

**WESTERN FINGER LAKES
SOLID WASTE MANAGEMENT AUTHORITY
BASIC FINANCIAL STATEMENTS
For Year Ended December 31, 2009**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	2 - 6
<u>Basic Financial Statements:</u>	
<u>Government-Wide Financial Statement -</u>	
Statement of Net Assets	7
Statement of Activities	8
<u>Fund Financial Statements -</u>	
Balance Sheet - Governmental Funds	9
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Governmental Funds	12
Statement of Net Assets - Proprietary Funds	13 - 14
Statement of Revenues, Expenses, and Changes in Net Assets- Proprietary Funds	15 - 16
Statement of Cash Flows - Proprietary Funds	17 - 18
Notes to the Basic Financial Statements	19 - 31
Report on Compliance and on Internal Control Over Financial Reporting Based on an on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	32 - 33

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INDEPENDENT AUDITORS' REPORT

To the Board Members
Western Finger Lakes Solid
Waste Management Authority, New York

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Western Finger Lakes Solid Waste Management Authority, New York, as of and for the year ended December 31, 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion 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. 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 audit provides 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Western Finger Lakes Solid Waste Management Authority, New York, as of December 31, 2009, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 6 is not a required part of the basic financial statements but is 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.



March 31, 2010

Western Finger Lakes Solid Waste Management Authority

Management's Discussion and Analysis

December 31, 2009

As management of the Western Finger Lakes Solid Waste Management Authority, New York (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains a management discussion and analysis (MD&A).

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of 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 whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent year. 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 this statement for some items that will only result in cash flows in future fiscal periods.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority can be divided into two categories: governmental funds and proprietary funds.

a. Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *government activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Authority maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Wayne County Operating, the Seneca County Operating, and the Yates County Operating which are considered to be major funds.

The Authority adopts an annual appropriated budget for its Governmental Funds. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with these budgets.

b. Proprietary Funds

Business-Type Activities - Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business. The Authority's major enterprise funds include Wayne County IPC, Seneca County IPC, Yates County IPC, Wayne County Curbside, Cayuga County Contract, Wayne HHW Program, Wayne County Composting, and the Wayne Contingency Account.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT – WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$1,051,903 (net assets) at 2009, a decrease of \$308,226 from the prior year.

NET ASSETS GOVERNMENTAL AND BUSINESS – TYPE ACTIVITIES

	Governmental		Business-Type		2009	2008	Variance
	2009	2008	2009	2008	Total	Total	
ASSETS:							
Current Assets	\$ 23,301	\$ 26,839	\$ 71,789	\$ 72,375	\$ 95,090	\$ 99,214	-4.16%
Capital Assets	8,685	6,034	1,113,195	1,291,552	1,121,880	1,297,586	-13.54%
Total Assets	\$ 550,233	\$ 538,229	\$ 737,978	\$ 1,086,877	\$ 1,288,211	\$ 1,625,106	-20.73%
LIABILITIES:							
Current Liabilities	\$ 23,301	\$ 26,839	\$ 71,789	\$ 72,375	\$ 95,090	\$ 99,214	-4.16%
Noncurrent Liabilities	41,000	-	100,218	165,763	141,218	165,763	-14.81%
Total Liabilities	\$ 64,301	\$ 26,839	\$ 172,007	\$ 238,138	\$ 236,308	\$ 264,977	-10.82%
NET ASSETS:							
Investment in Fixed Assets	\$ 8,685	\$ 6,034	\$ 1,012,977	\$ 1,129,397	\$ 1,021,662	\$ 1,135,431	-10.02%
Restricted for Equipment Reserve	-	-	39,694	39,694	39,694	39,694	0.00%
Unrestricted	477,247	505,356	(486,700)	(320,352)	(9,453)	185,004	-105.11%
Total Net Assets	\$ 485,932	\$ 511,390	\$ 565,971	\$ 848,739	\$ 1,051,903	\$ 1,360,129	-22.66%

The Authority's net assets consist of three components. The largest component, investment in fixed assets totaled \$1,021,662 (97%) of the total net assets. Investment in fixed assets, consists primarily of the buildings, machinery and furniture/fixtures, which are not considered to be highly liquid. The unrestricted net assets totaled \$31,547 (4%), which represents the monies available for the ongoing operations of the Authority. The restricted net assets totaled (\$9,453), which represents monies restricted for the equipment reserve.

STATEMENT OF ACTIVITIES GOVERNMENTAL AND BUSINESS - TYPE ACTIVITIES

	<u>Governmental</u>		<u>Business-Type</u>		<u>2009</u> <u>Total</u>	<u>2008</u> <u>Total</u>	<u>Variance</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>			
<u>REVENUES:</u>							
<u>Program Revenues -</u>							
Charges for Services	\$ -	\$ -	\$ 388,325	\$ 795,661	\$ 388,325	\$ 795,661	-51.19%
Operating Grants & Contributions	297,627	322,422	679,616	675,949	977,243	998,371	-2.12%
Capital Grants & Contributions	-	-	8,561	8,017	8,561	8,017	6.79%
Total Program Revenues	\$ 297,627	\$ 322,422	\$ 1,076,502	\$ 1,479,627	\$ 1,374,129	\$ 1,802,049	-23.75%
<u>General Revenues -</u>							
Investment Earnings	\$ 815	\$ 5,945	\$ 73	\$ 239	\$ 888	\$ 6,184	-85.64%
Miscellaneous	8,202	4,204	12,103	73,297	20,305	77,501	-73.80%
Total General Revenues	\$ 9,017	\$ 10,149	\$ 12,176	\$ 73,536	\$ 21,193	\$ 83,685	-74.68%
Total Revenues	\$ 306,644	\$ 332,571	\$ 1,088,678	\$ 1,553,163	\$ 1,395,322	\$ 1,885,734	-26.01%
<u>EXPENSES:</u>							
Home and Community Services	\$ 332,102	\$ 323,528	\$ -	\$ -	\$ 332,102	\$ 323,528	2.65%
Recycling	-	-	1,371,446	1,652,910	1,371,446	1,652,910	-17.03%
Total Expenses	\$ 332,102	\$ 323,528	\$ 1,371,446	\$ 1,652,910	\$ 1,703,548	\$ 1,976,438	-13.81%
Changes in Net Assets	\$ (25,458)	\$ 9,043	\$ (282,768)	\$ (99,747)	\$ (308,226)	\$ (90,704)	239.82%
Net Assets - Beginning	511,390	502,347	848,739	948,486	1,360,129	1,450,833	-6.25%
Net Assets - Ending	\$ 485,932	\$ 511,390	\$ 565,971	\$ 848,739	\$ 1,051,903	\$ 1,360,129	-22.66%

