FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

SANTA FE SOLID WASTE MANAGEMENT AGENCY

June 30, 2010

atkinson

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C O N T E N T S

Santa Fe Solid Waste Management Agency

OFFICIAL ROSTER

June 30, 2010

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Jodi Gonzales	Admin/Scale Manager
Rita Fiore-Lucero	Accounts Coordinator
Randy Watkin	Landfill Manager

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CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Hector H. Balderas, State Auditor
and
Board of Directors
Santa Fe Solid Waste Management Agency

We have audited the accompanying financial statements of the business-type activities of Santa Fe Solid Waste Management Agency (Agency), as of and for the year ended June 30, 2010, as listed in the table of contents. We also have audited the budgetary comparison statement for the year ended June 30, 2010, listed as supplemental information in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Agency, as of June 30, 2010, and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budgetary comparison statement referred to above presents fairly, in all material respects the respective budgetary comparisons for the year then ended in conformity with the budgetary basis of accounting described in Note B.

In accordance with *Government Auditing Standards,* we have also issued our report dated November 23, 2010 on our consideration of the Agency'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 through 11 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Atkinson &Co., Ltd.

Albuquerque, New Mexico
November 23, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2010

The Santa Fe Solid Waste Management Agency (Agency) was established in February 1995 under a Joint Powers Agreement entered into by and between the City and County of Santa Fe. The Agreement delegated to the Agency is the power to plan for, operate, construct, maintain, repair, replace or expand a joint regional solid waste disposal facility now known as the Caja del Rio Landfill. It was the desire of the City and County to form a regional landfill to provide a more efficient and cost-effective method of solid waste disposal to City and County citizens. Operations of the landfill commenced on May 12, 1997. Prior to this date, the Agency was in a development state, therefore, development expenses incurred before May 12, 1997 were capitalized and amortized.

In 2003 the Agency embarked on the development of a materials recovery facility (MRF) at the old City transfer station to provide critical recycling processing services to Santa Fe, as well as communities across northern New Mexico. In 2006, the Agency took over the transfer station, now known as the Buckman Road Recycling and Transfer Station (BuRRT) under a 20 year lease from the City.

The Agency operates as a separate government agency with the City of Santa Fe acting as fiscal agent.

The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to government units. The Agency is responsible for the fair presentation in the financial statements of net assets, and the related statements of revenues, expenses and changes in net assets, cash flows and statement of revenues and expenses-budget and actual (non-GAAP basis) in conformity with GAAP. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As management of the Agency, we offer readers of the Agency's financial statements, which include narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2010.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Agency's basic financial statements. The Agency's financial statements are comprised of financial statements, notes to the financial statements and other information. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in financial statements.

The Agency operates under the accrual basis of accounting, required for State and local Governments' enterprise operations. The Agency operates as a single fund and utilizes three cost centers including operations, cell construction, and recycling. The Agency under GASB-34 will continue to track separately all new infrastructure (cell construction) and capital asset costs so they could be recorded and depreciated according to State financial requirements for State and local Governments.

Overview of the Financial Statements – Continued

The Agency adopts an annual appropriate budget at the fund level. A budgetary comparison statement has been provided for all its funds to demonstrate compliance with this budget. This budget is prepared on another comprehensive basis of accounting other than the accrual basis required by GAAP.

Proprietary Funds

The Agency operates as a proprietary fund or enterprise fund for solid waste disposal and materials recovery (recycling) with all operating costs recovered by solid waste user (tipping) fees and income from the sale of recyclable materials. Enterprise funds are used for activities that are financed and operated in a manner similar to a private business enterprise. The intent of the Joint Powers Board is to ensure that the costs (expenses, including depreciation) of providing services, in this case, solid waste disposal services and recycling materials recovery to city and county residents on a continuing basis be financed or recovered primarily through solid waste user fees and income from the sale recyclable materials. Revenues are recognized when they are earned and expenses are recorded at the time liabilities are incurred. Enterprise funds provide the same information as government-wide financial statements, only in more detail.

Proprietary financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

Statement of Net Assets

The statement of net assets presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives.

Capitalized landfill costs include expenditures for land and permitting. These costs also include the landfill start-up costs and construction.

Statement of Net Assets – Continued

The following table provides condensed financial information related to the Agency's net assets at June 30, 2010 as compared to June 30, 2009.

	2010	2009
Assets:		
Current assets	$ 11,356,822	$ 10,201,685
Capital assets	16,220,809	18,308,634
Other non-current assets	2,834,014	2,975,873
Total assets	$ 30,411,645	$ 31,486,192
Liabilities:		
Current liabilities	$ 1,376,176	$ 845,787
Noncurrent liabilities	4,443,027	5,247,435
Total liabilities	5,819,203	6,093,222
Net Assets:		
Invested in capital assets net of related debt	14,064,773	15,600,294
Unrestricted	10,527,669	9,792,676
Total net assets	24,592,442	25,392,970
Total liabilities and net assets	$ 30,411,645	$ 31,486,192

The assets of the Agency exceeded its liabilities at the close of June 2010, the most recent fiscal year by $24,592,442 (net assets). Of this amount, $14,064,773 is investment in capital assets net of related debt, and $10,527,669 is unrestricted.

