Code, as described in Note 1. Management is also responsible for 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 fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 auditors' 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 accompanying Schedule of Activity for the Landfill Management Escrow Account of the City of Daytona Beach, Florida presents fairly, in all material respects, the cash balance in the landfill management escrow account as of September 30, 2017 and the cash receipts and cash disbursements of the escrow account for the year ended September 30, 2017, in accordance with the provisions of the Florida Administrative Code described in Note 1.

Basis of Accounting

We draw attention to Note 1 to the Schedule, which describes the basis of accounting. The Schedule is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the provisions of the Florida Administrative Code. Our opinion is not modified with respect to that matter.

Restriction on Use

This report is intended solely for the information of the City Commission and management of the City of Daytona Beach, Florida, and the State of Florida Department of Environmental Protection, and is not intended to be and should not be used by anyone other than these specified parties.

Carri Riggs & Ingram, L.L.C.

Melbourne, Florida
March 23, 2018

City of Daytona Beach, Florida
Schedule of Activity
Landfill Management Escrow Account

For the year ended September 30, 2017

Balance, September 30, 2016	\$ 208,341
Interest earned:	
October 31, 2016	2
November 30, 2016	1
December 31, 2016	3
January 31, 2017	12
February 28, 2017	14
March 31, 2017	15
April 30, 2017	29
May 31, 2017	19
June 30, 2017	32
July 31, 2017	50
August 31, 2017	31
September 30, 2017	21
Total interest earned	229
Balance, September 30, 2017	\$ 208,570

The accompanying notes are an integral part of this financial schedule.



City of Daytona Beach, Florida
Notes to Schedule of Activity
Landfill Management Escrow Account

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Daytona Beach, Florida (the “City”), is a political subdivision of the state of Florida. It is governed by an elected Board of City Commissioners (the “Board”), which is governed by Florida Statutes and Regulations.

Basis of Accounting

The Landfill Management Escrow Account (the “Escrow Account”) was established to comply with the requirements of Rule 62-701.630(5) of the Florida Administrative Code (the “Code”). This rule requires the City to annually deposit funds into an interest-bearing escrow account for the purpose of funding the estimated landfill closure cost of the City’s landfill.

Basis of Presentation

The balance and activity of the Escrow Account is presented and reported within the City’s Solid Waste Management Enterprise Fund.

The Schedule of Activity of the Escrow Account is presented on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and is only intended to present the balance segregated for the purpose of complying with Rule 62-701.630(5) of the Code. The Schedule contains only the Escrow Account balance and activity required by the Code and is not intended to present, nor does it present, the financial position and changes in financial position and, where applicable, cash flows thereof, of the Solid Waste Management Fund or the City as of and for the year ended September 30, 2017.

Cash receipts as reported in the Schedule include allocated investment earnings on amounts held in escrow. The City’s investments are reported at fair value. Interest earnings include realized and unrealized gains and losses. Details of the City’s investments may be found in its Comprehensive Annual Financial Report for the year ended September 30, 2017.

There were no cash disbursements reported in the Schedule for the year ended September 30, 2017.



City of Daytona Beach, Florida
Notes to Schedule of Activity
Landfill Management Escrow Account

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Landfill Management Escrow Account

The City records the landfill management escrow as restricted cash to fund closure care costs of the Clyde Morris Construction and Demolition (“C&D”) Site. “Equity in pooled cash, cash equivalents, and investments” consists of cash and investments owned by each fund and defined as resources that can be liquidated without delay or penalty. Investment earnings are distributed in accordance with the participating fund’s relative percentage of investments. The escrow account is on deposit in the City of Daytona Beach TD Bank, N.A. Pooled Cash account in Jacksonville, Florida, and is accounted for in the City’s pooled cash and investments. The account meets regulations requiring escrowed funds to be deposited in an interest bearing escrow account.

NOTE 2: LANDFILL CLOSURE AND LONG-TERM CARE

The City has adopted Governmental Accounting Standards Board (GASB) codification section L10, *Landfill Closure and Postclosure Care Costs*. This guidance requires landfill owners to estimate total landfill closure and long-term care (post closure) costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used for that period or number of years for postclosure care.

The escrow requirement is calculated based on estimates made annually by a registered professional engineer. The Code requires that the escrow be funded for closure costs on a straight-line basis over the design life of the permitted portion of the landfill and for one year’s long-term care cost beginning one year prior to closure. Since the Clyde Morris C&D Site will not be closed until all phases are complete (estimated to occur in the year 2020), the required escrow balance at September 30, 2017 reflects no long-term care costs.

The City is required by Rule 62-701.630 of the Code to accumulate resources for payment of closure and for the following year’s annual long-term care cost (if applicable). As of September 30, 2017, \$208,570 has been accumulated for payment of closure and the following year’s long-term care costs. This includes \$73,646 for accelerated payments. Accelerated payments are payments in excess of the required financial assurance balances which are held for contingencies.

City of Daytona Beach, Florida
Notes to Schedule of Activity
Landfill Management Escrow Account

NOTE 2: LANDFILL CLOSURE AND LONG-TERM CARE (Continued)

At September 30, 2017, the required balance of the escrow account was based on the following calculation:

All phases:

Current estimated cost of closure (CE)	\$ 149,915
Design life exhausted (DE) (years)	27
Current estimated design life (DL) (years)	30
Documented closing expenses (E)	-
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Required escrow balance [CE × (DE/DL)] - E	\$ 134,924
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Total required escrow balance	134,924
Amount funded	\$ 208,570
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Amount (over) underfunded	\$ (73,646)
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