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The focus of the Authority's *governmental funds* is to provide information on near term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Authority's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, the Authority's governmental funds reported combined ending fund balances of \$518,247.

CAPITAL ASSETS

The Authority investment in capital assets for its governmental activities as of December 31, 2009, amounts to \$8,685 (net of accumulated depreciation). This investment in capital assets includes equipment and furniture and fixtures.

GOVERNMENTAL ACTIVITIES – HOME AND COMMUNITY SERVICES

	<u>2009</u>	<u>2008</u>
Equipment	\$ 15,693	\$ 14,090
Furniture/Fixtures	6,759	4,259
<u>Less: Accumulated Depreciation</u>	<u>(13,767)</u>	<u>(12,315)</u>
Total	<u>\$ 8,685</u>	<u>\$ 6,034</u>

The Authority investment in capital assets for its business-type activities as of December 31, 2009, amounts to \$1,113,195 (net of accumulated depreciation). This investment in capital assets includes equipment and furniture and fixtures.

BUSINESS-TYPE ACTIVITIES – PROPRIETARY FUND

	<u>2009</u>	<u>2008</u>
Equipment	\$ 2,332,627	\$ 2,325,580
Buildings & Improvement	1,425,064	1,428,564
<u>Less: Accumulated Depreciation</u>	<u>(2,644,496)</u>	<u>(2,462,592)</u>
Total	<u>\$ 1,113,195</u>	<u>\$ 1,291,552</u>

Additional information on the Authority's capital assets can be found in the notes to the financial statements.

FACTORS BEARING ON THE AUTHORITY'S FUTURE

Processing technology for recyclable materials continues to evolve, with single stream continuing to enter larger communities. Current issues with single stream technology include the contamination of paper with glass shards. This is especially problematic as identity theft results in greater quantities of shredded paper.

During the 2008-2009 national recession dual stream systems like the Authority's experienced a decline in revenues, however, because the materials were of such high quality, there was no additional landfilling. The recycling rate did not change and in fact, dual stream materials held a competitive edge because of their high quality. As single stream technology continues to evolve and address contamination issues, it could impact the future of the Authority's two stream recycling program.

The maturity of recycling markets along with the high quality of Wayne County recycling materials and improving single stream technology will likely result in continuing pressure to turn the program over to a private sector operator.

The Authority emphasis on quality has resulted in a consistently clean and desirable product that generally brings a favorable price on the open market. However the collapse of the recycling markets, which continued well into 2009, resulted in a dramatic fall in the price the Authority could obtain for materials. The Authority's reputation for quality allowed materials to be sold uninterrupted, but the price obtained for them fell so dramatically that staffing cuts were necessary to sustain the operation financially. The absence of improvement in market conditions, coupled with plentiful landfill disposal capacity and low disposal costs as described below could conspire to make recycling cost prohibitive. In 2009, these conditions caused Wayne County to carefully examine several alternatives that would remove all or part of the cost of recycling from the County budget.

According to statistics compiled by the NYS Department of Environmental Conservation, 79% of the trash generated in New York State finds its way to landfills west of Syracuse. The Finger Lakes Region from Lake Ontario to the Pennsylvania border accepts 54 percent of the trash generated in the State. Because landfill space is so prevalent, recycling cannot economically compete with trash disposal in this area of New York State. When recycling collection and processing costs nearly \$200 per ton and landfilling costs \$35 - \$45 per ton, the future of the recycling program could be impacted by the cost of its operation, particularly as it compares to disposal costs in this region.

Request for Information

This financial report is designed to provide a general overview of the Western Finger Lakes Waste Solid Management Authority's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Western Finger Lakes Solid Waste Management Authority, 9 Pearl Street, P.O. Box 36, Lyons, New York 14489.

WESTERN FINGER LAKES SOLID WASTE MANAGEMENT AUTHORITY

Statement of Net Assets

December 31, 2009

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business - Type</u>	<u>Total</u>
<u>ASSETS:</u>	<u>Activities</u>	<u>Activities</u>	<u>2009</u>
<u>Current Assets</u>			
Cash	\$ 539,062	\$ (457,343)	\$ 81,719
Accounts receivable, net	592	70,360	70,952
Prepaid expenditures	1,894	11,766	13,660
Total Current Assets	\$ 541,548	\$ (375,217)	\$ 166,331
<u>Capital Assets</u>			
Property and equipment:			
Building	\$ -	\$ 1,425,064	\$ 1,425,064
Equipment and machinery	22,452	2,332,627	2,355,079
Less: accumulated depreciation	(13,767)	(2,644,496)	(2,658,263)
Total Capital Assets	\$ 8,685	\$ 1,113,195	\$ 1,121,880
Total Assets	\$ 550,233	\$ 737,978	\$ 1,288,211
<u>LIABILITIES:</u>			
<u>Current Liabilities</u>			
Accounts payable	\$ 18,634	\$ 58,808	\$ 77,442
Accrued liabilities	4,667	12,981	17,648
Total Current Liabilities	\$ 23,301	\$ 71,789	\$ 95,090
<u>Noncurrent Liabilities</u>			
Due in one year	\$ 41,000	\$ 68,782	\$ 109,782
Due in more than one year	-	31,436	31,436
Total Noncurrent Liabilities	\$ 41,000	\$ 100,218	\$ 141,218
Total Liabilities	\$ 64,301	\$ 172,007	\$ 236,308
<u>NET ASSETS:</u>			
Investment in capital assets, net of related debt	\$ 8,685	\$ 1,012,977	\$ 1,021,662
Restricted for -			
Equipment reserve	-	39,694	39,694
Unrestricted	477,247	(486,700)	(9,453)
Total Net Assets	\$ 485,932	\$ 565,971	\$ 1,051,903

