



**MONTGOMERY, OTSEGO, SCHOHARIE
SOLID WASTE MANAGEMENT AUTHORITY**

FINANCIAL REPORT

December 31, 2010 and 2009

**MONTGOMERY, OTSEGO, SCHOHARIE
SOLID WASTE MANAGEMENT AUTHORITY**

FINANCIAL REPORT

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BOLLAM, SHEEDY, TORANI & CO. LLP
Certified Public Accountants
Albany, New York

INDEPENDENT AUDITOR'S REPORT

Authority Governing Board
Montgomery, Otsego, Schoharie
Solid Waste Management Authority
Howes Cave, New York

We have audited the accompanying statements of net assets of Montgomery, Otsego, Schoharie Solid Waste Management Authority (MOSA) (a New York public benefit corporation) as of December 31, 2010 and 2009, 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 MOSA'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 audits 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 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 financial position of MOSA as of December 31, 2010 and 2009, and the results of its operations and its 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 18, 2011, on our consideration of MOSA's internal control over financial reporting and 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 audit.

Management's Discussion and Analysis and supplemental information on pages 2 through 5 and 17 and 18 are not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Bollam Sheedy Torani & Co. LLP

Albany, New York
March 18, 2011

**MONTGOMERY, OTSEGO, SCHOHARIE
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MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The management of Montgomery, Otsego, Schoharie Solid Waste Management Authority (MOSA) believes consideration of the notes to the financial statements along with Management's Discussion and Analysis allows for a complete understanding of the current financial position of MOSA. Through the notes, reviewers obtain an overview of the formation of MOSA, details to support the numbers presented in the financial statements, and an understanding of the estimates incorporated in the financial presentation.

AUTHORITY PROFILE

Based on the Service Agreement with each of the member Counties, MOSA annually estimates the Guaranteed Annual Tonnage (GAT) for each of the Counties. The GAT is used to determine the official tip fee, which is added to the other projected revenues for the year to cover MOSA's financial obligations.

MOSA relies on tipping fees generated from waste being delivered to facilities to successfully fund budgeted expenses. Each county is responsible to deliver, or cause to be delivered, all solid waste generated or originated within its boundaries to a MOSA designated facility. Each County has subsidized MOSA's official tip fee since 1997 by annually establishing an individual in-County fee that it believes would encourage the delivery of waste to MOSA facilities so as to fulfill its GAT obligation. If, in any calendar year, the amount of GAT solid waste delivered from all three Counties to MOSA should be less than the Aggregate GAT, the County or Counties responsible for the shortfall shall pay to MOSA, a shortfall subsidy.

RESPONSIBILITY AND CONTROLS

MOSA has prepared and is responsible for the financial statements and related information included in this report. A system of internal accounting controls is maintained to provide reasonable assurance that assets are safeguarded and that the books and records reflect only authorized transactions. Limitations exist in any system of internal controls. However, based on recognition that the cost of the system should not exceed its benefit, management believes its system of internal accounting controls maintains an appropriate cost to benefit balance.

MOSA's system of internal accounting controls is evaluated on an ongoing basis by MOSA's internal financial staff. Independent external auditors also consider certain elements of the internal control system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements. In response to the Public Authorities Accountability Act, MOSA's Board of Directors established an Audit Committee which is comprised of three independent members of the Board who are not employees and who provide oversight of management's control functions and financial reporting. This committee meets with management and periodically, with the independent external auditors to ensure these groups are fulfilling their obligations and to discuss auditing, controls, and financial reporting matters.

In management's opinion, the financial statements present fairly, in all material respects, the financial position, result of operations, and cash flows of MOSA in conformity with accounting principles generally accepted in the United States of America.

OPERATIONAL HIGHLIGHTS

During 2010, management listened to the needs of the Counties, customers, and haulers. In response, the Cooperstown station was opened to commercial haulers in the region on a daily basis, reducing the time and fuel required by haulers to dispose of their trash. Separation of reusable items increased and clean wood was removed from loads and transported to a small local business to be used as animal bedding. Leaves were separated and delivered to a local farmer for use as compost, and cardboard delivered in waste loads was recycled and delivered to a local manufacturer of insulation. It is management's intent to continue to promote recycling and reuse of discarded materials in 2011.

Management reviewed the skills of current employees and worked to utilize their time more efficiently, subsequently reducing overtime and part-time costs. The current hauling contract was reviewed, resulting in a reduction of part-time staff by enforcing the details of the T&D contract. The T&D contractor worked with MOSA understanding both the economic and environmental impact of hauling larger loads. Staff worked to reach an average tonnage rate of 28 tons providing the hauler with significant savings, use of diesel was reduced, and MOSA received a \$100,000 credit at the end of the year.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

This section presents management's discussion and analysis of MOSA's financial condition and activities for the year ended December 31, 2010, and should be read in conjunction with the financial statements.

It became clear during 2009 that MOSA needed to address rising tip fees to allow MOSA to continue to service the Counties in the future.