In comparison, the assets of the Agency exceeded its liabilities at the close of the June 2009 fiscal year by $25,392,970 (net assets). Of this amount, $15,600,294 is investment in capital assets net of related debt, and $9,792,676 is unrestricted.

Budgets

The budget for construction was increased from $1,300,000 to approximately $2,708,622 for year ending June 30, 2009, to accommodate the construction of a landfill gas collection system that was completed in March 2010. The construction project was completed within budget.

Recycling revenues increased when compared to the budget as a result of higher prices from the sale of recyclable materials. Recycling revenues for the budget averaged $90/ton from prior year, whereas the actual revenues averaged $137/ton. The revenues from landfill tipping fees decreased when compared to the budget as a result of less solid waste tonnages processed at the landfill due to the economy. Landfill revenues for the budget were based on prior year of 178,215 tons, whereas the actual tonnages processed at the landfill were 154,768 tons.

Capital Assets and Long-Term Debt Activity

Total net capital assets decreased by approximately $2 million from prior year. The decline is the primarily result of depreciation of $3.3 million. Depreciation amounts were offset by $1.3 million in capital asset additions for fiscal year 2010, which included construction in progress activity for a land-fill gas collection system completed in March of 2010.

	2010	2009
Landfill	$ 3,014,075	$ 3,014,075
Landfill development cost	6,281,341	6,281,341
Land improvements	334,215	334,215
Cells	16,574,118	16,574,118
Buildings and structures	2,572,451	2,572,451
Furniture and fixtures	1,060	1,060
Equipment and machinery	9,289,181	8,194,085
Vehicles	593,574	616,774
Data processing equipment and software	82,325	86,136
Subtotal	38,742,340	37,674,255
Accumulated depreciation	(22,677,588)	(19,475,642)
Construction in progress	156,057	110,022
Total capital assets	$ 16,220,809	$ 18,308,635

The Agency reduced debt outstanding related to the capital assets in the amount of $552,304 during fiscal year 2010.

Investments

The Agency currently has approximately $2.8 million in restricted investments for the estimated landfill closure costs and debt service as of June 30, 2010.

Investments – Continued

The Agency has internally reserved and allocated cash and investments for the following purposes as of June 30:

	2010	2009
Equipment replacement reserve	$ 1,343,843	$ 1,083,027
Gas collection system reserve	374,737	1,537,742
Insurance deductibles	99,940	98,975
Cell development	1,394,429	987,809
Construction in progress	8,448	8,367
Emergency cash reserves	465,838	461,338
Closure and post closure reserve	3,799,524	3,444,818
Internally reserved	7,486,759	7,622,076
Unreserved	3,120,624	2,005,500
Total	$ 10,607,383	$ 9,627,576

Statement of Revenues, Expenses and Changes in Net Assets

The following table provides condensed financial information related to the Agency's changes in net assets for the year ended June 30, 2010 as compared to the year ended June 30, 2010.

	2010	2009
Total operating revenues	$ 6,734,957	$ 5,642,498
Total operating expenses	7,116,408	7,156,339
Operating income (loss)	(381,451)	(1,513,841)
Non-operating (expenses) revenues	(419,077)	270,882
Change in net assets	(800,528)	(1,242,959)
Beginning net assets	25,392,970	26,635,929
Ending net assets	$ 24,592,442	$ 25,392,970

Operating revenues consist primarily of solid waste user (tipping) fees and income from the sale of recyclable materials. Operating revenues increased from prior year due to higher prices for the sale of recyclables and increases in landfill service rates that went into effect on July 1ST.

Statement of Revenues, Expenses and Changes in Net Assets – Continued

2009 per ordinance 2009-1. In 2010, a total of 154,768 tons of solid waste were processed at the landfill, compared with 178,215 tons in 2009.

The five largest commercial accounts in order are:

	Revenue Received	Percent
City of Santa Fe	$ 2,528,205	43.28%
Waste Management	675,267	11.56%
Santa Fe County	450,783	7.72%
L & L Portables and Waste Service	373,643	6.40%
High Mesa Environmental (MCT)	237,754	4.07%
Other sources	1,576,278	26.98%
	$ 5,841,930	100.00%

Revenues received exclude sales of recyclables and other income.

Operating expenses were comparable to prior years decreasing by $39,931 over prior year. Non-operating revenues include interests from investments.

Items Expected to Have a Significant Effect

During fiscal year ending June 30, 2010, the Agency completed the construction of its landfill gas collection system as required by environmental rules and regulations. The anticipated annual operating and maintenance for the system is approximately $80,000 per year.

The Agency expects the closure estimates for fiscal year ending June 30, 2011 to increase from $5.5 million to approximately $5.7 million due to inflation.