(The notes to the financial statements are an integral part of this statement.)

WESTERN FINGER LAKES SOLID WASTE MANAGEMENT AUTHORITY

Statement of Activities

For Year Ended December 31, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>								
		<u>Charges for Services</u>	<u>Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Grand Total</u>						
						<u>2009</u>							
Primary Government:													
Governmental Activities -													
Home and community services	\$ 332,102	\$ -	\$ 297,627	\$ -	\$ (34,475)	\$ -	\$ (34,475)						
Total Governmental Activities	\$ 332,102	\$ -	\$ 297,627	\$ -	\$ (34,475)	\$ -	\$ (34,475)						
Business - Type Activities:													
Recycling	\$ 1,371,446	\$ 388,325	\$ 679,616	\$ 8,561	\$ -	\$ (294,944)	\$ (294,944)						
Total Business - Type Activities	\$ 1,371,446	\$ 388,325	\$ 679,616	\$ 8,561	\$ -	\$ (294,944)	\$ (294,944)						
Total Primary Government	\$ 1,703,548	\$ 388,325	\$ 977,243	\$ 8,561	\$ (34,475)	\$ (294,944)	\$ (329,419)						
General Revenues:													
Investment earnings				\$ 815	\$ 73	\$ 888							
Miscellaneous				8,202	12,103	20,305							
Total General Revenues				\$ 9,017	\$ 12,176	\$ 21,193							
Change in Net Assets				\$ (25,458)	\$ (282,768)	\$ (308,226)							
Net Assets - Beginning				511,390	848,739	1,360,129							
Net Assets - Ending				<u>\$ 485,932</u>	<u>\$ 565,971</u>	<u>\$ 1,051,903</u>							

(The notes to the financial statements are an integral part of this statement.)

WESTERN FINGER LAKES SOLID WASTE MANAGEMENT AUTHORITY

Balance Sheet

Governmental Funds

December 31, 2009

	Wayne County <u>Operating</u>	Seneca County <u>Operating</u>	Yates County <u>Operating</u>	Total <u>2009</u>
<u>ASSETS:</u>				
Cash	\$ 448,374	\$ 95,044	\$ (4,356)	\$ 539,062
Accounts receivable-net	533	-	59	592
Prepaid expense	1,720	-	174	1,894
Total Assets	\$ 450,627	\$ 95,044	\$ (4,123)	\$ 541,548
<u>LIABILITIES AND FUND EQUITY:</u>				
Liabilities -				
Accounts payable	\$ 16,723	\$ -	\$ 1,911	\$ 18,634
Accrued liabilities	4,265	-	402	4,667
Total Liabilities	\$ 20,988	\$ -	\$ 2,313	\$ 23,301
Fund Balances -				
Fund balances	\$ 429,639	\$ 95,044	\$ (6,436)	\$ 518,247
Total Fund Balances	\$ 429,639	\$ 95,044	\$ (6,436)	\$ 518,247
Total Liabilities and Fund Balances	\$ 450,627	\$ 95,044	\$ (4,123)	

**Amounts reported for governmental activities in the
statement of net assets are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	8,685
Pollution remediation is not due in the current period and therefore are not reported in the funds.	<u>(41,000)</u>
Net Assets of Governmental Activities	\$ <u>485,932</u>

(The notes to the financial statements are an integral part of this statement.)

WESTERN FINGER LAKES SOLID WASTE MANAGEMENT AUTHORITY

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For Year Ended December 31, 2009

	Wayne County <u>Operating</u>	Seneca County <u>Operating</u>	Yates County <u>Operating</u>	Total <u>2009</u>
<u>REVENUES:</u>				
County contributions	\$ 264,755	\$ -	\$ 32,872	\$ 297,627
Interest earnings	805	-	10	815
Miscellaneous revenues	4,171	-	4,031	8,202
Total Revenues	\$ 269,731	\$ -	\$ 36,913	\$ 306,644
<u>EXPENSES:</u>				
Operating -				
Personal services and benefits	\$ 132,408	\$ -	\$ 14,713	\$ 147,121
Supplies and other miscellaneous expenses	6,331	-	760	7,091
Legal services	15,806	-	7,018	22,824
Professional services	44,850	-	5,317	50,167
Printing and advertising	14,516	-	1,000	15,516
Educational and public relations	100	-	-	100
Equipment, repairs and maintenance	7,141	-	794	7,935
Insurance	33,378	-	3,708	37,086
Utilities	1,987	-	285	2,272
Travel and training	3,228	-	413	3,641
Total Expenses	\$ 259,745	\$ -	\$ 34,008	\$ 293,753
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 9,986	\$ -	\$ 2,905	\$ 12,891
FUND BALANCES, BEGINNING OF YEAR	419,653	95,044	(9,341)	505,356
FUND BALANCES, END OF YEAR	\$ 429,639	\$ 95,044	\$ (6,436)	\$ 518,247

(The notes to the financial statements are an integral part of this statement.)