Subsequently, MOSA defeased all of its outstanding bonds, and reduced the tip fee in 2010 to \$86 per ton. The defeasance provided for a \$20 per ton or 19% decrease in rates. During 2010, the Counties continued to subsidize the tip fee for inside waste with subsidization rates ranging from \$14 - \$20.50 per ton. Although MOSA deliveries increased by 4% or 4,049 tons, the subsidies and cost reduction were not enough to capture all the waste in the service area. The tip fee in surrounding areas remained in the \$55 to \$72 per ton area, making it difficult to compete in the areas with easy access to other options.

Management of MOSA realized further cost reductions or revenue generating efforts were necessary during 2010 to allow the Counties to reduce their waste subsidies. It was the goal of management to find efficiencies and opportunities that allowed MOSA to further reduce the tip fee in 2011. To that end, MOSA initiated additional recycling efforts for materials such as clean wood, metal, and cardboard. This eliminated the T&D costs for these materials and in some cases produced additional income. Additionally, the Northern transfer station in Cooperstown was converted from a convenience station to a full service transfer station. This provided haulers in northern Otsego County with local access to a MOSA transfer station. Based upon waste delivery records, it appears this station reopening allowed an additional 2,300 tons of deliveries; tonnage that was previously leaving the MOSA system. Some initial investments to update and maintain equipment were required. Staffing needs were obtained through redirection of existing full time employees. The office staff was also downsized during 2010.

Management sent out a request for proposal for transportation and disposal services (T&D), and the final contract reduced this cost by \$13.70 per ton, which was passed on directly to the customers. This reduction allowed the Counties to eliminate their subsidies in 2011 and, with additional cost avoidance and reductions, the tip fee was reduced to \$69 per ton in 2011.

FINANCIAL ANALYSIS

The following discussion refers to the condensed financial statements:

CONDENSED STATEMENTS OF NET ASSETS

	December 31, 2010			
	2010	2009 Restated	\$ Change	% Change
Property and equipment, net	\$ 6,333,264	\$ 7,049,866	\$ (716,602)	-10.16%
Restricted assets	2,230,111	1,584,353	645,758	40.76%
Current assets	3,072,798	3,690,698	(617,900)	-16.74%
Other assets	1,661,022	2,189,209	(528,187)	-24.13%
Total assets	\$ 13,297,195	\$ 14,514,126	\$ (1,216,931)	-8.38%
Other liabilities	\$ 6,936,727	\$ 6,771,883	\$ 164,844	2.43%
Current liabilities	506,301	867,590	(361,289)	-41.64%
Total liabilities	7,443,028	7,639,473	(196,445)	-2.57%
Net assets, capital	6,333,264	7,049,866	(716,602)	-10.16%
Net assets, restricted	2,230,111	1,584,353	645,758	40.76%
Net assets, unrestricted	(2,709,208)	(1,759,566)	(949,642)	53.97%
Total net assets	5,854,167	6,874,653	(1,020,486)	-14.84%
Total liabilities and net assets	\$ 13,297,195	\$ 14,514,126	\$ (1,216,931)	-8.38%

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS - Continued

Condensed Statement of Net Assets

There were no major additions or deletions to property and equipment. The reduction relates to depreciation. Restricted assets increased while current assets decreased; this is based on the post-closure agreement which requires that MOSA deposit \$1 million in a shared three-County account to be utilized for major landfill repairs. The funds reserved for operating and equipment replacement were reallocated during 2010 in response to defeasance; this offset the \$1 million increase in restricted assets. These funds were returned to the operating reserve in early 2011. The reduction in current assets relates to outstanding subsidy and shortfall payments due from the Counties at the end of 2009; no such payments were outstanding at the end of 2010. Other assets were reduced based upon the amortization of intangible assets.

The increase in other liabilities represents the increase of post-closure obligation; see Note 4 of the financial statements for more details. The majority of the reduction in current liabilities can be attributed to:

- \$100,000 credit from Riccelli which was negotiated during 2010 based on increasing outgoing load density in each trailer shipped to a landfill by Riccelli;
- \$117,680 accrued expense in 2009 that was paid in 2010 and related to repairs at the Oneonta transfer station, and
- \$107,650 unearned revenue in 2009 that was attributable to the prepayment of subsidies by the County. There are no subsidies in 2011 so no prepayment was required.

**CONDENSED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGE IN NET ASSETS**

	Years Ended December 31,			
	2010	2009	\$ Change	% Change
		(Restated)		
Operating revenue	\$ 9,085,498	\$ 10,915,898	\$ (1,830,400)	-16.77%
Non-operating revenue	14,219	102,885	(88,666)	-86.18%
Total revenues	<u>9,099,717</u>	<u>11,018,783</u>	<u>(1,919,066)</u>	-17.42%
Depreciation expense	708,371	685,799	22,572	3.29%
Amortization expense	528,187	954,764	(426,577)	-44.68%
Other operating expense	8,726,717	9,024,342	(297,625)	-3.30%
Non-operating expense (income)	156,928	(599,707)	756,635	-126.17%
Total expenses	<u>10,120,203</u>	<u>10,065,198</u>	<u>55,005</u>	0.55%
Change in net assets	(1,020,486)	953,585	(1,974,071)	-207.02%
Beginning net assets	<u>6,874,653</u>	<u>5,921,068</u>	<u>953,585</u>	16.10%
Ending net assets	<u>\$ 5,854,167</u>	<u>\$ 6,874,653</u>	<u>\$ (1,020,486)</u>	-14.84%

Although waste deliveries were up 4% from the prior year, operating revenues decreased 16.77%. This large reduction in operating revenue is directly related to the 19% decrease in tip fee. Nonoperating revenue declined based upon lower interest rates and reduced cash in the bank after the defeasance of the bonds at the end of 2009.

