

EASTERN RENSSELAER COUNTY SOLID
WASTE MANAGEMENT AUTHORITY

FINANCIAL STATEMENTS
(and Reports of Independent Auditors)
December 31, 2011 and 2010

EASTERN RENSSELAER COUNTY SOLID
WASTE MANAGEMENT AUTHORITY

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NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS**

INDEPENDENT AUDITORS' REPORT

To the Board of Representatives
Of Eastern Rensselaer County Solid
Waste Management Authority

We have audited the accompanying statements of net assets of the Eastern Rensselaer County Solid Waste Management Authority (a public benefit corporation), as of December 31, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Eastern Rensselaer County Solid Waste Management Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Eastern Rensselaer County Solid Waste Management Authority as of December 31, 2011 and 2010, and the changes in financial position, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2012, on our consideration of Eastern Rensselaer County Solid Waste Management Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 2011 audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Pattison, Koskey, Howe & Succi, CPAs, P.C.

Valatie, New York
March 27, 2012

EASTERN RENSSELAER COUNTY SOLID WASTE MANAGEMENT AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS

1. Financial Highlights

The Authority generated a loss of \$72,004 in 2011 compared to income of \$52,380 in 2010. Overall, cash and cash equivalents decreased \$24,751 in 2011 and total net assets are \$88,814 at December 31, 2011 compared to \$160,818 at December 31, 2010.

Tipping fees and recycling revenues were \$592,481 in 2011, an 6.81% decrease from the previous year despite an increase in the waste management rate from \$70.47 to \$73.26, from 2010 to 2011, respectively. Tipping fees and recycling revenues comprised approximately 83% and 75% of total revenues in 2011 and 2010, respectively.

Total operating expenses were \$782,740 in 2011, a 2.0% decrease from the previous year. Tipping and recycling expenses were \$591,628 during the year ended December 31, 2011, a 7.1% decrease from the previous year.

Current assets exceeded current liabilities by \$78,087 and \$147,282 at December 31, 2011 and 2010, respectively.

2. Basic Financial Statements

Eastern Rensselaer County Solid Waste Management Authority's (ERCSWMA) financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Authority is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and are depreciated over their useful lives. See notes to the financial statements for a summary of the Authority's significant accounting policies.

The *Statements of Net Assets* present information on the Authority'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 the Authority's financial position.

The *Statements of Revenues, Expenses and Changes in Net Assets* present information showing how the Authority's net assets changed during the most recent years. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future periods.

The *Statements of Cash Flows* relate to the flows of cash and cash equivalents. Consequently, only transactions that affect the Authority's cash accounts are recorded in these statements. A reconciliation is provided at the bottom of the statements of cash flows to assist in the understanding of the difference between cash flows from operating activities and operating income.

The notes to the financial statements include additional information needed to provide a further understanding of the basic financial statement.

See independent auditors' report.

EASTERN RENSSELAER COUNTY SOLID WASTE MANAGEMENT AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. Financial Statement Analysis

Statements of Net Assets

The Statement of Net Assets presents information on ERCSWMA's assets and liabilities, reporting net assets at year-end. A condensed summary of ERCSWMA's Statement of Net Assets is shown below as of December 31,:

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Current Assets	\$ 230,457	\$ 223,476
Non-current assets		
Capital Assets	<u>10,727</u>	<u>13,536</u>
Total assets	<u><u>\$ 241,184</u></u>	<u><u>\$ 237,012</u></u>
 <u>Liabilities</u>		
Current Liabilities	<u>\$ 152,370</u>	<u>\$ 76,194</u>
Total liabilities	<u><u>\$ 152,370</u></u>	<u><u>\$ 76,194</u></u>
 <u>Net Assets</u>	 <u><u>\$ 88,814</u></u>	 <u><u>\$ 160,818</u></u>

See independent auditors' report.

EASTERN RENSSELAER COUNTY SOLID WASTE MANAGEMENT AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. Financial Statement Analysis (Continued):

Statements of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets shows the effect of income and expenses on ERCSWMA's net assets for the year. This statement is prepared on an accrual basis meaning revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they occur. ERCSWMA's statements for the years ended December 31, 2011 and 2010 are summarized as follows:

	2011	2010
Operating revenues		
Administrative fees	\$ 104,160	\$ 102,890
Tipping and recycling fees	584,589	635,801
Hazardous waste revenue	5,330	7,695
Grant income	-	100,610
Miscellaneous income	7,629	4,157
Total operating revenue	701,708	851,153
Operating expenses		
Salaries and payroll taxes	91,628	81,407
Tipping and recycling expenses	591,628	636,558
Hazardous waste expense	27,533	35,597
Education and public relations	18,932	14,068
Other	53,019	31,462
Total operating expenses	782,740	799,092
Operating (loss) income	(81,032)	52,061
Non-operating revenue (expense)		
Interest Income	259	319
Total non-operating expense	259	319
Decrease (increase) in net assets	(80,773)	52,380
Net assets, beginning of year	160,818	108,438
Net assets, end of year	\$ 80,045	\$ 160,818

Accounting for 83% of the operating revenues in 2011 were tipping and recycling fees, which decreased 6.81% and totaled \$592,308.