For fiscal year 2011, the Agency is expected to increase the tipping fees to users at the landfill and transfer station per 2010-1 ordinance. The rates will be based on the same tonnage for the landfill at 150,000 tons per year. The tipping fee for the landfill users will be $35.00 per ton, whereas the tipping fee for the transfer station will be $45.00 per ton. The rates are the first of three rate increases per 2010-1 ordinance.

The Agency expects to design and construct a permanent household hazardous waste (HHW) facility at the transfer station. The HHW construction cost is estimated at $600,000. Also, the Agency is expected to relocate the recycling drop-off center at the transfer station to an area in front of the scale house to better serve the recyclers.

Items Expected to Have a Significant Effect – Continued

The Agency expects to commence the engineering design and permitting services for 20-year permit renewal and modification related to a landfill vertical and lateral expansion. The permitting of the landfill is expected to take four years to complete. The current landfill permit expires in June 2015. Additional consulting services are expected to include Cell 5B/6B cell design and CQA, and stormwater pollution prevention plan (SWPPP) modification. The purpose of these services is to provide seamless transition from the current disposal area to the lateral and vertical expansion area.

The Agency expects to purchase equipment for the landfill and transfer station as replacements. The Agency expects to procure a GPS system for the landfill to increase compaction at the disposal site, which will increase life of the landfill by placing more solid waste in the same space.

Requests for Information

This financial report is designed to provide a general overview of Santa Fe Solid Waste Management Agency's finances for those interested in government enterprise finances. Questions concerning any of the information provided or requests for additional financial information should be addressed to Santa Fe Solid Waste Management Agency, 149 Wildlife Way, Santa Fe, New Mexico 87506.

Santa Fe Solid Waste Management Agency

STATEMENT OF NET ASSETS

June 30, 2010

		Business-Type Activities
ASSETS		
Current assets:		
Cash, investments, and cash equivalents	$	10,607,383
Accounts receivable		699,168
Interest receivable		50,271
Total current assets		11,356,822
Noncurrent assets:		
Cash, investments and cash equivalents-restricted:		
Closure and postclosure care		2,733,836
Debt service		100,178
Total cash, investments, and cash equivalents-restricted		2,834,014
Capital assets:		
Landfill		3,014,075
Landfill development costs		6,281,341
Land improvements		334,215
Cells		16,574,118
Buildings and structures		2,572,451
Furniture and fixtures		1,060
Equipment and machinery		9,289,181
Vehicles		593,574
Data Processing equipment and software		82,325
Construction in progress		156,057
Less accumulated depreciation		(22,677,588)
Total capital assets, net of accumulated depreciation		16,220,809
Total noncurrent assets		19,054,823
Total assets	$	30,411,645
LIABILITIES		
Current liabilities:		
Accounts payable	$	613,272
Gross receipts payable		18,334
Accrued wages payable		100,004
Compensated absences, current		52,885
Accrued interest payable		23,920
Notes payable-current		567,761
Total current liabilities		1,376,176
Noncurrent liabilities		
Landfill deposits		22,700
Compensated absences, non-current		98,216
Estimated liability for landfill closure costs		2,733,836
Notes payable - long-term		1,588,275
Total noncurrent liabilities		4,443,027
Total liabilities		5,819,203
NET ASSETS		
Invested in capital assets, net of related debt		14,064,773
Unrestricted		10,527,669
Total net assets	$	24,592,442

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

Santa Fe Solid Waste Management Agency

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

June 30, 2010

	Business - Type Activities
Operating Revenues:	
User fees	$ 5,841,930
Recycle sales	892,408
Other income	619
Total operating revenues	6,734,957
Operating Expenses:	
Salaries, wages and benefits	2,280,830
Contractual services and utilities	493,280
Repairs and maintenance	306,847
Supplies	348,840
Capital outlay-exempt items	9,790
Depreciation expense	3,372,314
Insurance	136,910
Other	167,597
Total operating expenses	7,116,408
Operating income (loss)	(381,451)
Non-Operating Revenues (Expenses):	
Interest expense	(74,340)
Investment income	120,379
Loss on disposal of capital assets	(16,233)
Insurance refund	19,370
Prior year materials expense-BLM (See Note L)	(468,253)
Total non-operating revenues (expenses)	(419,077)
Change in net assets	(800,528)
Net assets, beginning of year	25,392,970
Net assets, end of year	$ 24,592,442

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

Santa Fe Solid Waste Management Agency

STATEMENT OF CASH FLOWS

June 30, 2010

Cash flows from operating activities:		
Cash received from customers	$ 6,551,588	
Cash payments to suppliers for goods and services	(1,673,761)	
Cash payment to employees for services	(2,254,710)	
Net cash provided by operating activities		$ 2,623,117
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(1,300,721)	
Note repayments	(552,304)	
Interest payment	(79,932)	
Net cash used in capital and related financing activities		(1,932,957)
Cash flows from noncapital and related financing activities:		
Insurance refund	19,370	
Net cash provided by noncapital and related financing activities		19,370
Cash flows from investing activities:		
Interest and dividends on investments	128,418	
Net cash provided by investing activities		128,418
Net increase in cash and cash equivalents		837,948
Cash and cash equivalents at beginning of year		12,603,449
Cash and cash equivalents at end of year		$ 13,441,397
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)		$ (381,451)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization		3,372,314
Change in assets and liabilities:		
Increase in accounts receivable		(183,369)
Increase in accounts payable		31,540
Increase in compensated absences payable		13,479
Decrease in accrued wages payable		12,641
Decrease in landfill closure costs		(242,037)
Total adjustments		3,004,568
Net cash provided by operating activities		$ 2,623,117

