

Financial Statements

LOUDON COUNTY SOLID WASTE
DISPOSAL COMMISSION

Year Ended June 30, 2021

TABLE OF CONTENTS

Page Nos.

INDEPENDENT ACCOUNTANTS' AUDIT REPORT

1-3

MANAGEMENT'S DISCUSSION AND ANALYSIS

4-6

FINANCIAL STATEMENTS

Statement of Net Position

7

Statement of Revenue, Expenses and Change in Net Position

8-9

Statement of Cash Flows

10-11

Notes to the Financial Statements

12-17

SUPPLEMENTARY INFORMATION

Board of Commissioners

18

INTERNAL CONTROL AND COMPLIANCE

Independent Accountants' 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*

19-20

Summary Schedule of Prior Year Findings

21

INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Board of Commissioners
Loudon County Solid Waste Disposal Commission
Loudon, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Loudon County Solid Waste Disposal Commission, which comprise the statement of net position as of June 30, 2021, and the related statement of revenue, expenses and change in net position, and statement of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of Loudon County Solid Waste Disposal Commission as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information/Management's Discussion and Analysis

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 6 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Loudon County Solid Waste Disposal Commission's financial statements. The schedule of the board of commissioners is presented for the purpose of additional analysis and is not a required part of the financial statements.

The schedule of the board of commissioners has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2022 on our consideration of Loudon County Solid Waste Disposal Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to solely 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 Loudon County Solid Waste Disposal Commission'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 Loudon County Solid Waste Disposal Commission's internal control over financial reporting and compliance.

Mitchell Emert + Hill

April 21, 2022

Loudon County Solid Waste Disposal Commission

Management's Discussion and Analysis

June 30, 2021

Introduction

This discussion and analysis is intended to be an introduction to the financial statements and notes that follow this section and should be read in conjunction with them. The Loudon County Solid Waste Disposal Commission ("LCSWDC") is a governmental agency created by Loudon County, the City of Lenoir City and the City of Loudon to operate and manage the Matlock Bend Landfill in Loudon, Tennessee. The Commission also serves as the Municipal Solid Waste Region Board for the Loudon County Solid Waste Region under the Solid Waste Management Act of 1991.

Financial Statement Review

The financial statements herein are comprised of the statement of net position, the statement of revenue, expenses and changes in net position, the statement of cash flows and the accompanying notes to the financial statements.

Financial Highlights as of June 30:

The statement of net position presents information on all LCSWDC's assets and liabilities. Current assets as well as other assets and liabilities are reported in order of their liquidity. The table below presents the significant components of net position:

Condensed statements of net position

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets:				
Current and other	\$ 4,520,209	\$ 4,225,354	\$ 3,862,841	\$ 3,658,141
Capital assets	<u>1,426,199</u>	<u>1,428,566</u>	<u>1,430,933</u>	<u>1,433,299</u>
Total assets	<u>\$ 5,946,408</u>	<u>\$ 5,653,919</u>	<u>\$ 5,293,773</u>	<u>\$ 5,091,440</u>
Liabilities:				
Current	\$ 2,854	\$ 2,554	\$ 2,554	\$ 10,131
Long – term	<u>7,074,582</u>	<u>6,852,919</u>	<u>6,518,157</u>	<u>6,108,693</u>
Total liabilities	7,077,436	6,855,473	6,520,711	6,118,824
Net position (deficit):				
Investment in capital assets	1,426,199	1,428,566	1,430,933	1,433,299
Unrestricted (deficit)	<u>(2,557,226)</u>	<u>(2,630,120)</u>	<u>(2,657,871)</u>	<u>(2,460,684)</u>
Total net position	<u>(1,131,027)</u>	<u>(1,201,554)</u>	<u>(1,226,938)</u>	<u>(1,027,385)</u>
Total liabilities and net position	<u>\$ 5,946,408</u>	<u>\$ 5,653,919</u>	<u>\$ 5,293,773</u>	<u>\$ 5,091,440</u>

The statement of revenue, expenses and change in net position presents LCSWDC's results of operations. The table below is a condensed statement of revenue and expenses:

Condensed statements of revenue, expenses and change in net position

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenue	\$ 292,853	\$ 323,880	\$ 313,134	\$ 342,114
Operating expenses	(271,807)	(395,425)	(692,454)	(431,093)
Depreciation and amortization	<u>(2,367)</u>	<u>(2,367)</u>	<u>(2,367)</u>	<u>(2,367)</u>
Net operating income(loss)	18,679	(73,912)	(381,687)	(91,346)
Non-operating income	<u>51,848</u>	<u>99,297</u>	<u>182,134</u>	<u>29,197</u>
Change in net position	<u>\$ 70,527</u>	<u>\$ 25,385</u>	<u>\$ (199,553)</u>	<u>\$ (62,149)</u>

Results of Operations

LCSWDC shows operating revenue of \$292,853, which represents a decrease of \$31,027 from the previous year's operating revenue. At the same time, LCSWDC shows a decrease in operating expenses of \$123,618 over the previous year's operating expenses. LCSWDC shows a positive change in net position due to lower costs related to Poplar Springs Landfill. The increased utilization of the landfill during the year resulted in a \$221,662 increase to the estimated future liability for closure and post closure costs. This increase to the estimated future liability for closure and post closure costs decreased by \$113,100 from the previous year's increase in estimated costs. As of June 30, 2021, LCSWDC completed its fourteenth full year of operations under its 20-year operations contract that commenced on October 1, 2007 and provides for the turn-key operation of Matlock Bend Landfill by the operator instead of LCSWDC.

The statement of cash flows in the accompanying financial statements is presented using the direct method. This method outlines the sources and uses of cash as it relates to operating income.

Capital Assets

Capital asset levels stayed the same from the prior year. LCSWDC did not purchase capital assets during the year ended June 30, 2021.

Future Events

LCSWDC has engaged in extensive negotiations with the Matlock Bend landfill operator to modify the current operating contract. Over the previous year, LCSWDC and the landfill operator have exchanged multiple drafts of a proposed contract modification. The proposed modifications address the anticipated shortfall of funds for covering the estimated future liability for closure and post-closure costs. Under the current contract, the operator is obligated to perform closure- and post-closure care of all cells in the Matlock Bend landfill which attain final elevation during the contract term. Under the present contract modification proposal, the operator has agreed to perform all closure- and post-closure care for the expanded landfill footprint under a phased closure plan implemented in conjunction with the contract modification. In addition to assuming additional closure and post-closure care obligations, the operator has agreed to provide LCSWDC with a performance bond to satisfy regulatory financial assurance requirements in lieu of Loudon County's annual pledge of its assets. We anticipate that the operator will ultimately perform all closure and post-closure care of the landfill during the extended contract term: this change will substantially reduce LCSWDC's long-term liability. The operator is presently in the process of being acquired by another entity, pending government approval. LCSWDC will further evaluate the proposed contract modification if and when this acquisition is completed. In the interim, the operator is submitting a phased closure plan for the landfill to the Tennessee Department of Environment and Conservation for approval. When implemented, the operator's phased closure plan should have some bearing on LCSWDC's estimated future liability for closure and post-closure costs.

Request for Information

Questions concerning this report or other requests for additional information should be directed to Kelly Littleton-Brewster, Chairman at her office located at 100 River Road, #106, Loudon, Tennessee 37774.

Respectfully submitted,

Kelly Littleton-Brewster,
Chairman

LOUDON COUNTY SOLID WASTE DISPOSAL COMMISSION

STATEMENT OF NET POSITION

June 30, 2021

ASSETS

CURRENT ASSETS

Cash - operating		\$ 4,432,253
Cash - Poplar Springs Landfill		57,523
		<u>4,489,776</u>
Accounts receivable		29,165
Interest receivable		<u>1,269</u>
	TOTAL CURRENT ASSETS	4,520,209

CAPITAL ASSETS

Land	\$ 1,410,852	
Landfill facilities	<u>125,016</u>	
	1,535,868	
Accumulated depreciation	<u>(109,669)</u>	<u>1,426,199</u>
		\$ 5,946,408

LIABILITIES AND NET POSITION(DEFICIT)

CURRENT LIABILITY

Accounts payable		\$ 2,854
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LONG-TERM LIABILITY

Estimated closure/postclosure care costs		7,074,582
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NET POSITION(DEFICIT)

Investment in capital assets	\$ 1,426,199	
Unrestricted (deficit)	<u>(2,557,226)</u>	<u>(1,131,027)</u>

	TOTAL LIABILITIES AND NET POSITION	\$ 5,946,408
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See the accompanying notes to the financial statements.