During 2010, ERCSWMA earned \$100,610 in grant income of which \$6,285 was not collected and written off in 2011. For 2011, the Authority was not officially awarded additional grant money from New York State which significantly impacted the 2011 operating results. The Authority will continue to seek this funding in 2012.

See independent auditors' report.

EASTERN RENSSELAER COUNTY SOLID WASTE MANAGEMENT AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. Financial Statement Analysis (Continued)

Statement of Revenues, Expenses and Changes in Net Assets (Continued)

Operating expenses of \$782,740 decreased by \$16,352 in 2011 due mainly to decreased costs associated with tipping and recycling costs and hazardous waste expense. Tipping and recycling costs decreased \$44,930 and hazardous waste expense decreased \$8,064. Offsetting these decreases were payroll expenses which increased \$10,221, education and public relations expenses which increased \$4,864, equipment repair which increased \$6,945, bad debt expense which increased \$6,285 and insurance which increased \$4,344.

Non-operating revenue is derived from interest income on short-term investments, which was down \$60. ERCSWMA maintains three certificates of deposit with a total balance at December 31, 2011 and 2010 of \$28,589 and \$28,552, respectively. The certificates of deposit had varying maturities (8 months, 11 months, and 12 months) and interest rates (.10%, .10%, and .10%) at December 31, 2011. The certificates of deposit had varying maturities (8 months, 11 months and 12 months) and interest rates of (.10%, .15%, and .15%) at December 31, 2010.

Statement of Cash Flows

The statement of cash flows presents information on the major sources and uses of cash during the year showing net cash provided or used in operating activities.

Net cash used for operating activities (\$24,201), a decrease of \$79,053 from the prior year, in large part due to a \$74,691 decrease in grant income.

4. Authority Budget:

In November 2010, ERCSWMA adopted a 2011 budget projecting revenues, exclusive of tipping and recycling fees, at \$155,190. Actual 2011 revenues, exclusive of tipping and recycling fees, totaled \$117,378. Much of this decrease is a result of not receiving a budgeted education grant. Revenue earned from tipping and recycling fees are directly offset by associated expenses and are not included in the budget calculations.

Operating expenses, exclusive of tipping and recycling expenses, totaled \$191,112 for the year. Budgeted expenditures for 2011 were \$175,360. A large part of the increase in actual expenditures of \$15,752 was due to the Authority writing off \$6,285 of a New York State Department of Conservation HHW grant to bad debt expense because it was deemed uncollectible. Rental expense was also higher than budget by \$5,175 due to additional storage space needed that was not budgeted.

5. Capital Assets and Long-Term Debt:

ERCSWMA did not take on any long-term debt in 2011. There was one capital asset addition in 2011 for the purchase of a laptop computer for \$513. In 2010, there were three capital asset additions for the purchase of a 30 yard roll-off container at a cost of \$7,164, a lap top computer at a cost of \$905 and website development of \$615.

6. Additional Information:

This report is prepared for the use of ERCSWMA's audit committee, management, federal awarding agencies and pass through entities, and members of the public interested in the affairs of ERCSWMA. Questions with regard to this financial report or requests for additional information may be addressed to the Executive Director, ERCSWMA, 21428 NY 22, Hoosick Falls, NY 12090.

See independent auditors' report.

EASTERN RENSSELAER COUNTY SOLID
WASTE MANAGEMENT AUTHORITY
STATEMENTS OF NET ASSETS
December 31, 2011 and 2010

ASSETS

	2011	2010
Current assets:		
Cash and cash equivalents	\$ 37,198	\$ 61,949
Accounts receivable - member towns	161,630	107,302
Grants receivable	-	22,846
Prepaid expenses	3,040	2,827
Certificates of deposit	28,589	28,552
Total current assets	230,457	223,476
Non-current assets:		
Property and equipment, net of \$159,652 and \$156,330 of accumulated depreciation	10,727	13,536
Total assets	\$ 241,184	\$ 237,012

LIABILITIES AND NET ASSETS

Current liabilities:		
Accrued expenses	\$ 1,879	\$ 1,311
Accounts payable	121,215	56,600
Due to members - credits	29,276	18,283
Total current liabilities	152,370	76,194
Net assets	88,814	160,818
Total liabilities and net assets	\$ 241,184	\$ 237,012

See independent auditors' report and notes to financial statements.