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The City of Santa Fe (City) is a partner with Santa Fe County (County) in a joint venture to provide municipal landfill services. The Santa Fe Solid Waste Management Agency (Agency) was established in February 1995 under a joint powers agreement entered into by and between the County and the City. It was the desire of the parties to form a regional solid waste disposal authority to provide a more efficient and cost-effective method of solid waste disposal to City and County citizens. Operations of the regional landfill commenced on May 12, 1997. Prior to this date, the Agency was in a development stage and, therefore, landfill development expenses incurred before May 12, 1997 are capitalized and amortized. As required by GAAP, the financial statements present the Agency and its component units, entities for which the Agency is considered to be financially accountable. There are no fiduciary funds or component units for the fiscal year ended June 30, 2010.

The Agency is governed by a Board of Directors consisting of members from both the City and County. The Board consists of the following:

> Three members, each of whom shall be a City Councilor from a different elective district within the City, shall be appointed by the City's Mayor with the approval of the City Council, and each of which City members shall serve for such period as may be determined from time to time by the Mayor with the approval of the City and Council.
>
> Three members, each of whom shall be a County commissioner, appointed and approved by the Board of County Commissioners, and each of which County members shall serve for such period as may be determined and approved from time to time by the Board of County Commissioners.

The Agency is responsible for the fair presentation in the financial statements of the statement of net assets and the related statements of revenues, expenses and changes in net assets, cash flows in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Agency are described below.

Budgetary Comparison Statements. The budgetary comparison statements listed in the table of contents as supplemental information were prepared on a modified accrual basis of accounting as approved by the Agency's board, which is another comprehensive basis of accounting other than GAAP. This basis is very similar to the cash basis; however, depreciation expense has not been recorded.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting and Basis of Presentation. The accounts of the Agency are organized on the basis of a proprietary or enterprise fund. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. In accounting and reporting for its proprietary operations, the Agency does not apply applicable FASB Statements and Interpretations issued after November 30, 1989.

Revenues are reorganized when they are earned and expenses are recorded at the time liabilities are incurred.

Enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Agency enterprise fund are charges to customers for tipping fees. Investment income is reported as a non-operating item as this activity is not considered the result of the Agency's principal ongoing operations of providing municipal landfill services.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. As a general rule, the effect of internal activity has been eliminated from the statement of activities.

Government Wide and Fund Financial Statements. The Agency is a single purpose government entity and has only business type activities. In the government-wide statement of net assets, activities are presented on a consolidated basis and are reflected on the full accrual, economic resource basis, which incorporates long-term assets, and receivables as well as long-term debt and obligations.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in these financial statements include the provision for annual depreciation and the estimated landfill liability for closure and post closure costs.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Policy on Use of Restricted and Unrestricted Resources. When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Investments. Cash and investments, including restricted investments, is pooled into one common account maintained by the City of Santa Fe, the Agency's fiscal agent, in order to maximize investment opportunities. The Agency's monies deposited in the pooled cash account have equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. Cash and cash equivalents is considered to be the pro rata portion of the City's pooled cash and short-term investments with original maturities of three months or less from the date of acquisition.

Effective July 1, 1997, the Agency adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* which requires governmental entities, including governmental external investment pools, to report certain investments at fair value on the statement of net assets and recognize the corresponding change in the fair value of investments in the year in which the change occurred. In accordance with GASB Statement No. 31, the Agency has stated certain investments at fair value.

Net Assets. The government-wide fund financial statements utilize a net asset presentation. Net assets are categorized as investment in capital assets, restricted and unrestricted.

Investment in Capital Assets - is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding capital asset related debt. The Agency did have related debt during the year ended June 30, 2010.

Unrestricted Net Assets - represents the excess of total assets over total liabilities and net assets invested in capital assets at June 30, 2010. These are amounts not restricted for any purpose.

Capital Assets. Capital assets are recorded at cost. The Agency does not have any internally developed software as part of its fixed assets. Property, plant and equipment donated to the operations are recorded at their estimated fair value at the date of donation. The Agency's policy is to capitalize all assets with a cost of $5,000 or greater.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary funds fixed assets is reflected in the capitalized value of the asset constructed.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Landfill	100
Landfill development costs	20
Buildings	30
Cells	2-5
Furniture and fixtures	10
Machinery and equipment	4-10
Vehicles	7-10
Data processing equipment	3
Software	10

Capitalized landfill costs include expenditures for land, permitting costs and preparation costs. These expenses are categorized as landfill, landfill development costs and cells.