WESTERN FINGER LAKES SOLID WASTE MANAGEMENT AUTHORITY

Reconciliation of the Statement of Revenues, Expenditures, and

Changes in Fund Balances of Governmental Funds to

the Statement of Activities

For the Year Ended December 31, 2009

Net Change in Fund Balances - Total Governmental Activities **\$ 12,891**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental activities report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Additions of Assets	\$ 4,103	
Depreciation	<u>(1,452)</u>	
		2,651

Pollution remediation is recorded as an expenditure in the governmental funds but reduced the liability in the statement of net assets. This is the amount of the reduction in liability

(41,000)

Change in Net Assets of Governmental Activities

\$ (25,458)

(The notes to the financial statements are an integral part of this statement.)

WESTERN FINGER LAKES SOLID WASTE MANAGEMENT AUTHORITY
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Governmental Funds
For the Year Ended December 31, 2009

	<u>Original Budget</u>	<u>Budget (Amended)</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
County contributions	\$ 297,627	\$ 297,627	\$ 297,627	\$ -
Interest earnings	105	105	815	710
Miscellaneous revenues	2,500	2,500	8,202	5,702
Total Revenues	<u>\$ 300,232</u>	<u>\$ 300,232</u>	<u>\$ 306,644</u>	<u>\$ 6,412</u>
Expenditures:				
Operating -				
Personal services and benefits	\$ 153,239	\$ 150,360	\$ 147,121	\$ 3,239
Supplies and other miscellaneous expenses	9,590	11,200	7,091	4,109
Legal services	25,150	25,250	22,824	2,426
Professional services	46,300	46,300	50,167	(3,867)
Printing and advertising	9,450	10,625	15,516	(4,891)
Educational and public relations	200	210	100	110
Equipment, repairs and maintenance	12,984	11,774	7,935	3,839
Insurance	35,757	35,796	37,086	(1,290)
Utilities	2,620	2,620	2,272	348
Travel and training	3,200	4,355	3,641	714
Total Expenditures	<u>\$ 298,490</u>	<u>\$ 298,490</u>	<u>\$ 293,753</u>	<u>\$ 4,737</u>
Excess (deficiency) of revenue over expenditures	\$ 1,742	\$ 1,742	\$ 12,891	\$ 11,149
Fund Balance - Beginning	<u>505,356</u>	<u>505,356</u>	<u>505,356</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 507,098</u>	<u>\$ 507,098</u>	<u>\$ 518,247</u>	<u>\$ 11,149</u>

(The notes to the financial statements are an integral part of this statement.)

WESTERN FINGER LAKES SOLID WASTE MANAGEMENT AUTHORITY

Statement of Net Assets

PROPRIETARY FUNDS

December 31, 2009

Business Type Activities - Enterprise Funds

	Wayne County <u>IPC</u>	Seneca County <u>IPC</u>	Yates County <u>IPC</u>	Wayne County <u>Curbside</u>	Cayuga County <u>Contract</u>
ASSETS:					
<u>Current Assets</u>					
Cash	\$ (105,290)	\$ 58,474	\$ 2,135	\$ (372,102)	\$ 2,004
Accounts receivable	58,137	-	-	415	2,808
Prepaid expenses	3,362	-	-	8,404	-
Total current assets	\$ (43,791)	\$ 58,474	\$ 2,135	\$ (363,283)	\$ 4,812
<u>Capital Assets</u>					
Property and Equipment -					
Buildings & improvements	\$ 1,300,929	\$ -	\$ -	\$ 74,135	\$ -
Equipment	1,098,067	49,225	58,215	1,124,057	-
Less: accumulated depreciation	(1,628,555)	(49,225)	(58,215)	(892,508)	-
Total capital assets	\$ 770,441	\$ -	\$ -	\$ 305,684	\$ -
TOTAL ASSETS	\$ 726,650	\$ 58,474	\$ 2,135	\$ (57,599)	\$ 4,812
LIABILITIES:					
Accounts payable	\$ 37,087	\$ -	\$ -	\$ 19,099	\$ 2,601
Accrued liabilities	4,701	-	-	8,280	-
Loan payable	-	-	-	-	-
Lease purchase payable	-	-	-	69,323	-
Total current liabilities	\$ 41,788	\$ -	\$ -	\$ 96,702	\$ 2,601
TOTAL LIABILITIES	\$ 41,788	\$ -	\$ -	\$ 96,702	\$ 2,601
NET ASSETS:					
Invested in capital assets, net of related debt	\$ 770,441	\$ -	\$ -	\$ 236,361	\$ -
Restricted for equipment	-	39,694	-	-	-
Unrestricted	(85,579)	18,780	2,135	(390,662)	2,211
TOTAL NET ASSETS	\$ 684,862	\$ 58,474	\$ 2,135	\$ (154,301)	\$ 2,211

(The notes to the financial statements are an integral part of this statement.)

<u>Wayne HHW Program</u>	<u>Wayne County Composting</u>	<u>Wayne Contingency Account</u>	<u>Totals</u>
\$ (6,621)	\$ (48,262)	\$ 12,319	\$ (457,343)
-	9,000	-	70,360
-	-	-	11,766
<u>\$ (6,621)</u>	<u>\$ (39,262)</u>	<u>\$ 12,319</u>	<u>\$ (375,217)</u>
\$ -	\$ 50,000	\$ -	\$ 1,425,064
-	3,063	-	2,332,627
-	(15,993)	-	(2,644,496)
<u>\$ -</u>	<u>\$ 37,070</u>	<u>\$ -</u>	<u>\$ 1,113,195</u>
<u>\$ (6,621)</u>	<u>\$ (2,192)</u>	<u>\$ 12,319</u>	<u>\$ 737,978</u>
\$ -	\$ 21	\$ -	\$ 58,808
-	-	-	12,981
-	30,895	-	30,895
-	-	-	69,323
<u>\$ -</u>	<u>\$ 30,916</u>	<u>\$ -</u>	<u>\$ 172,007</u>
<u>\$ -</u>	<u>\$ 30,916</u>	<u>\$ -</u>	<u>\$ 172,007</u>
\$ -	\$ 6,175	\$ -	\$ 1,012,977
-	-	-	39,694
(6,621)	(39,283)	12,319	(486,700)
<u>\$ (6,621)</u>	<u>\$ (33,108)</u>	<u>\$ 12,319</u>	<u>\$ 565,971</u>