LOUDON COUNTY SOLID WASTE DISPOSAL COMMISSION

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION

Year Ended June 30, 2021

OPERATING REVENUE

Surcharge - host agency	\$	132,520	
Surcharge - closure/post closure security fees		<u>160,332</u>	

TOTAL OPERATING REVENUE 292,853

OPERATING EXPENSES

Salaries and wages:			
Board of Commissioner compensation			4,446

Contracted services:

Legal services	\$	30,000	
Legal notices		292	
Accounting and auditing		<u>9,200</u>	39,492

Landfill operations:

Closure and postclosure care			221,662
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Other expenses:

Insurance		4,398	
Trustee's commissions		<u>1,809</u>	6,207

Depreciation			<u>2,367</u>
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TOTAL OPERATING EXPENSES 274,174

INCOME FROM OPERATIONS 18,679

See the accompanying notes to the financial statements.

LOUDON COUNTY SOLID WASTE DISPOSAL COMMISSION

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION

(continued)

Year Ended June 30, 2021

NONOPERATING REVENUE	
Interest income	<u>51,848</u>
CHANGE IN NET POSITION	70,527
NET (DEFICIT) AT THE BEGINNING OF THE YEAR	<u>(1,201,554)</u>
NET (DEFICIT) AT THE END OF THE YEAR	<u><u>\$(1,131,027)</u></u>

LOUDON COUNTY SOLID WASTE DISPOSAL COMMISSION

STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

**CASH PROVIDED(USED) BY
OPERATING ACTIVITIES**

Cash received from customers	\$ 288,290
Cash paid to employecs	(4,446)
Cash paid to suppliers	<u>(41,602)</u>

**NET CASH PROVIDED BY
OPERATING ACTIVITIES**

242,242

**CASH PROVIDED(USED) BY
INVESTING ACTIVITIES**

Interest received	<u>51,848</u>
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NET INCREASE IN CASH

294,089

CASH AT THE BEGINNING OF THE YEAR

4,195,685

CASH AT THE END OF THE YEAR

\$ 4,489,776

See the accompanying notes to the financial statements.

LOUDON COUNTY SOLID WASTE DISPOSAL COMMISSION

STATEMENT OF CASH FLOWS

(continued)

Year Ended June 30, 2021

**RECONCILIATION OF INCOME FROM
OPERATIONS TO NET CASH PROVIDED(USED)
BY OPERATING ACTIVITIES**

Income from operations		\$ 18,679
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	\$ 2,367	
Decrease(increase) in:		
Accounts receivable	(4,563)	
Interest receivable	3,798	
Increase in:		
Accounts payable	300	
Estimated closure/postclosure care cost	<u>221,662</u>	<u>223,564</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u>\$ 242,242</u>

LOUDON COUNTY SOLID WASTE DISPOSAL COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

NOTE A - DESCRIPTION OF ORGANIZATION

Loudon County Solid Waste Disposal Commission (the Commission) has been delegated the authority and responsibility for operating the Matlock Bend landfill (the Landfill) under the Amended and Restated Loudon County Solid Waste Disposal Agreement dated March 1, 1993, as amended. This agreement was entered into pursuant to state laws requiring the creation of municipal solid waste regions. In addition to specific powers relative to the operation and management of the Landfill, the Commission is granted all the powers and duties of a municipal solid waste region board as set forth in T.C.A. §68-211-813, et seq. The Commission's seven-member board is appointed by the Loudon County mayor (5 members) and the mayors of City of Loudon, Tennessee (1 member) and Lenoir City, Tennessee (1 member).

The Commission has contracted with Republic Services (originally Santek Environmental, Inc. which was acquired by Republic and hereafter referred to as Republic) to operate the Landfill. Republic is responsible for the operation of Phase II/IV of the Landfill and the closure and postclosure of Phases I and II/IV during the term of the contract, which expires on September 30, 2027. Phase I of the Landfill was closed during the year ended June 30, 1996 and closure was approved by the State of Tennessee Department of Environment and Conservation during fiscal year ended June 30, 1998. Phase III was never developed.

The Poplar Springs Landfill was operated by another government and was closed before the Commission was created. While the Commission has no direct responsibility for any ongoing post closure care of the landfill, the board has agreed to pay certain costs using funds that were donated to the Commission when it was created.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Commission's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the statement of net position. The statement of revenue, expenses and change in net position presents increases (revenue) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenue is recognized in the period in which it is earned while expenses are recognized in the period in which the liability is incurred.