The landfill consists of the cost of the entire land area to be utilized for all future solid waste disposals. Landfill development costs include planning, site preparation, land improvements and infrastructure expenditures for the current 20-year plan.

Preparation costs related specifically to cell development are amortized as the airspace of the related cell is consumed, generally over not more than two to five years.

Accrued Liabilities. Accrued liabilities consist primarily of accrued salaries, wages and benefits.

Long-Term Obligations. Long-term debt is reported as a liability of the Agency on the balance sheet. Bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of the notes using the effective interest method.

Compensated Absences. It is the Agency's policy to permit employees to accumulate earned but unused vacation, compensatory hours and sick pay benefits. Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and overtime. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Agency and its employees is accrued as employees earn the right to the benefits. Compensated absences that relate to future services or that are contingent on a special event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or when such events take place. Compensated absences are recorded as an expense and a liability of the Agency.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Tipping Fees. The Agency has established a tipping fee schedule based on solid waste tonnage. For solid waste, the fee ranges from $25 - $35 per ton at the Caja Del Rio landfill and the Buckman Road Recycling and Transfer Station. For green waste, the fee is $15 per ton. Fees for immediate or special handling range from $75 to $140 depending on the type of load. These are shown net of gross receipts taxes collected and remitted on the statement of revenues, expenses and changes in net assets.

The Agency also processes waste from the public. The fees for public waste depend upon the type of load for autos, pickups, commercial self-haulers, vehicles and tires.

State Grant. Proceeds from the State Grant are considered voluntary non-exchange revenues. Accordingly, revenues are recorded when all underlying eligibility requirements have been met, which occurs when the Agency has incurred an allowable expenditure under the terms of the grant agreement.

NOTE B – BUDGET BASIS OF ACCOUNTING

The Agency prepares its budget on the modified accrual basis of accounting. The budget includes both the proposed City and County portions and requires approval from both the City Council and the Santa Fe County Commission. The budget must also be approved by the Agency's Board of Directors. The budget and any adjustments are subject to the regular budget requirements and cycles of the City and the County. Budgetary control is at the fund level.

NOTE C – CASH AND INVESTMENTS

The Agency does not have a separate bank account. Cash and investments consist of $4,200 petty cash and $13,437,191 invested in a cash and investment pooled account maintained by the City of Santa Fe. The City invests its pooled cash into US Government securities, repurchase agreements, municipal bonds, certificates of deposit, the State Treasurer's investment pool and US Government security mutual funds. Please refer to the Comprehensive Annual Financial Report for the City of Santa Fe, New Mexico for the disclosure information regarding the custodial credit risk and other risks that may apply. That report may be obtained from the City by contacting the Finance Department Director at 200 Lincoln Avenue, P.O. Box 909, Santa Fe, NM 87504-0909.

In accordance with GASB Statement No. 31, the Agency has stated investments at fair value at June 30, 2010.

NOTE C – CASH AND INVESTMENTS – CONTINUED

Investment income comprises the following at June 30, 2010:

Interest	$ 183,886
Net loss in fair value of investments	(63,507)
	$ 120,379

At June 30, 2010, the Agency has Board undesignated, internally designated, and restricted cash and investments for the following purposes:

Undesignated cash and investments	$ 3,120,624
Internally designated:	
Emergency cash reserves	465,838
Equipment replacement	1,343,843
Closure and postclosure	3,799,524
Cell development	1,394,429
Gas collection system	374,737
Insurance deductibles	99,940
Construction in progress	8,448
Total designated cash and investments	7,486,759
Restricted cash and investments:	
Closure and post closure care	2,733,836
Debt service	100,178
Total restricted cash and investments	2,834,014
Total cash and investments	$ 13,441,397

Cash reserves in the amount of $2,834,014 have been restricted for the purpose of paying for estimated landfill closure costs as described in Note M.

NOTE D – ACCOUNTS RECEIVABLE

Accounts receivable of $699,168 represents billings for tipping fees to third-party users and sales of rock through June 30, 2010. At June 30, 2010, management believes that receivable balances are collectible in full. Therefore, no allowance for bad debts has been recorded. The following shows the balances due from the five largest customers and the other customers in total as of June 30, 2010.