Amortization expense is significantly lower as a result of bond defeasance, which eliminated the amortization of capitalized interest related to the bonds.

The decrease in other operating expenses relates to increased operating efficiencies. An accountant position was eliminated early in 2010 and duties were distributed among existing staff. Equipment maintenance costs decreased, legal costs were reduced, recycling markets improved, and through additional recycling efforts, disposal costs were either reduced or eliminated.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS - Continued

The increase in nonoperating expense reflects the change in the post-closure liability adjustment. In 2009, the estimate decreased substantially based upon management's intent to utilize "in-house" employees rather than consultants to perform maintenance tasks. In 2010, this approach remained the same; however, interest rates decreased resulting in the need for a larger post-closure liability.

FINAL COMMENTS

This financial report is intended to provide a general overview of MOSA's financial position and to illustrate MOSA's accountability for the revenue it receives. If you have any question about this report or need additional financial information, contact Dennis Heaton, Executive Director at (518) 296-8884.

**MONTGOMERY, OTSEGO, SCHOHARIE
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STATEMENTS OF NET ASSETS

	December 31,	
ASSETS	2010	2009
		Restated
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,519,883	\$ 2,684,205
Accounts receivable, net	390,797	884,254
Prepaid expenses	31,083	37,191
Inventory	131,035	85,048
Total current assets	3,072,798	3,690,698
RESTRICTED ASSETS		
Cash and cash equivalents	2,230,111	1,571,730
Investments	-	12,623
	2,230,111	1,584,353
OTHER ASSETS		
Property and equipment, net	6,333,264	7,049,866
Intangible assets, net	1,661,022	2,189,209
	7,994,286	9,239,075
	\$ 13,297,195	\$ 14,514,126
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 426,065	\$ 661,469
Accrued expenses	80,236	206,121
Total current liabilities	506,301	867,590
NONCURRENT LIABILITIES		
Environmental and closure accruals for purchased landfills	6,887,506	6,730,578
Provision for compensated absences	49,221	41,305
	6,936,727	6,771,883
NET ASSETS		
Invested in capital assets, net of related debt	6,333,264	7,049,866
Restricted for		
Other purposes	2,230,111	1,584,353
Unrestricted	(2,709,208)	(1,759,566)
	5,854,167	6,874,653
	\$ 13,297,195	\$ 14,514,126

The accompanying Notes to Financial Statements are an integral part of these statements.

**MONTGOMERY, OTSEGO, SCHOHARIE
SOLID WASTE MANAGEMENT AUTHORITY**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	Years Ended December 31,			
	2010	%	2009	%
			Restated	
OPERATING REVENUE				
Refuse and garbage charges	\$ 8,886,225	97.8	\$ 10,719,784	98.2
Recycling and recycling services	105,798	1.2	77,930	0.7
Other	93,475	1.0	118,184	1.1
	<u>9,085,498</u>	<u>100.0</u>	<u>10,915,898</u>	<u>100.0</u>
OPERATING EXPENSES				
Finance and administration	1,776,829	19.6	2,500,474	22.9
Landfill	279,257	3.1	233,997	2.1
Environmental protection	138,850	1.5	160,479	1.5
Maintenance Department	414,694	4.6	556,154	5.1
Transfer station and transportation	7,353,645	80.9	7,213,801	66.1
	<u>9,963,275</u>	<u>109.7</u>	<u>10,664,905</u>	<u>97.7</u>
Operating income (loss)	<u>(877,777)</u>	<u>(9.7)</u>	<u>250,993</u>	<u>2.3</u>
OTHER INCOME (EXPENSE)				
Environmental and landfill closure accrual	(156,928)	(1.7)	2,482,342	22.7
Loss on fixed assets	-	-	(108,356)	(1.0)
Interest income	14,219	0.2	102,885	0.9
Interest expense	-	-	(361,764)	(3.3)
Write off of intangible assets	-	-	(910,645)	(8.3)
Write off of bond defeasance costs	-	-	(501,870)	(4.6)
	<u>(142,709)</u>	<u>(1.6)</u>	<u>702,592</u>	<u>6.4</u>
CHANGE IN NET ASSETS	<u>(1,020,486)</u>	<u>(11.2)</u>	<u>953,585</u>	<u>8.7</u>
NET ASSETS, beginning of year	<u>6,874,653</u>		<u>5,921,068</u>	
NET ASSETS, end of year	<u>\$ 5,854,167</u>		<u>\$ 6,874,653</u>	

The accompanying Notes to Financial Statements are an integral part of these statements.