EASTERN RENSSELAER COUNTY SOLID
WASTE MANAGEMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Administrative fees	\$ 104,160	\$ 102,890
Tipping and recycling fees	592,481	635,801
Hazardous waste revenue	5,330	7,695
Grant income	-	100,610
Interest income	259	319
Miscellaneous income	8,629	4,157
Total revenues	<u>710,859</u>	<u>851,472</u>
Expenses:		
Salaries	85,236	75,665
Payroll taxes	6,515	5,742
Tipping and recycling expenses	591,628	636,558
Hazardous waste expense	27,533	35,597
Professional fees	7,402	9,044
Payroll service	862	694
Education and public relations	18,932	14,068
Rent	13,575	8,400
Office supplies	607	625
Postage	134	320
Conferences and travel	2,003	2,328
Insurance	9,964	5,620
Equipment repair	7,120	175
Telephone	609	896
Advertising	332	371
Dues and memberships	341	246
Miscellaneous	463	-
Depreciation	3,322	2,743
Bad debt expense	6,285	-
Total expenses	<u>782,863</u>	<u>799,092</u>
Change in net assets	(72,004)	52,380
Net assets, beginning	<u>160,818</u>	<u>108,438</u>
Net assets, ending	<u>\$ 88,814</u>	<u>\$ 160,818</u>

See independent auditors' report and notes to financial statements.

EASTERN RENSSELAER COUNTY SOLID
WASTE MANAGEMENT AUTHORITY
STATEMENTS OF CASH FLOWS
Years ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Receipts from customers	\$ 667,265	\$ 768,669
Contribution from grant funds	16,561	91,252
Payments to suppliers	(616,658)	(723,981)
Payments to employees	(91,628)	(81,407)
Interest received	259	319
	(24,201)	54,852
 Cash flows from investing activities		
Increase in certificates of deposit	(37)	(99)
Purchase of equipment	(513)	(8,684)
	(550)	(8,783)
 Net (decrease) increase in cash	(24,751)	46,069
Cash and cash equivalents, beginning of year	61,949	15,880
Cash and cash equivalents, end of year	\$ 37,198	\$ 61,949
 Cash flows from operating activities		
Change in net assets	\$ (72,004)	\$ 52,380
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,322	2,743
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(54,328)	14,759
Decrease (increase) in grants receivable	22,846	(9,358)
(Increase) decrease in prepaid expenses	(213)	173
Increase (decrease) in accounts payable	64,615	(9,255)
Increase in due to members - credits	10,993	3,367
Increase in accrued expenses	568	43
	568	43
 Net cash (used for) provided by operating activities	\$ (24,201)	\$ 54,852

See independent auditors' report and notes to financial statements.

EASTERN RENSSELAER COUNTY SOLID
WASTE MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

1. Nature of Organization:

The Eastern Rensselaer County Solid Waste Management Authority, (the "Authority") was formed in December 1989, and constitutes a public benefit corporation, created by and having the powers and functions set forth pursuant to, Sections 2050 through 2050-tt of the Public Authorities Law of the State of New York, as amended. The principal office is located in Hoosick Falls, New York. The Authority's board consists of one member appointed by each legislative body of the towns constituting the Authority (maximum of seventeen and a minimum of six). The current membership of the Authority consists of seven municipalities.

The Authority's present function is to research and provide alternative, efficient methods of disposing solid waste and to provide recycling services to member towns.

2. Summary of Significant Accounting Principles:

Basis of Accounting:

The financial statements of the Authority have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities. Revenues are recorded when earned and expenses are recorded when incurred. In accordance with accounting principles generally accepted in the United States of America, the Authority applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements to the extent these pronouncements do not conflict with GASB pronouncements. The Agency applies FASB pronouncements, issued, on or after November 30, 1989. The government-wide financial statements include the Authority's only governmental fund (single enterprise fund).

Revenues:

Revenues consist of tipping and recycling fees charged member towns for waste removal services provided by the Authority. Revenues also include administrative fees charged the member towns to off-set the Authority's operating expenses. Grant income for programs provided by the Authority on behalf of the member towns for education and waste removal services are also included as operating revenue.

The Authority's revenues are mainly comprised of administrative fees and other revenues from its seven member municipalities.

Cash and Cash Equivalents:

Cash and cash equivalents include cash in banks and highly liquid investments with maturities of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

See independent auditors' report.