L & L Portables and Waste Service	$	246,450
City of Santa Fe		171,096
Waste Management		107,322
Santa Fe County		45,575
High Mesa Environmental (MCT)		19,291
Others		109,434
	$	699,168

NOTE E – CAPITAL ASSETS

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	$ 110,022	$ 1,298,921	$ (1,252,886)	$ 156,057
Capital assets, being depreciated:				
Landfill	3,014,075	-	-	3,014,075
Landfill development cost	6,281,341	-	-	6,281,341
Land improvements	334,215	-	-	334,215
Cells	16,574,118	-	-	16,574,118
Buildings and structures	2,572,451	-	-	2,572,451
Furniture and fixtures	1,060	-	-	1,060
Equipment and machinery	8,194,085	1,252,886	(157,790)	9,289,181
Vehicles	616,774	1,800	(25,000)	593,574
Data processing equipment and software	86,136	-	(3,811)	82,325
	37,674,255	1,254,686	(186,601)	38,742,340
Less accumulated depreciation:				
Landfill	(331,543)	(30,141)	-	(361,684)
Landfill development cost	(3,794,612)	(314,067)	-	(4,108,679)
Land improvements	(303,533)	(30,682)	-	(334,215)
Cells	(9,188,926)	(1,989,019)	-	(11,177,945)
Buildings and structures	(573,913)	(69,703)	-	(643,616)
Furniture and fixtures	(1,059)	-	-	(1,059)
Equipment and machinery	(4,813,806)	(911,974)	144,177	(5,581,603)
Vehicles	(403,653)	(21,321)	22,380	(402,594)
Data processing equipment and software	(64,597)	(5,407)	3,811	(66,193)
	(19,475,642)	(3,372,314)	170,368	(22,677,588)
Total capital assets being depreciated, net	18,198,613	(2,117,628)	(16,233)	16,064,752
Total capital assets	$ 18,308,635	$ (818,707)	$ (1,269,119)	$ 16,220,809

Depreciation expense for capital assets for the fiscal year ended June 30, 2010 was $3,372,314.

NOTE F – LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES

In June, 2008 the Agency received a loan from the New Mexico Finance Authority in the amount of $1,000,000 for Cell 4 development. The interest rate ranged from 2.150% - 3.120%. The loan is payable from pledged net revenues of the Agency and is unsecured. Annual debt service required for the Agency loan to maturity is as follows:

Year Ended June 30	Principal
2011	$ 199,802
2012	205,336
2013	211,496
Total	$ 616,634

On March 13, 2009, a loan with the New Mexico Environment Department (NMED) was finalized in the amount of $1,896,644. Funds were used for cell construction 4B in fiscal year 2009. The loan interest rate is set at 3% with debt service scheduled over five years. The loan is payable from the pledged revenues of the Agency and is unsecured. Annual debt service required for the NMED loan to maturity is as follows:

Year Ended June 30	Principal
2011	$ 367,959
2012	378,998
2013	390,367
2014	402,078
Total	$ 1,539,402

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Outstanding July 1, 2009	Additions	Reductions	Outstanding June 30, 2010	Due Within One Year
Notes payable	$ 2,708,340	$ -	$ (552,304)	$ 2,156,036	$ 567,761
Landfill deposits	24,700	-	(2,000)	22,700	-
Estimated liability for landfill closure costs	2,975,873	-	(242,037)	2,733,836	-
Compensated absences	137,622	60,275	(46,796)	151,101	52,885
Business-type activity	$ 5,846,535	$ 60,275	$ (843,137)	$ 5,063,673	$ 620,646

NOTE G – ECONOMIC DEPENDENCE AND RELATED PARTY TRANSACTIONS

The Agency is economically dependent on five customers related to tipping fee and recycle revenue. These customers account for 73% of the tipping fee revenue as of June 30, 2010. These customers are City of Santa Fe, Santa Fe County, Waste Management, MCT Refuse and Hauling, and L & L Portables and Waste Service.

Accounts receivable of $699,168 as of June 30, 2010 includes related party receivables from the City of Santa Fe and Santa Fe County of $171,096 and $45,575, respectively.

NOTE H – RISK MANAGEMENT

The Agency is insured through the City of Santa Fe under the same policy for general liability and pollution legal liability with a deductible of $25,000 for each occurrence.

Auto, machinery, equipment and building are covered through the City of Santa Fe's policies and are subject to deductibles and self-insured retentions under the City's commercial coverage. The auto property damage deductible is $25,000 and the property deductible is $75,000. The City is self-insured for the first $50,000 of liability per claim.

The Agency participates in the Santa Fe Health Fund and the Workers' Compensation Fund, which are self-insured programs administered by the City of Santa Fe. The Agency makes pro rata payments to the City based on actuarial estimates of the amounts needed to pay prior year and current year claims and to establish a reserve for catastrophic losses.

The Santa Fe Health Fund accounts for the self-insured program for employee health and major medical benefits. Claims are handled by a professional third-party claims administrator. The City maintains specific stop loss coverage for individual claims in excess of $200,000 with a $1,000,000 statutory limit.

The Workers' Compensation Fund accounts for the self-insured program and for workers' compensation coverage. Claims are handled by a professional, third-party claims administrator. The City maintains specific stop loss coverage for individual claims in excess of $350,000 with a $1,000,000 statutory limit. There was no reduction in amount of coverage for 2010.

NOTE I – PERA PENSION PLAN

Plan Description. Substantially all of the Agency's full-time employees participate in a public employee retirement system in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multi-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost of living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, PO Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. The Agency possesses their own PERA plan identification number; however, the Agency contributes to the plan through the City of Santa Fe, as its fiscal agent, and is under the same state statues as the City. State statute requires that plan members contribute 13.15%. The Agency is required by state statute to contribute 9.15%. In addition, the Agency elected to utilize the 75% pick-up provision allowed by state statute thereby contributing 19.0125% to the employees' 3.2875% contribution.