WESTERN FINGER LAKES SOLID WASTE MANAGEMENT AUTHORITY

Statement of Revenues, Expenses, and Changes in Net Assets

Proprietary Funds

For Year Ended December 31, 2009

	Business Type Activities - Enterprise Funds				
	Wayne	Seneca	Yates	Wayne	Cayuga
	County	County	County	County	County
	<u>IPC</u>	<u>IPC</u>	<u>IPC</u>	<u>Curbside</u>	<u>Contract</u>
<u>OPERATING REVENUES:</u>					
County-contracts	\$ 173,125	\$ -	\$ -	\$ 506,491	\$ -
State aid	-	-	-	-	-
Commodity sales -					
Glass sales	8,887	-	-	-	535
Tin sales	6,001	-	-	-	-
Cardboard sales	24,221	-	-	-	1,876
Newspaper sales	151,283	-	-	-	9,670
Plastic sales	163,328	-	-	-	1,798
Container sales	20,726	-	-	-	-
Miscellaneous revenues	3,335	-	-	8,768	-
Total Operating Revenues	\$ 550,906	\$ -	\$ -	\$ 515,259	\$ 13,879
<u>OPERATING EXPENSES:</u>					
Personal services and benefits	\$ 171,546	\$ -	\$ -	\$ 338,329	\$ -
Service contract payments	233,055	-	-	-	13,025
Supplies & other miscellaneous expenses	33,446	-	-	8,190	-
Payment to suppliers	55,657	-	-	-	-
Fuel	-	-	-	70,747	-
Equipment, repairs & maintenance	44,211	-	-	87,029	-
Insurance	25,592	-	-	21,470	-
Facilities	12,321	-	-	12,000	-
Utilities	47,627	-	-	2,687	-
Travel and training	1,789	-	-	-	-
Depreciation	98,934	-	-	77,449	-
Total Operating Expenses	\$ 724,178	\$ -	\$ -	\$ 617,901	\$ 13,025
OPERATING INCOME (LOSS)	\$ (173,272)	\$ -	\$ -	\$ (102,642)	\$ 854
<u>NON OPERATING REVENUES (EXPENSES)</u>					
Interest earnings	\$ 19	\$ -	\$ 1	\$ 40	\$ -
Interest expense	-	-	-	(6,382)	-
Loss on property adjustment	-	-	(3,500)	-	-
Total Nonoperating Revenues (Expenses)	\$ 19	\$ -	\$ (3,499)	\$ (6,342)	\$ -
NET ASSETS BEGINNING OF YEAR	\$ 858,115	\$ 58,474	\$ 5,634	\$ (45,317)	\$ 1,357
NET ASSETS END OF YEAR	\$ 684,862	\$ 58,474	\$ 2,135	\$ (154,301)	\$ 2,211

<u>Wayne HHW Program</u>	<u>Wayne County Composting</u>	<u>Wayne Contingency Account</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 679,616
8,561	-	-	8,561
-	-	-	9,422
-	-	-	6,001
-	-	-	26,097
-	-	-	160,953
-	-	-	165,126
-	-	-	20,726
-	-	-	12,103
<u>\$ 8,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,088,605</u>
\$ -	\$ -	\$ -	\$ 509,875
-	-	-	246,080
-	939	-	42,575
-	-	-	55,657
-	-	-	70,747
-	-	-	131,240
-	-	-	47,062
-	-	-	24,321
-	-	-	50,314
-	-	-	1,789
-	5,521	-	181,904
<u>\$ -</u>	<u>\$ 6,460</u>	<u>\$ -</u>	<u>\$ 1,361,564</u>
<u>\$ 8,561</u>	<u>\$ (6,460)</u>	<u>\$ -</u>	<u>\$ (272,959)</u>
\$ -	\$ 13	\$ -	\$ 73
-	-	-	(6,382)
-	-	-	(3,500)
<u>\$ -</u>	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ (9,809)</u>
<u>\$ (15,182)</u>	<u>\$ (26,661)</u>	<u>\$ 12,319</u>	<u>\$ 848,739</u>
<u>\$ (6,621)</u>	<u>\$ (33,108)</u>	<u>\$ 12,319</u>	<u>\$ 565,971</u>