**MONTGOMERY, OTSEGO, SCHOHARIE
SOLID WASTE MANAGEMENT AUTHORITY**

STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2010	2009
		Restated
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Received from customers	\$ 9,578,949	\$ 11,895,453
Paid to suppliers and vendors for goods and services	(7,391,764)	(7,552,837)
Paid to employees including benefits	(1,714,752)	(1,691,434)
	472,433	2,651,182
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase and construction of capital assets	(5,216)	(449,416)
Proceeds from sale of equipment	-	7,179
Repayment of long-term obligations	-	(11,150,000)
Bond defeasance costs	-	(501,870)
Interest paid	-	(566,361)
	(5,216)	(12,660,468)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Interest income received	14,219	111,362
Proceeds from sale of investments	12,623	3,060,945
Change in restricted cash	(658,381)	8,149,837
	(631,539)	11,322,144
Net increase (decrease) in cash and cash equivalents	(164,322)	1,312,858
CASH AND CASH EQUIVALENTS, beginning of year	2,684,205	1,371,347
CASH AND CASH EQUIVALENTS, end of year	\$ 2,519,883	\$ 2,684,205
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (877,777)	\$ 250,993
Amortization	528,187	954,764
Depreciation	708,371	685,798
Bad debt expense	346	8,472
Loss on disposal of assets	13,447	-
Decrease (increase) in		
Accounts receivable	493,105	976,954
Prepaid expenses	6,111	12,744
Inventory	(45,984)	(9,934)
Increase (decrease) in		
Provision for compensated absences	7,916	(18,280)
Accounts payable	(235,404)	(261,747)
Customer advances	-	(5,871)
Accrued expenses	(125,885)	57,289
	\$ 472,433	\$ 2,651,182

The accompanying Notes to Financial Statements are an integral part of these statements.

**MONTGOMERY, OTSEGO, SCHOHARIE
SOLID WASTE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization

The Montgomery, Otsego, Schoharie Solid Waste Management Authority (MOSA) was created as a public benefit corporation under New York State Public Authorities Law §2041, Title 13-AA Chapter 747 of the Laws of 1987 by the New York State Legislature, with powers to construct, operate, and maintain solid waste resource management facilities. MOSA is also empowered to assist in the planning, development, financing, management, and construction of solid waste resource management facilities owned or operated by municipalities or persons inside or outside of MOSA's area of operation.

MOSA is governed by the MOSA Governing Board. The MOSA Governing Board is limited to a maximum of eight members, three appointed by Montgomery County, three appointed by Otsego County, and two appointed by Schoharie County. Authority members are nominated and approved by the Board of Supervisors of the respective Counties.

MOSA began operations during July 1989 with the acquisition of two landfills (Eastern and Central) previously operated by Montgomery County. As part of the acquisition, MOSA assumed the responsibility to carry out the mandated closure of these landfills. In exchange for assuming these liabilities, Montgomery, Otsego, and Schoharie Counties (Counties) have entered into a Service Agreement in which they each guarantee to deliver to MOSA for a period of 25 years 95% of all waste generated within their borders as determined by MOSA. This agreement expires during 2014.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

b. Accounting Method

MOSA's financial statements are prepared using the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to MOSA is determined by its measurement focus. The transactions of MOSA are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the statements of net assets. Net assets are segregated into restricted and unrestricted components.

Revenues are recognized when earned and expenses are recognized when incurred. MOSA distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the disposal of solid waste. The principal operating revenues of MOSA are charges to customers for user services. Operating expenses include the cost of transfer station and transportation, finance and administration, landfill, and equipment maintenance. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In preparing financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c. Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of cash and investments which mature no more than three months after the date purchased. Restricted cash and cash equivalents consist of amounts reserved for specific purposes by the MOSA Governing Board or landfill post-closure monitoring responsibilities and consist of cash deposits in banks and investments which mature no more than three months after the date purchased.

Unrestricted, and restricted cash and cash equivalents are either covered by federal depository insurance or collateralized by securities held by the pledging bank's trust department in MOSA's name.

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**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

d. Accounts Receivable, Net

Accounts receivable are carried at original invoice. Management determines if an allowance for doubtful accounts is needed by identifying troubled accounts and by using historical experience applied to an aging of accounts as well as regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. Management has provided for an allowance of \$8,753 and \$15,066 at December 31, 2010 and 2009, respectively.

An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. Interest is charged on accounts receivable that are outstanding for more than 30 days at a rate of 1% per month, or 12% per annum, and is recognized as it is charged.

e. Inventory

Inventory consists of fuel and various equipment supplies that are recorded at the lower of cost or market.

f. Property and Equipment, Net

Property and equipment, net, are recorded at cost, except for contributed property and equipment, which is recorded at fair market value or the contributor's net book value if fair market value is not readily ascertainable. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred unless they are greater than \$1,000 and extend the useful life of the asset. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs, and accumulated depreciation and any resultant gain or loss is credited or charged to operations.

Except for those capital assets that have reversionary clauses, management believes that the recorded net book value of the transfer stations is recoverable through related revenues or, if necessary, through disposition at fair market value.

MOSA evaluated prominent events or changes in circumstances affecting property and equipment to determine if impairment of any capital assets has occurred. A capital asset is considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. There were no impaired capital assets at December 31, 2010 and 2009.