The contribution requirement for plan members and the Agency is established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Agency contributions to PERA for the fiscal years ended June 30, 2010, 2009, and 2008 in the amounts of $278,969, $269,934, and $245,766, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE J – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – RETIREE HEALTH CARE

Plan Description. The Agency contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post employment healthcare plan administered by The New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term policies.

NOTE J – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – RETIREE HEALTH CARE – CONTINUED

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority member who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post employment healthcare plan. The report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle Blvd. NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan, plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of the participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013, the contribution rates for employees and employers will rise as follows:

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
FY11	1.666%	0.833%
FY12	1.834%	0.917%

Also, employers joining the program after January 1, 1998 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

NOTE J – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – RETIREE HEALTH CARE – CONTINUED

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Agency's contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were $19,260 $18,852, and $16,805, respectively, which equal the required contributions for each year.

NOTE K – FISCAL AGENT AGREEMENT

In January 1996, the Agency entered into an agreement with the City of Santa Fe to act in the capacity as fiscal agent for the Agency. Duties of the City include maintaining fiscal records, establishment of a uniform system of accounts, receiving and recording cash deposits, providing accountability of all disbursements, recording accounts receivable, recording fixed assets, maintaining a general ledger and preparing financial statements. The City also provides services to review bids, make bond payments, and maintain personnel and payroll records.

The agreement states that the City may be compensated for services provided by administrative staff. The City uses calculations in a manner similar to its method to allocate general fund services to its enterprise funds to determine these administrative costs. The administrative costs allocated to the Agency for the fiscal year ended June 30, 2010 were $55,596.

NOTE L – CONTINGENCIES AND COMMITMENTS

1. <u>Bureau of Land Management</u>

On September 23rd 2010 the Agency contracted with the U.S. Bureau of Land Management in the amount of $468,253 for excavation and sale of 438,777 tons of basalt rock from 2001-2010. The contract amount was paid in October of 2010 and have been recorded as prior year materials expense in the statement of revenues, expenses and changes in net assets.

NOTE L – CONTINGENCIES AND COMMITMENTS – CONTINUED

2. Lease of Transfer Station

On September 2, 2005, the Agency entered into a lease agreement with the City of Santa Fe for a transfer station. The term of this lease commenced on January 1, 2006 and will terminate on January 1, 2016. All lease payments are waived until January 1, 2008, after which annual lease payments of $24,000 plus a quarterly variable payment of 2% of gross revenues generated by the Agency at this transfer station are required by the lease.

NOTE M – CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the Agency to place a final cover on its regional landfill site when it stops accepting waste to perform certain maintenance and monitoring functions at the site for 30 years after closure. Closure and postclosure care costs are recognized throughout the initial 20-year period of operation based on the amount of the landfill used during the year.

The estimated liability for landfill closure and post closure costs has a balance of $2,733,836 as of June 30, 2010, which is based upon approximately 49% usage of the landfill. The Agency will recognize the remaining estimated cost of closure and postclosure care of $5,523,059 between the date of the balance sheet and the date showing the cost of hiring a third-party to close the largest area of the landfill (64.9 acres) at any time during the active life when the extent and manner of its operation would make closure the most expensive. The remaining landfill capacity is 10 years. The Agency expects to close the initial 20-year permitted area in 2017, and will seek additional permits for future cells before the current cell closes or by 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

In accordance with GASB Statement No. 18, the estimated total current cost of closure and post-closure care is applied to the percentage of the landfill consumed to date (49% as of June 30, 2010), resulting in a liability for landfill closure costs of $2,733,836 as of June 30, 2010. The estimated liability for landfill closure and post closure costs was decreased primarily due to changes in estimates for maintenance costs related to cover repairs for the landfill's actual disposal area and changes in estimates for maintenance costs related to the landfill's active methane gas system. The overall liability decreased by $242,037. The amount of land considered as able to receive solid waste during the current operating life is 64.9 acres. The cost estimates for the entire disposable acres is $6,586,412 or 76.8 acres.

NOTE M – CLOSURE AND POSTCLOSURE CARE COST – CONTINUED

The Agency is required by State and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. Management believes the Agency is in compliance with these requirements, and, at June 30, 2010, investments of $2,733,836 are held for these purposes. These are reported as restricted assets on the balance sheet. The Agency expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

NOTE N – JOINT POWERS AGREEMENT

The Agency had the following Joint Powers Agreement in effect as of June 30, 2010:

Name:	New Mexico Corrections Department
Participants:	The Agency and the New Mexico Corrections Department
Description:	"…NMCD inmates to perform minor maintenance, beautification, and litter control of Caja del Rio Landfill property. Litter control shall include properties bordering landfill perimeter and landfill access roads. Maintenance projects will be assigned on an as needed basis."
Effective Dates for JPA:	September 7, 2001 and continue until rescinded or terminated.
Total Dollars:	$40,000 per year
Audit Responsibility:	City of Santa Fe (Not specifically stated; However, the City acts as the fiscal agent)
Fiscal Agent:	City of Santa Fe

NOTE O – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before financial statements are issued. The Agency recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Agency's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet, but arose after the balance sheet date and before financial statements are available to be issued. Significant subsequent events may be disclosed as appropriate.

