

Deep South Regional Municipal Solid Waste Management Authority  
Notes to Financial Statements  
For the Years Ended June 30, 2020 and 2019

**Note 1 – Summary of Significant Accounting Policies (Continued)**

An enterprise fund is required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. Non-operating revenue and expenses include all revenue and expenses related to capital and related financing, non-capital financing, or investing activities.

The Authority's net position is reported in three parts (if applicable) – net investment in capital assets, restricted and unrestricted. The restricted amounts are liquid assets (generated from revenues and not bond proceeds) that have a third party (statutory, bond covenant, or granting agency) limitation on their use. The Authority would typically use the restricted amounts first, as appropriate opportunities arise, but reserves the right to selectively defer the use thereof to a future project or replacement capital acquisition.

**C. Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**D. Financial Statement Amounts**

1. Cash:

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash.

2. Prepaid Items:

Payments made to vendors for services that will benefit subsequent periods are recorded as prepaid items.