LOUDON COUNTY SOLID WASTE DISPOSAL COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2021

The Commission recognizes revenue when it is earned and measurable, and expenses are recognized when the liability is incurred. Surcharge revenue and revenue for closure and postclosure security fees are classified as operating revenue. All other revenue is reported as nonoperating revenue. Operating expenses are those expenses that are essential to the primary operations. All other expenses are reported as nonoperating expenses.

The Commission prepares its financial statements in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting reporting purposes into the following three net position groups:

Investment in Capital Assets

This category includes capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. The Commission had no debt as of June 30, 2021. Investment in capital assets at June 30, 2021 has been calculated as follows:

Capital assets	\$ 1,535,868
Accumulated depreciation	<u>(109,669)</u>
	<u>\$ 1,426,199</u>

Restricted: This category includes net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of the Commission pursuant to those stipulations or that expire by the passage of time. When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as needed. The Commission had no restricted net position as of June 30, 2021.

Unrestricted: This category includes net position that is not subject to externally imposed stipulations and that do not meet the definition of "restricted" or "investment in capital assets". Unrestricted net position may be designated for specific purposes by action of management or the Board of Commissioners or may otherwise be limited by contractual agreements with outside parties. The Commission had a deficit of unrestricted, undesignated net position of \$2,557,226 as of June 30, 2021.

LOUDON COUNTY SOLID WASTE DISPOSAL COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2021

Accounts Receivable

Accounts receivable which are deemed uncollectible based upon a periodic review of the accounts are charged to revenue. At June 30, 2021 no allowance for uncollectible accounts was considered necessary.

Property and Equipment

Property and equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives, which range from ten to twenty years. The Commission has not adopted a formal capitalization policy.

NOTE C - CASH

Cash represents money on deposit in various banks. The Commission considers all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents.

State of Tennessee law authorizes the Commission to invest in obligations of the United States of America or its agencies, nonconvertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States of America or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the Tennessee Department of Treasury Local Government Investment Pool (the LGIP). The LGIP contains investments in certificates of deposit, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool.

All deposits with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution that participates in the State of Tennessee Bank Collateral Pool. For deposits with financial institutions that do not participate in the State of Tennessee Bank Collateral Pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits.

The Commission's cash and investments at June 30, 2021 are held by the Loudon County Trustee in the Commission's name and are entirely insured through the Federal Deposit Insurance Corporation or the State of Tennessee Bank Collateral Pool.

LOUDON COUNTY SOLID WASTE DISPOSAL COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2021

Cash received by the Commission for closure and postclosure security fees was \$2,546,610 as of June 30, 2021. Management intends to use this cash to partially satisfy the closure/post-closure costs described in Note G.

NOTE D - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 was as follows:

	<u>Balance 7/1/20</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/21</u>
<u>Capital assets not being depreciated</u>				
Land	\$ 1,410,852	\$ 0	\$ 0	\$ 1,410,852
<u>Capital assets being depreciated</u>				
Landfill facilities	125,016	0	0	125,016
<u>Accumulated depreciation</u>				
Landfill facilities	<u>(107,302)</u>	<u>(2,367)</u>	<u>0</u>	<u>(109,669)</u>
	<u>\$ 1,428,566</u>	<u>\$ (2,367)</u>	<u>\$ 0</u>	<u>\$ 1,426,199</u>

NOTE E - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Landfill operator, on behalf of the Commission carries commercial insurance for various risks of loss, including general liability coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

LOUDON COUNTY SOLID WASTE DISPOSAL COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2021

NOTE F - COMMITMENTS

The Commission has completed fourteen full years of operations under its operations contract with its operator dated as of July 1, 2007, which provides for the turnkey operations of the Landfill by the Commission's existing operator, Republic, commencing on October 1, 2007. The prior operations agreement dated April 5, 1994 was amended on June 19, 2007 to provide for the termination of that contract effective September 30, 2007. The current operations agreement provides for a twenty-year term ending on September 30, 2027. Under the previous contract, the Commission received all tipping fee revenue and contracted with Republic to operate the Landfill. In accordance with the current agreement, Republic receives all revenue for tipping fees, pays operating costs of the Landfill, and pays a host fee and closure/postclosure fees to the Commission.