Interest expenses incurred during construction of assets are capitalized. Constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisitions of the asset or used to service the related debt) include capitalized interest to the extent that interest cost (including any related financing costs) over the asset construction period exceeds interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowing.

Depreciation is provided for in amounts to relate the cost of depreciable assets to operations over their estimated useful lives, using the double-declining balance basis and straight-line basis for buildings and assets purchased after January 1, 2000. The estimated useful lives established to determine depreciation for vehicles, machinery, and equipment vary from three to seven years. Buildings and building improvements are depreciated over 31½ years.

g. Intangible Assets, Net

Intangible assets are recorded at cost, net of accumulated amortization, and are subject to annual impairment tests. Intangible assets relate to the Service Agreement discussed in Note 1h.

h. Environmental and Closure Accruals

State and federal laws and regulations require that MOSA place a final cap on its landfills when closed and that certain maintenance and monitoring functions at the landfill sites be performed after closure.

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**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

h. Environmental and Closure Accruals - Continued

As described in Note 1.a., MOSA assumed the liability for closing the Eastern and Central Landfills in exchange for a twenty-five year Service Agreement. Management has elected to capitalize the original estimated closure costs of these two landfills and amortize them over the life of the Service Agreement. See Note 3b for additional information.

During 2009, certain assumptions were changed to more accurately report the post-closure liability at December 31, 2009, and in future periods. Management plans to use internal staffing to provide the majority of post-closure monitoring and maintenance. This change in plan reduced the estimates used for major event costs and other services previously contracted out. Current projections, as evaluated by MOSA's independent engineer, have considered this decrease in costs (Note 4).

i. Tax Status

The Authority is exempt from federal income taxes under Internal Revenue Service Code Section 115.

j. Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net assets.

k. Subsequent Events

In preparing the financial statements and notes thereto, MOSA has considered subsequent events through March 18, 2011, the date the financial statements were available to be issued.

NOTE 2 - PROPERTY AND EQUIPMENT, NET

A summary of MOSA's property and equipment, net, is as follows:

	Balance January 1, 2010	Additions	Disposals	Balance December 31, 2010
Building	\$ 11,130,983	\$ 129,287	\$ -	\$ 11,260,270
Machinery and equipment	2,294,945	5,100	-	2,300,045
Vehicles	462,626	-	-	462,626
Office equipment	299,772	-	-	299,772
	<u>14,188,326</u>	<u>134,387</u>	<u>-</u>	<u>14,322,713</u>
Less accumulated depreciation	8,370,157	708,371	-	9,078,528
	5,818,169	(573,984)	-	5,244,185
Land and improvements	1,089,079	-	-	1,089,079
Construction work in process	142,618	-	(142,618)	-
	<u>\$ 7,049,866</u>	<u>\$ (573,984)</u>	<u>\$ (142,618)</u>	<u>\$ 6,333,264</u>

**MONTGOMERY, OTSEGO, SCHOHARIE
SOLID WASTE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 2 - PROPERTY AND EQUIPMENT, NET - Continued

	Balance January 1, 2009	Additions	Disposals	Balance December 31, 2009
Building	\$ 10,778,686	\$ 352,297	\$ -	\$ 11,130,983
Machinery and equipment	2,308,739	165,458	179,252	2,294,945
Vehicles	462,626	-	-	462,626
Office equipment	288,709	11,063	-	299,772
	<u>13,838,760</u>	<u>528,818</u>	<u>179,252</u>	<u>14,188,326</u>
Less accumulated depreciation and amortization	7,862,300	685,798	177,941	8,370,157
	<u>5,976,460</u>	<u>(156,980)</u>	<u>1,311</u>	<u>5,818,169</u>
Land and improvements	1,089,079	-	-	1,089,079
Construction work in process	336,244	323,308	516,934	142,618
	<u>\$ 7,401,783</u>	<u>\$ 166,328</u>	<u>\$ 518,245</u>	<u>\$ 7,049,866</u>

NOTE 3 - INTANGIBLE ASSETS, NET

A summary of intangible assets and accumulated amortization is as follows:

	December 31, 2010		
	Cost	Accumulated Amortization	Net Book Value
Solid waste management plan (a)	\$ 510,166	494,261	\$ 15,905
Twenty-five year Service Agreement (b)	12,000,000	10,354,883	1,645,117
	<u>\$ 12,510,166</u>	<u>\$ 10,849,144</u>	<u>\$ 1,661,022</u>
	December 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
Solid waste management plan (a)	\$ 510,166	\$ 468,753	\$ 41,413
Twenty-five year Service Agreement (b)	12,000,000	9,852,204	2,147,796
	<u>\$ 12,510,166</u>	<u>\$ 10,320,957</u>	<u>\$ 2,189,209</u>

- (a) Consists of costs incurred for the development of a twenty-year solid waste management plan (Plan). The Plan was completed during the fall of 1991. Management has elected to amortize the cost of the Plan over its expected useful life of twenty years at \$25,508 per year.
- (b) Represents the originally estimated landfill closure liability assumed in exchange for the twenty-five year Service Agreement. Each of the three participating Counties has Guaranteed Annual Tonnage (GAT) to MOSA. Should actual tonnage deviate more than 10% over or 5% under GAT, the County may be required to contribute to MOSA's operating costs. Amortization of the Service Agreement was \$502,679 and \$731,756 during 2010 and 2009, respectively. At December 31, 2010 and 2009, total tons received to date were 86% and 82% of total expected tons, respectively. The expected tons for the remainder of the Service Agreement have been adjusted to the budgeted 2010 GAT for each of the remaining years. Amortization costs were 69% higher in 2009 due to downward GAT adjustments based on economic conditions. Management has elected to amortize the Service Agreement on an annual basis, based on (1) the straight-line basis, or (2) annual usage to total usage basis, whichever is greater. Amortization is expected to be complete by May 1, 2014, the expiration of the Agreement.