WESTERN FINGER LAKES SOLID WASTE MANAGEMENT AUTHORITY

Statement of Cash Flows

Proprietary Funds

For Year Ended December 31, 2009

	<u>Business Type Activities - Enterprise Funds</u>			
	<u>Wayne</u>	<u>Seneca</u>	<u>Yates</u>	<u>Wayne</u>
	<u>County</u>	<u>County</u>	<u>County</u>	<u>County</u>
	<u>IPC</u>	<u>IPC</u>	<u>IPC</u>	<u>Curbside</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Cash received for providing services	\$ 493,979	\$ -	\$ -	\$ 506,491
Cash payments for contractual expenses	(449,867)	-	-	(219,256)
Cash payments for personal services and benefits	(170,873)	-	-	(335,874)
Other operating revenue	24,061	-	-	8,633
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (102,700)	\$ -	\$ -	\$ (40,006)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
Interest on capital debt	\$ -	\$ -	\$ -	\$ (6,382)
Loan payments	-	-	-	(34,956)
Capital lease payments	-	-	-	(15,595)
Purchases of capital assets	(6,440)	-	-	(297)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (6,440)	\$ -	\$ -	\$ (57,230)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Investment income	\$ 19	\$ -	\$ 1	\$ 40
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ 19	\$ -	\$ 1	\$ 40
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (109,121)	\$ -	\$ 1	\$ (97,196)
CASH AND CASH EQUIVALENTS - BEGINNING	3,831	58,474	2,134	\$ (274,906)
CASH AND CASH EQUIVALENTS - ENDING	\$ (105,290)	\$ 58,474	\$ 2,135	\$ (372,102)
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>				
OPERATING INCOME (LOSS)	\$ (173,272)	\$ -	\$ -	\$ (102,642)
<u>ADJUSTMENTS TO RECONCILE INCOME TO NET CASH BY OPERATING ACTIVITIES -</u>				
Depreciation	\$ 98,934	\$ -	\$ -	\$ 77,449
(Increase) decrease in accounts receivable	(32,866)	-	-	(135)
(Increase) decrease in prepaid expenses	(2,179)	-	-	(7,131)
Increase (decrease) in accounts payable and accrued liabilities	6,683	-	-	(7,547)
TOTAL ADJUSTMENTS	\$ 70,572	\$ -	\$ -	\$ 62,636
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (102,700)	\$ -	\$ -	\$ (40,006)

(The notes to the financial statements are an integral part of this statement.)

<u>Cayuga County Contract</u>	<u>Wayne HHW Program</u>	<u>Wayne County Composting</u>	<u>Wayne Contingency Account</u>	<u>Total 2009</u>
\$ 12,291	\$ 8,561	\$ 5,000	\$ -	\$ 1,026,322
(12,543)	(225)	(918)	-	(682,809)
-	-	-	-	(506,747)
-	-	-	-	32,694
<u>\$ (252)</u>	<u>\$ 8,336</u>	<u>\$ 4,082</u>	<u>\$ -</u>	<u>\$ (130,540)</u>
\$ -	\$ -	\$ -	\$ -	\$ (6,382)
-	-	(14,994)	-	(49,950)
-	-	-	-	(15,595)
-	-	(310)	-	(7,047)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,304)</u>	<u>\$ -</u>	<u>\$ (78,974)</u>
\$ -	\$ -	\$ 13	\$ -	\$ 73
\$ -	\$ -	\$ 13	\$ -	\$ 73
\$ (252)	\$ 8,336	\$ (11,209)	\$ -	\$ (209,441)
2,256	(14,957)	(37,053)	12,319	(247,902)
<u>\$ 2,004</u>	<u>\$ (6,621)</u>	<u>\$ (48,262)</u>	<u>\$ 12,319</u>	<u>\$ (457,343)</u>
<u>\$ 854</u>	<u>\$ 8,561</u>	<u>\$ (6,460)</u>	<u>\$ -</u>	<u>\$ (272,959)</u>
\$ -	\$ -	\$ 5,521	\$ -	\$ 181,904
(1,588)	-	5,000	-	(29,589)
-	-	-	-	(9,310)
482	(225)	21	-	(586)
<u>\$ (1,106)</u>	<u>\$ (225)</u>	<u>\$ 10,542</u>	<u>\$ -</u>	<u>\$ 142,419</u>
<u>\$ (252)</u>	<u>\$ 8,336</u>	<u>\$ 4,082</u>	<u>\$ -</u>	<u>\$ (130,540)</u>

**WESTERN FINGER LAKES SOLID
WASTE MANAGEMENT AUTHORITY**

Notes To The Basic Financial Statements

December 31, 2009

I. Summary of Significant Accounting Policies:

The financial statements of the Western Finger Lakes Solid Waste Management Authority herein referred to as the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

The Western Finger Lakes Solid Waste Management Authority was established by Chapter 627 of the Laws of 1986, which added Title 30 of the New York Public Authorities Law. The Authority was created as a public benefit corporation consisting of members appointed by the participating counties. Those participating counties and their contractual financial share of project funding for the year ended December 31, 2009 are as follows:

Wayne	90%
Yates	10%

Effective January 1, 1996, Seneca County suspended participation with the Authority.

The purpose of the Authority is to plan and implement a solid waste management system for the participating counties.

Prior to the inception of the Authority the three counties together with Ontario County had entered into inter-municipal agreements beginning in the fall of 1985 to evaluate the feasibility of establishing a regional system for solid waste disposal. The total funding pursuant to these agreements amounted to \$1,071,099 of which \$464,650 was the net surplus transferred to the Authority at September 29, 1986.

All functions performed for the Authority are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity includes organizations, functions and activities over which elected officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

B. Change in Authority Participants

The four counties operated the Authority until Ontario County suspended participation with the Authority as of March 7, 1988. A billing has been submitted to Ontario County for \$33,060 representing their share of costs for the January 1, 1988 to March 7, 1988 period. Since Ontario County has refused payment, an allowance has been established against the claim.

The Board of Directors for 2009, consisted of eight individuals appointed by the participating Counties Board of Supervisors for three year terms, allocating seats on the Board in the following manner:

Wayne County	-	Six directors
Yates County	-	Two directors

C. **Basis of Presentation**

1. **Government-Wide Statements**

The Authority's basic financial statements include both government-wide (reporting the Authority as a whole) and fund financial statements (reporting the Authority's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All of the Authority's services are classified as governmental activities.

In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Authority's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Authority first uses restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Authority's functions. The functions are primarily supported by County contributions and commodity sales. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is more on the sustainability of the Authority as an entity and the change in the Authority's net assets resulting from the current year's activities.

Amounts reported as program revenues include 1) commodity sales, 2) operating grants and County contributions.