EASTERN RENSSELAER COUNTY SOLID
WASTE MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of Significant Accounting Principles (Continued):

Concentrations of Credit and Market Risk:

Financial instruments that potentially expose the Authority to concentrations of credit and market risk consist primarily of cash equivalents and certificates of deposit. Cash equivalents are maintained at FDIC insured financial institutions and credit exposure is limited to one institution. As of December 31, 2011 and 2010, all cash and cash equivalents were covered by FDIC insurance. The Authority has not experienced any losses with respect to its cash and cash equivalents.

Investments are exposed to various risks, such as interest rate, market, and credit. As of December 31, 2011 and 2010, all investments were in certificates of deposit with maturities ranging from 8 to 12 months. All certificates of deposit were covered by FDIC insurance as of December 31, 2011 and 2010.

Income taxes:

The Authority is not subject to Federal or State income taxes. Accordingly, no provision for taxes has been made in the accompanying financial statements.

Property and equipment:

Recycling and office equipment and website development costs valued at \$500 or more are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the respective assets, ranging from 5 to 7 years for equipment and 5 years for website development costs. Depreciation expense for 2011 and 2010 totaled \$3,322 and \$2,743, respectively.

Fair value measurements:

In September 2006, the Financial Accounting Standards Board (FASB) issued FASB ASC 820-10 "Fair Value Measurements". FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. FASB ASC 820-10 does not require any new fair value measurements but applies to other GAAP accounting pronouncements that use fair value as a relevant measurement attribute.

Budgets:

The budget policies are as follows:

In August of each year the Executive Director submits a tentative budget to the Board of Directors for the next fiscal year which begins the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing. In October, the budget is available for discussion at a public hearing and ultimately approved by the Board of Directors.

Fund Balances:

Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54) became effective during the year ended December 31, 2011. The Authority is considered an enterprise fund and therefore, presents net assets instead of fund balances.

See independent auditors' report.

EASTERN RENSSELAER COUNTY SOLID
WASTE MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of Significant Accounting Principles (Continued):

Subsequent Events:

Subsequent events have been evaluated through March 27, 2012, which is the date the financial statements were available to be issued.

3. Accounts and Grants Receivable:

Accounts receivable primarily represent amounts due from member towns for tipping fees relating to services performed and are considered by management to be fully collectible within one year. As of the report date, all outstanding accounts receivable had been collected.

As of December 31, 2010, grants receivable were comprised of the following:

Household Hazardous Waste Assistance Program Grant	\$22,846
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As of December 31, 2011, there were no grants receivable.

4. Certificates of Deposit:

Investments consists of three certificates of deposit with a total balance at December 31, 2011 and 2010, of \$28,589 and \$28,552, respectively. The certificates of deposit have varying maturities (8 months, 11 months, and 12 months) and all earn interest at .10% at December 31, 2011. The three certificates of deposit outstanding in 2010 were extended for similar terms in 2011. The certificates of deposit are maintained at a financial institution in Hoosick Falls and are fully insured by the FDIC. There were no unrealized or realized gains or losses on these investments in 2011 or 2010.

5. Property and Equipment:

A summary of property and equipment is as follows as of December 31,:

	2011	2010
Recycling Equipment	\$ 148,600	\$ 148,600
Accumulated Depreciation	(139,764)	(136,899)
	\$ 8,836	\$ 11,701
Office Equipment	\$ 21,164	\$ 20,651
Accumulated Depreciation	(19,796)	(19,431)
	\$ 1,368	\$ 1,220
Website Development	\$ 615	\$ 615
Accumulated Depreciation	(92)	-
	\$ 523	\$ 615

The website development costs were incurred during the year ended December 31, 2010 but the website was not placed in service until 2011.

See independent auditors' report.

EASTERN RENSSELAER COUNTY SOLID
WASTE MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Related Party Transactions:

The Authority is comprised of representatives who are appointed by their respective towns. Substantially all of the Authority's operating revenues are derived from services performed for the member towns.

During the years ended December 31, 2011 and 2010, the Authority contributed \$-0- and \$615, respectively, to the Eastern Rensselaer County Community Warehouse, Inc. (ERCCW). ERCCW is a not for profit organization that shares certain services and office space with the Authority.

The Authority leases office space on a month to month basis from ERCCW under an operating lease agreement. The rental amount was \$700 per month and rent expense was \$8,400 for 2011 and 2010. In addition, starting in 2011, the Authority rented storage space on a month to month basis from ERCCW. Rental expense for the storage space was \$5,175 for the year ended December 31, 2011.