**MONTGOMERY, OTSEGO, SCHOHARIE
SOLID WASTE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 3 - INTANGIBLE ASSETS, NET - Continued

A schedule of estimated intangible amortization over the next four years, assuming the Service Agreement amortizes ratably over the twenty-five year life, follows:

	Estimated Amortization
For the year ending December 31, 2011	\$ 509,440
2012	493,535
2013	493,535
2014	164,512
	\$ 1,661,022

NOTE 4 - ENVIRONMENTAL AND CLOSURE ACCRUALS FOR PURCHASED LANDFILLS

A summary of the environmental and closure accruals, which includes the consulting independent engineer's estimate of the cost of environmental compliance, disposal site upgrading and landfill closure and post-closure, and related costs and interest capitalization is as follows:

	December 31, 2010			
	Eastern Landfill	Central Landfill	C & D Landfill	Total
Closure	\$ 3,393,301	\$ 2,852,959	\$ 131,053	\$ 6,377,313
Post-closure	6,623,320	2,957,504	86,072	9,666,896
	10,016,621	5,810,463	217,125	16,044,209
Less costs incurred	5,083,467	3,939,256	133,980	9,156,703
	\$ 4,933,154	\$ 1,871,207	\$ 83,145	\$ 6,887,506
	December 31, 2009			
	Eastern Landfill	Central Landfill	C & D Landfill	Total
Closure	\$ 3,393,301	\$ 2,852,959	\$ 131,053	\$ 6,377,313
Post-closure	6,180,460	2,973,226	77,025	9,230,711
	9,573,761	5,826,185	208,078	15,608,024
Less costs incurred	4,882,168	3,861,298	133,980	8,877,446
	\$ 4,691,593	\$ 1,964,887	\$ 74,098	\$ 6,730,578

These estimates are subject to revision based on changes in the law, management's plans, inflation, deflation, technology, discount rate, other circumstances, or differences between estimates and actual costs. Any effects of changes in these amounts are reflected in the statements of revenues, expenses, and changes in net assets as environmental and landfill closure accrual. Management plans to use internal staffing to provide the majority of post-closure monitoring and maintenance. This change in plan reduced the estimates used for major event costs and other services previously contracted out. No waste was accepted at the Eastern Landfill after December 31, 1996. No waste has been accepted at the Central and C & D Landfills since April 1993.

The Central Landfill was formally closed as of the end of 1996. The Eastern Landfill was essentially closed at December 31, 1998, with remediations performed during 1999.

**MONTGOMERY, OTSEGO, SCHOHARIE
SOLID WASTE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 5 - PROVISION FOR COMPENSATED ABSENCES

All permanent employees meeting certain conditions are provided with vacation, sick pay, and certain other leave credits based on the terms of employment. Accumulated unpaid vacation is accrued when incurred, included in provision for compensated absences on the statements of net assets, and totaled \$49,221 and \$41,305 at December 31, 2010 and 2009, respectively. Sick pay and other leave credits do not vest with the employee and are expensed when paid.

NOTE 6 - LONG-TERM OBLIGATIONS

On December 30, 2009, MOSA placed \$5,000,676 of restricted funds and \$4,593,349 of reserved funds in an escrow account with irrevocable instructions to give notice of redemption of its Solid Waste System Revenue Refunding Bonds Series 2003. These funds were used to purchase U.S. government securities.

On December 30, 2009, MOSA used \$235,268 of restricted funds and \$234,620 of reserved funds to provide funds to New York State Environmental Facilities Corporation for deposit in an escrow account to be used as payment for MOSA's 1994A Serial Bonds.

The advance refunding of each of these bonds met the requirements of an in-substance debt defeasance and, as such, the bonds were removed from MOSA's financial statements.

NOTE 7 - NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM

MOSA participates in the New York State and Local Employees' Retirement System (System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined the System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates expressed used in computing the employers' contributions.

The required contributions to the System for the current year and two preceding years were:

2010	\$113,341
2009	88,485
2008	92,067

MOSA's contributions made to the System were equal to 100 percent of the contributions required for each year.