2. **Fund Financial Statements**

The emphasis in fund financial statements is on the major fund in either the governmental or business-type activities categories. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Authority has elected to report all funds as major.

a. **Major Governmental Funds** - Governmental funds are those major funds through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. The Authority's governmental funds include the Wayne, Seneca and Yates Counties operating funds.

b. **Proprietary Funds** - Proprietary Funds are used to account for ongoing organizations or activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in cash flows. The proprietary funds of the Authority are comprised of the following:

Enterprise Funds - The Enterprise Funds represent the service and operating functions of the Authority; these activities have evolved as the Authority performed more recycling services.

The following describes the several Enterprise functions. These funds are separated into four general groups, the Intermediate Processing Centers, Services, Projects, and Cooperating Programs as more fully described below:

1. Intermediate Processing Centers

Wayne County IPC became operational in February 1991. The operation is governed by a service agreement between Wayne County and the Authority.

Seneca County IPC became operational in October 1990, and like the Wayne County IPC was governed by a service agreement. Effective March 6, 1995, this IPC was closed by direction of the Seneca County Board of Supervisors.

Yates County IPC became operational in May 1990. The facility is operated by Appleton's Disposal, a subsidiary of Casella Waste Management, Inc. There is a reciprocal ground lease and management agreement which governs the facility.

2. Service Agreements – Curbside Collection Program

In response to escalating costs and a reduction in private sector competition, the Authority decided to assume responsibility for the recycling curbside collection program. The service agreement with private vendors expired August 26, 2001 and the Authority officially commenced collection services on August 27, 2001.

The establishment of this program involved the purchase of five new recycling collection trucks and one used truck, the addition of five drivers, one mechanic and a dispatcher to the Authority payroll and the lease of an additional building from the Town of Arcadia for truck maintenance and storage.

3. Cooperating Agreements – Contract for Marketing of Recyclables

Cayuga County/Towns cooperate with the Authority for the marketing of recyclables collected in Cayuga County. Under a New York State Grant, they have begun cooperatively marketing material with the Authority. The relationship was established in 1992 as a pilot project operating under a no-cost agreement. A formal agreement apportioning full costs was approved by Cayuga County and the Authority on December 15, 1993, retroactive to February 1, 1993. The agreement was revised and again approved by the Authority and Cayuga County in February 1995. This agreement was retroactive to January 1, 1995. The agreement is ongoing unless terminated by one of the participating counties with proper notice.

(I.) (Continued)

Allegany County cooperates with the Authority for the marketing of source separated mixed plastic. The agreement was approved by the Authority in March of 1997 for a one year term that renews annually on January 1 unless terminated by one of the parties.

4. Household Hazardous Waste Collection Program

The Authority conducts household hazardous waste clean-up days on behalf of Wayne and Yates Counties when funds are appropriated specifically for this activity. The Authority conducted a program during the 2009 year to collect household hazardous waste within the respective counties.

5. Wayne County Composting – Cornell Cooperative Extension

The Authority partners with Wayne County Cornell Cooperative Extension in a commercial horticultural program by sharing the cost of a compost educator. The educator works closely with Wayne County horticultural businesses to improve their use and marketing of compost.

D. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

1. Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities both governmental and business-type activities are presented using the economic resources measurement focus.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial positions, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

(I.) (Continued)

2. **Basis of Accounting**

In the government-wide Statement of Net Assets and Statement of Activities both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (within 60 days of period end) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

3. **New Accounting Principles (NO GASB 45)**

The Authority has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. The Authority reviewed the requirements for GASB Statement 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and has determined that these Statements have no financial impact on the Authority’s financial statements at December 31, 2009.

4. **Future Changes in Accounting Standards**

GASB has issued Statement 51, *Accounting and Reporting for Intangible Assets*, which improves financial reporting by reducing inconsistencies that have developed in accounting and financial reporting for intangible assets. The Authority is currently studying the statement and plans on adoption if and when required, which will be for the December 31, 2010 financial statements.

GASB has issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Authority is currently studying the statement and plans on adoption if and when required, which will be for the December 31, 2011 financial statements.

(I.) (Continued)

E. Assets, Liabilities, and Equity

1. Cash and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Authority to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Investments are stated at cost, which approximates market value.

2. Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Major receivable balances include commodity sales.

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

3. Deferred Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental-wide and fund financial statements.

4. Capital Assets

Property, plant and equipment acquired with an original cost of \$250 or more are stated at cost (or estimated historical cost), including interest capitalized during construction, where applicable. Contributed fixed assets are recorded at fair market value at the date received. Depreciation has been provided using the straight line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Structures	25 Years
Building Improvements	10 Years
Equipment	5 Years

5. Post Employment Benefits

The Authority does not currently provide for post employment benefits for retirees.

6. Equity Classifications

a. Government-Wide Statements

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enable legislation.
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

F. Revenues, Expenditures/Expenses

1. Program Revenue (Grants)

a. Department of Environmental Conservation

1. Low Technology

The Authority has entered into an agreement with the New York State Department of Environmental Conservation to provide funding for the (EQBA) Low Technology Project. The agreement establishes a maximum reimbursement of \$600,000, but in no event more than 50% of eligible project costs. Eligible expenditures for the Project are those expenditures made subsequent to August 16, 1988.

The Authority received approval from the Department of Environmental Conservation for a revised application submitted in January of 1996. With this approval, the DEC provided the Authority with a time extension contract amendment which was subsequently executed by the Authority. The Authority received \$25,332 for the reimbursement of a wheel loader during 1999 and \$108,992 for the reimbursement of a new bailer in 2001.

2. High Technology

In 1986, the Authority received a funding commitment in the amount of \$1.5 million from the 1972 Environmental Quality Bond Act (EQBA) for the construction of a waste to energy plant. A subsequent commissioner's determination allowed the money to be converted to the construction of recycling facilities. The Authority is currently implementing this determination.