NOTE G - CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require a final cover to be placed on the Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for a minimum of thirty years after closure. Phase I of the Landfill was closed during the year ended June 30, 1996. However, state certification of closure was not approved until the year ended June 30, 1998.

Although closure and postclosure care costs will be paid only near or after the date that the Landfill stops accepting waste, the Commission reports a portion of these closure and postclosure care costs as an operating expense in each period based on Landfill capacity used as of the date of the statement of net position. Landfill facilities operation expense reported in the accompanying financial statements consists of \$221,662 for the current year increase in the estimated liability for closure and postclosure costs.

At June 30, 2021, the estimated liabilities for closure and postclosure care costs were as follows:

Phase I	\$ 342,391
Phase II/IV	<u>6,732,191</u>
	<u>\$ 7,074,582</u>

LOUDON COUNTY SOLID WASTE DISPOSAL COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2021

The liabilities were estimated based on information provided by the State of Tennessee Department of Environment and Conservation when the corresponding cells of the Landfill were initially permitted. Closure and postclosure costs related to Phase I were recognized by the Commission in prior periods based on Landfill capacity as of the date of each statement of net position. The liability for Phase II/IV represents the estimated cumulative amount of closure and postclosure care costs reported to date based on the use of 83.6% of the estimated capacity of the Landfill for that phase. The Commission will recognize the remaining estimated cost of \$1,364,751 as the remaining permitted capacity of the Landfill is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2020. The Commission expects to close Phase II/IV of the Landfill in August of 2030 (assuming 80,000 tons of waste per year). The Commission is seeking a permit modification which would extend the life of the landfill and result in a new phase. Actual costs of closure and postclosure may vary based on inflation, deflation, technology, or applicable laws and regulations.

Loudon County, Tennessee (the County) has entered into a Contracts in Lieu of Performance Bond with the State of Tennessee Department of Environment and Conservation for Phase I (dated February 24, 1994) and for Phase II/IV (dated September 1, 1997), which are amended from time to time. In the event the County fails to perform closure and postclosure care requirements pursuant to all applicable laws, statutes, rules and regulations as such laws, rules, statutes and regulations may be amended, the contracts pledge future revenues of the County, disbursed from the State of Tennessee to the County, up to the amount of \$8,439,333 (covering all phases of the Landfill) as of June 30, 2021, for closure and postclosure care.

NOTE H – CORONAVIRUS PANDEMIC

Beginning in March 2020, a public health crisis related to a novel strain of coronavirus (COVID-19) significantly impacting the national, state and local economies. The impact of the coronavirus is ongoing and the Commission's management is continuing to evaluate the impact on the financial position, liquidity and results of operations of the Commission for the year ending June 30, 2022.

NOTE I – SUBSEQUENT EVENT

In January 2022, the Tennessee Department of Environment and Conservation increased the cost estimate for closure and post-closure in response to an amended closure plan. The new estimate is \$13,074,878.

SUPPLEMENTARY INFORMATION

LOUDON COUNTY SOLID WASTE DISPOSAL COMMISSION

BOARD OF COMMISSIONERS

June 30, 2021

Kelly Littleton-Brewster, Chairman
Larry Jameson, Vice-Chairman
Terry Small, Secretary/Treasurer
Art Stewart, Member
Tammi Bivens, Member
Pat Hunter, Member
Steve Field, Member

See the accompanying independent accountants' audit report.

INTERNAL CONTROL

AND

COMPLIANCE

INDEPENDENT ACCOUNTANTS' 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

Board of Directors
Loudon County Solid Waste Disposal Commission
Loudon, Tennessee

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 of America, the financial statements of Loudon County Solid Waste Disposal Commission, which comprise the statement of net position as of June 30, 2021, and the related statements of revenue, expenses and change in net position, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated April 21, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Loudon County Solid Waste Disposal Commission'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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the Loudon County Solid Waste Disposal Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Loudon County Solid Waste Disposal Commission'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Loudon County Solid Waste Disposal Commission'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Loudon County Solid Waste Disposal Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 Loudon County Solid Waste Disposal Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Loudon County Solid Waste Disposal Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



April 21, 2022

LOUDON COUNTY SOLID WASTE DISPOSAL COMMISSION

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2021

There were no prior year findings reported.