The Agency has evaluated subsequent events through November 23, 2010, which the date the financial statements are available to be issued. No events were deemed necessary for disclosure.

SUPPLEMENTARY INFORMATION

Santa Fe Solid Waste Management Agency

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS, BUDGET TO ACTUAL (NON-GAAP BASIS)

Year ended June 30, 2010

	Budgeted Amounts			
	Original	Final	Actual	Variance
Operating Revenues:				
User fees	$ 6,533,000	$ 6,533,000	$ 6,734,338	$ 201,338
Other revenue	90,000	90,000	619	(89,381)
Total operating revenue	6,623,000	6,623,000	6,734,957	111,957
Operating Expenses:				
Salaries, wages and benefits	2,489,320	2,489,320	2,280,830	208,490
Contractual services and utilities	614,500	1,012,712	493,280	519,432
Repairs and maintenance	528,000	571,600	306,847	264,753
Supplies	537,000	552,733	348,840	203,893
Capital outlay - inventory exempt items	1,300,000	2,708,622	1,310,511	1,398,111
Insurance	100,205	100,205	136,910	(36,705)
Other	543,123	544,272	167,597	376,675
Total operating expense	6,112,148	7,979,464	5,044,815	2,934,649
Excess (deficiency) of operating revenues over operating expenditures	510,852	(1,356,464)	1,690,142	3,046,606
Non-Operating Revenue (Expenses):				
Investment income	169,867	139,327	120,379	(18,948)
Interest expense	(632,236)	(632,236)	(74,340)	557,896
Insurance refund	19,370	19,370	19,370	-
Total non-operating revenues (expenses)	(442,999)	(473,539)	65,409	538,948
Excess (deficiency) of revenues over expenditures and other uses, non-GAAP basis	67,853	(1,830,003)	1,755,551	$ 3,585,554
Prior year fund balance required to balance the budget (budget surplus)	(67,853)	1,830,003	(1,755,551)	
	$ -	$ -	$ -	

RECONCILIATION OF BUDGET AND ACTUAL (NON-GAAP BASIS) TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Year ended June 30, 2010

Excess (deficiency) of revenues over expenditures and other uses, non-GAAP basis	$ 1,755,551
Depreciation expense not budgeted	(3,372,314)
Loss on disposal of capital assets not budgeted for	(16,233)
Prior year materials expense-BLM	(468,253)
Capital expenditures recorded as a budgetary expense	1,300,721
Excess (deficiency) of revenues over expenditures and other uses, GAAP basis	$ (800,528)

atkinson

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INDEPENDENT AUDITORS' 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*

Hector H. Balderas, State Auditor
and
Board of Directors
Santa Fe Solid Waste Management Agency

We have audited the financial statements of the business-type activities of the Santa Fe Solid Waste Management Agency (Agency), as of and for the year ended June 30, 2010, as listed in the table of contents. We have also audited the budgetary comparison statement for the year ended June 30, 2010 listed as supplemental information and have issued our report thereon dated November 23, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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 the Agency's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses, as defined above. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as described above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 determination of financial statement amounts. 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 *Governmental Auditing Standards.*

This report is intended solely for the information and use of management, others within the Agency, the fiscal agent, the Office of the State Auditor, the New Mexico Legislature, the Department of Finance and Administration, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

Atkinson & Co. Ltd.

Atkinson &Co., Ltd.

Albuquerque, New Mexico
November 23, 2010

Santa Fe Solid Waste Management Agency

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2010

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unqualified

INTERNAL CONTROL OVER FINANCIAL REPORTING

Material weaknesses identified?	No
Significant deficiency identified not considered to be material weaknesses?	No
Noncompliance material to the financial statements noted?	No

FINANCIAL STATEMENT FINDINGS
None noted

STATUS OF PRIOR YEAR FINDINGS
No prior year findings

FINANCIAL STATEMENT PREPARATION AND EXIT CONFERENCE

June 30, 2010

* * * * *

The basic financial statements have been prepared by Atkinson & Co., Ltd. with the assistance of the Agency. The content in this report is the responsibility of the Agency. An Exit Conference was held on November 23, 2010 and attended by the following:

For Atkinson & Co., Ltd.:

Martin E. Mathisen, CPA, CGFM	Shareholder/Audit Director
Morgan Browning, CPA, CGFM	Audit Manager

For the Santa Fe Solid Waste Management Agency:

Randall Kippenbrock	Executive Director
Rosemary Romero	Board Member
Rita-Fiore Lucero	Accounts Coordinator

For the City of Santa Fe:

Teresita Garcia	Assistant Finance Director

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