**MONTGOMERY, OTSEGO, SCHOHARIE
SOLID WASTE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 8 - RELATED PARTY TRANSACTIONS

a. Subsidization

During 2010 and 2009, Montgomery, Otsego, and Schoharie Counties subsidized the Official MOSA Tipping Fee of \$86.00 and \$106.00 per ton, respectively. The net amounts of the subsidies, which are included in refuse and garbage revenues, are as follows:

	<u>2010</u>	<u>2009</u>
Montgomery County	\$ 494,312	\$ 881,521
Otsego County	518,518	502,376
Schoharie County	186,368	144,690

b. Workers' Compensation Plan

During 2010 and 2009, MOSA employees were covered under Montgomery County's workers' compensation policy. Workers' compensation payments to Montgomery County totaled \$44,946 and \$42,051 for the years ended December 31, 2010 and 2009, respectively.

c. Other

MOSA paid Otsego County \$28,715 and \$23,135 for the years ended December 31, 2010 and 2009, respectively, as follows: \$22,127 and \$23,074 was reimbursement for half of the 2010 and 2009 Household Hazardous Waste program costs, \$61 for a water user fee each year, and \$6,526 was reimbursement for the overpayment of the 2010 subsidy and duplicate post-closure payment.

MOSA paid Montgomery County \$1,134 and \$742 for the years ended December 31, 2010 and 2009, respectively, as follows: \$194 and \$189 for printing costs and \$940 and \$553 for signs made by the Department of Public Works.

MOSA paid Schoharie County \$13,122 for the year ended December 31, 2010, for reimbursement for the overpayment of the 2010 subsidy and 2009 GAT shortfall adjustment and \$60 for a notary renewal fee for a MOSA employee.

Otsego County paid MOSA \$10,080 for the use of the MRF Building located at MOSA's Oneonta transfer station for both years ended December 31, 2010 and 2009. Otsego County also paid MOSA \$54,630 for waste delivered during the fall cleanup program in 2009.

NOTE 9 - CONTINGENCIES

MOSA serves various haulers that transport solid waste throughout Montgomery, Otsego, and Schoharie Counties. There are two haulers that comprise 33% and 31% of the tons hauled in 2010 and 2009, respectively.

**MONTGOMERY, OTSEGO, SCHOHARIE
SOLID WASTE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 10 - RESTATEMENT

Bond interest incurred related to the closing of the landfills (Note 4) was capitalized in prior years. With the defeasance of the bonds during 2009 (Note 6), this interest should have been written off and charged against income and net assets. As such, the December 31, 2009, financial statements have been restated. The effect of this restatement on the statement of net assets and statement of revenues, expenses, and changes in net assets is as follows:

	December 31, 2009 Originally Stated	Adjustment	December 31, 2009 Restated
	<u> </u>	<u> </u>	<u> </u>
Environmental and closure accruals for purchased landfills	\$ 6,154,639	\$ 575,939	\$ 6,730,578
Write off of intangible assets	<u>\$ (334,706)</u>	<u>\$ (575,939)</u>	<u>\$ (910,645)</u>
Net assets, end of year	<u>\$ 7,450,592</u>	<u>\$ (575,939)</u>	<u>\$ 6,874,653</u>

NOTE 11 - ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET IMPLEMENTED

In December 2010, GASB issued GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting pronouncements issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

This statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that statement for enterprise funds and business-type activities to apply post-November 30, 1989, FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989, FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this statement.

GASB Statement No. 62 is effective for financial statements for periods beginning after December 15, 2011; however, early adoption is encouraged. MOSA has not yet adopted this statement.

**MONTGOMERY, OTSEGO, SCHOHARIE
SOLID WASTE MANAGEMENT AUTHORITY**

SUPPLEMENTAL INFORMATION - OPERATING EXPENSES

Year Ended December 31, 2010

	<u>Finance and Administration</u>	<u>Landfill</u>	<u>Maintenance</u>	<u>Transfer Station and Transportation</u>	<u>Environmental Protection</u>	<u>Total</u>	<u>%</u>
Salaries and wages	\$ 276,947	\$ -	\$ 150,048	\$ 652,288	\$ 7,616	\$ 1,086,899	12.0
Amortization, net	528,187	-	-	-	-	528,187	5.8
Bad debt expense	346	-	-	-	-	346	0.0
Closure	-	279,257	-	-	-	279,257	3.1
Consultants	21,783	-	528	6,373	-	28,684	0.3
Depreciation	708,371	-	-	-	-	708,371	7.8
Employee benefits	95,797	-	70,775	230,009	828	397,409	4.4
Equipment	-	-	10,221	-	-	10,221	0.1
Equipment lease	1,848	-	-	-	-	1,848	0.0
Equipment repair and maintenance	10,492	-	127,777	-	-	138,269	1.5
Fuel	62	-	9,894	33,889	4,782	48,627	0.5
Heating	5,758	-	5,800	-	-	11,558	0.1
Household hazardous waste	-	-	-	-	82,496	82,496	0.9
Insurance	14,476	-	7,358	30,607	3,560	56,001	0.6
Legal	26,139	-	-	-	-	26,139	0.3
Light and power	8,808	-	-	57,556	-	66,364	0.7
Office furnishings and supplies	9,624	-	118	1,733	-	11,475	0.1
Printing	223	-	-	-	-	223	0.0
Recyclable disposition	-	-	-	-	39,568	39,568	0.4
Retirement	30,247	-	19,912	62,316	-	112,475	1.2
Supplies	242	-	6,353	2,540	-	9,135	0.1
Telephone	6,948	-	2,821	8,403	-	18,172	0.2
Transportation	-	-	-	6,250,022	-	6,250,022	68.8
Travel and lodging	10,441	-	-	3,737	-	14,178	0.2
Uniforms	-	-	2,663	11,110	-	13,773	0.2
Water and sewer	1,717	-	426	2,827	-	4,970	0.1
Miscellaneous	18,373	-	-	235	-	18,608	0.2
	<u>\$ 1,776,829</u>	<u>\$ 279,257</u>	<u>\$ 414,694</u>	<u>\$ 7,353,645</u>	<u>\$ 138,850</u>	<u>\$ 9,963,275</u>	<u>109.7</u>

See Independent Auditor's Report.