The space the authority currently rents is for sale by the ERCCW. If the ERCCW is successful in selling its property, the Authority will need to relocate and obtain new rental space.

7. Commitments:

The Authority is party to a twenty-year service agreement with a company that is contracted to take "acceptable waste" generated within the member communities of the Authority. The Agreement commenced February 20, 1995 and expires November 19, 2012. The fees charged vary for solid waste and construction and demolition waste. The maximum fees per ton of waste that may be charged under the contract for 1996 and after are \$75.95 multiplied by an inflation factor per ton for solid waste and \$74.00 multiplied by an inflation factor for construction and demolition waste. For the year ended December 31, 2011 and 2010, the Authority paid a rate of \$73.26 and \$70.47 per ton for both solid waste and construction and demolition waste. The Authority paid a total of \$515,035 and \$542,753 to the company for the years ended December 31, 2011 and 2010, respectively.

The Authority is party to a five-year agreement with a company that is contracted to haul waste for member community transfer stations. The five-year contract expired at the end of 2009 and the Authority renewed the contract for another three years. The contract requires annual payments based on "per pull" basis at a rate of \$170.66. This rate was held constant in 2010 with Consumer Price Index adjustments for the following two years. The total paid for these services was \$68,043 and \$77,115 for the years ended December 31, 2011 and 2010, respectively.

See independent auditors' report.

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NEW YORK STATE SOCIETY OF
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Representatives
of Eastern Rensselaer County Solid
Waste Management Authority:

We have audited the financial statements of Eastern Rensselaer County Solid Waste Management Authority (a public benefit corporation) as of and for the year ended December 31, 2011 and have issued our report thereon dated March 27, 2012. 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 Eastern Rensselaer County Solid Waste Management Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Eastern Rensselaer County Solid Waste Management Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Eastern Rensselaer County Solid Waste Management Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of finding and responses to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern Rensselaer County Solid Waste Management Authority'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 *Government Auditing Standards*.

We noted certain matters that we reported to management of Eastern Rensselaer County Solid Waste Management Authority, in a separate letter dated March 27, 2012.

Eastern Rensselaer County Solid Waste Management Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Eastern Rensselaer County Solid Waste Management Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Directors, County of Rensselaer, New York, and awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Pattison, Koskey, Howe & Bucci, CPAs, P.C.

Valatie, New York
March 27, 2012

EASTERN RENSSELAER COUNTY SOLID
WASTE MANAGEMENT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES

Audit Finding: Material Weakness

Finding:

The Authority's management maintains its books and records during the year primarily on a cash basis. During the audit, several adjustments were required to convert the Authority's general ledger to the accrual basis of accounting. The adjustments required have been material in nature.

Recommendation:

We recommend management develop procedures for ensuring the Authority's general ledger is converted to the accrual basis of accounting beginning with the year ending December 31, 2012.

Response:

Management will work with the auditors to develop procedures for adjusting the Authority's general ledger to the accrual basis of accounting beginning with the year ending December 31, 2012.

SUPPLEMENTARY INFORMATION

EASTERN RENSSELAER COUNTY SOLID
WASTE MANAGEMENT AUTHORITY
STATEMENT OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
Year ended December 31, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Administrative fees	\$ 102,890	\$ 104,160	\$ 1,270
Hazardous waste revenue	-	5,330	5,330
Grant income	52,000	-	(52,000)
Interest income	300	259	(41)
Miscellaneous income	-	8,629	8,629
Tipping and recycling fees	-	592,481	592,481
Total revenues	<u>155,190</u>	<u>710,859</u>	<u>555,669</u>
Expenses:			
Salaries	78,860	85,236	(6,376)
Payroll taxes	6,590	6,515	75
Tipping and recycling expenses	-	591,628	(591,628)
Hazardous waste collection	27,000	27,533	(533)
Professional fees	13,500	7,402	6,098
Payroll service	750	862	(112)
Education and public relations	19,000	18,932	68
Rent	8,400	13,575	(5,175)
Office supplies	450	607	(157)
Postage	450	134	316
Conferences and travel	1,000	2,003	(1,003)
Insurance	8,460	9,964	(1,504)
Equipment repair	8,600	7,120	1,480
Telephone	800	609	191
Advertising	100	332	(232)
Dues and memberships	900	341	559
Miscellaneous	500	463	37
Depreciation	-	3,322	(3,322)
Bad debt expense	-	6,285	(6,285)
Total Expenses	<u>175,360</u>	<u>782,863</u>	<u>(607,503)</u>
Total expenses in excess of revenues	<u>\$ (20,170)</u>	<u>\$ (72,004)</u>	<u>\$ (51,834)</u>

See independent auditors' report and notes to financial statements.