**MONTGOMERY, OTSEGO, SCHOHARIE
SOLID WASTE MANAGEMENT AUTHORITY**

SUPPLEMENTAL INFORMATION - OPERATING EXPENSES

Year Ended December 31, 2009

	Finance and Administration	Landfill	Maintenance	Transfer Station and Transportation	Environmental Protection	Total	%
Salaries and wages	\$ 440,129	\$ -	\$ 189,064	\$ 629,450	\$ 4,887	\$ 1,263,530	13.9
Amortization, net	954,764	-	-	-	-	954,764	10.5
Bad debt expense	8,472	-	-	-	-	8,472	0.1
Closure	-	233,997	-	-	-	233,997	2.6
Consultants	106,704	-	1,353	7,370	-	115,427	1.3
Depreciation	685,798	-	-	-	-	685,798	7.5
Employee benefits	111,692	-	64,337	202,811	371	379,211	4.2
Equipment	-	-	9,593	2,491	-	12,084	0.1
Equipment lease	1,848	-	13,581	-	-	15,429	0.2
Equipment repair and maintenance	16,650	-	227,182	-	-	243,832	2.7
Fuel	967	-	10,487	27,244	2,782	41,480	0.5
Heating	4,584	-	4,980	-	-	9,564	0.1
Household hazardous waste	-	-	-	-	93,582	93,582	1.0
Insurance	14,722	-	7,760	33,866	1,922	58,270	0.6
Legal	71,553	-	-	-	-	71,553	0.8
Light and power	9,049	-	-	60,000	-	69,049	0.8
Office furnishings and supplies	6,848	-	481	1,896	-	9,225	0.1
Printing	2,772	-	-	-	-	2,772	0.0
Recyclable disposition	-	-	-	-	56,472	56,472	0.6
Retirement	31,107	-	11,697	44,900	-	87,704	1.0
Supplies	714	-	9,019	1,995	-	11,728	0.1
Telephone	8,587	-	3,613	8,906	-	21,106	0.2
Transportation	-	-	-	6,172,965	-	6,172,965	67.9
Travel and lodging	11,776	-	-	4,078	-	15,854	0.2
Uniforms	-	-	2,520	10,575	-	13,095	0.1
Water and sewer	1,924	-	487	4,480	-	6,891	0.1
Miscellaneous	9,814	-	-	774	463	11,051	0.1
	<u>\$ 2,500,474</u>	<u>\$ 233,997</u>	<u>\$ 556,154</u>	<u>\$ 7,213,801</u>	<u>\$ 160,479</u>	<u>\$ 10,664,905</u>	<u>117.4</u>

**INDEPENDENT AUDITOR'S 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***

Authority Governing Board
Montgomery, Otsego, Schoharie
Solid Waste Management Authority
Howes Cave, New York

We have audited the financial statements of Montgomery, Otsego, Schoharie Solid Waste Management Authority (MOSA) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated March 18, 2011. 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 New York State Office of the State Comptroller.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered MOSA'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 MOSA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MOSA'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MOSA'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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 10-01.

We noted certain matters that we reported to management of MOSA in a separate letter dated March 18, 2011.

This report is intended solely for the information and use of management and the Board, and is not intended to be and should not be used by anyone other than those specified parties.

Bollam Sheedy Torani & Co. LLP

Albany, New York
March 18, 2011

**MONTGOMERY, OTSEGO, SCHOHARIE
SOLID WASTE MANAGEMENT AUTHORITY**

**SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2010**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to financial statements? _____ Yes X No

Section II - Financial Statement Findings

None

Section III - Compliance Findings

10-01. Policies Posted on the Website

Criteria: Public Authorities Law, as amended in 2005 by the Public Authorities Accountability Act (PAAA), requires state and local authorities to post specific financial information and policies on the Authority's website.

Condition: MOSA did not have its procurement or investment policies posted on its website as required by the PAAA.

Cause: There does not appear to be a process in place to regularly review the Authority Budget Office (ABO) website for changes to the law.

Effect: Noncompliance with the PAAA.

Recommendation: Although we are aware these two policies were posted on the website prior to fieldwork ending, MOSA should establish a process that an individual is responsible for reviewing the ABO website on a periodic basis for changes or updates to the law to ensure MOSA is in compliance.

View of Responsible Officials: On a quarterly basis, the Executive Director and the Director of Finance and Administration will review the ABO website and implement all changes as required by the ABO.