(I.) (Continued)

The Authority received a check from the NYS Department of Environmental Conservation in the amount of \$722,691 in 1997. This reflects full reimbursement for the original construction of the Wayne County IPC and partial reimbursement for the expansion of the facility into a regional MRF. DEC reviewed the payment documentation for reimbursement to the Authority for engineering and legal costs associated with the expansion of the Wayne IPC. DEC has awarded in 1998 reimbursement for engineering costs in the amount of \$68,264 but has rejected legal cost reimbursement, citing that the documentation is not fully consistent with their requirements.

DEC has determined that the Authority is ineligible for reimbursement of costs associated with the construction and expansion of the Yates County IPC. DEC contends that a facility constructed on private property and leased to the Authority is not eligible for reimbursement "since such facility would be legally considered a fixture of the real property and thus, become the property of the lessor".

3. Pending DEC Grants

The Authority received a letter from DEC on January 5, 2009. The letter indicated that the existing contract deadline must be extended in order to release the \$68,070 grant balance. DEC further stated that contract development for payment of the remaining balance was underway, however, revised procedures for contract approval could delay the receipt of the new contract. DEC projected that the Authority would receive the new contract by late December 2009. The contract has not yet been received by the Authority.

Other projects on the DEC project funding priority list include the following:

- \$84,654 for the compost beds
- \$500,000 for the purchase of new recycling trucks
- \$29,592 for the new recycling truck shelter

DEC speculates that if funding levels remain the same for 2009, it is possible that the first two projects on the list could be reviewed for potential funding this year.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

II. Stewardship, Compliance and Accountability:

By its nature as a local government unit, the Authority is subject to various federal, state and local laws and contractual regulations. An analysis of the Authority's compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

(II.) (Continued)

A. Budget Policies

Article IX, Section 9.2 of the Authority's Bylaws require a budget report be submitted not less than 60 days prior to the commencement of the fiscal year to the governor, the chairman and ranking minority member of the State Senate Finance Committee and the chairman and ranking minority member of the State Assembly Ways and Means Committee. The budget report shall also be submitted not less than 120 days prior to the commencement of the fiscal year to the chairman of the legislative body of each participating county.

B. Deficit Fund Balance – Governmental Funds

1. Yates County Operating Fund

The Yates County Operating Fund had a deficit fund balance of \$6,436 as of December 31, 2009. This occurred in large parts due to carrying a negative cash balance at year end as well as a large accounts payable balance.

C. Deficit Unrestricted Net Assets – Enterprise Funds

1. Wayne County IPC

The Wayne County IPC Fund had deficit unrestricted net assets of \$85,579 as of December 31, 2009. This deficit has occurred primarily because earned revenues have not been sufficient to cover depreciation expense and program expenses.

2. Wayne County Curbside

The Wayne County Curbside Fund had deficit unrestricted net assets of \$390,662 as of December 31, 2009. This deficit has occurred primarily because earned revenues have not been sufficient to cover depreciation expense.

3. Wayne HHW Program

The Wayne HHW Program had deficit unrestricted net assets of \$6,621 as of December 31, 2009. This deficit occurred primarily because earned revenues have not been sufficient to cover depreciation expense.

4. Wayne County Composting

The Wayne County Composting Fund had deficit unrestricted net assets of \$39,283 as of December 31, 2009. This deficit occurred primarily because earned revenues have not been sufficient to cover program expenses.

III. Detail Notes on All Funds and Account Groups:

A. Cash

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. While the Authority does not have a specific policy for custodial credit risk, New York State statutes govern the Authority's investment policies, as discussed previously in these notes.

The Authority's aggregate bank balance was covered by FDIC insurance.

B. Interfund Borrowing

The balance of \$531,676 owed by the Business-Type Activities to the Governmental Activities at year end represents an accumulation of temporary borrowings by the Wayne County IPC, Curbside, Wayne Household Waste, and Wayne County Composting funds over several years when expenses have exceeded revenues.

C. Receivables

Receivables at December 31, 2009 consisted of the following, which are stated at net realizable value. Authority management has deemed the amounts to be fully collectible:

<u>Description</u>	<u>Amount</u>
Materials	<u>\$ 70,952</u>

D. Capital Assets

1. Governmental Activities – Home and Community Services

The following is a summary of the governmental activities – home and community services capital assets at December 31, 2009:

	<u>Balance</u> <u>12/31/2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2009</u>
Equipment	\$ 14,090	\$ 1,603	\$ -	\$ 15,693
Furniture/Fixtures	4,259	2,500	-	6,759
Less: Accumulated Depreciation	<u>(12,315)</u>	<u>(1,452)</u>	-	<u>(13,767)</u>
Total	<u>\$ 6,034</u>	<u>\$ 2,651</u>	<u>\$ -</u>	<u>\$ 8,685</u>

Depreciation expense for the governmental activities – home and community services amounted to \$1,452.

2. Proprietary Funds

The following is a summary of the proprietary fund capital assets at December 31, 2009:

<u>Type</u>	<u>Balance</u> <u>12/31/2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2009</u>
Equipment	\$ 2,325,580	\$ 7,047	\$ -	\$ 2,332,627
Buildings & Improvements	1,428,564	-	(3,500)	1,425,064
Less: Accumulated Depreciation	<u>(2,462,592)</u>	<u>(181,904)</u>	-	<u>(2,644,496)</u>
Total	<u>\$ 1,291,552</u>	<u>\$ (174,857)</u>	<u>\$ (3,500)</u>	<u>\$ 1,113,195</u>

(III.) (Continued)

Depreciation expense for the proprietary funds was charged as follows:

Wayne County IPC	\$ 98,934
Wayne County Curbside	77,449
Wayne County Compost	5,521
Total Depreciation Expense	<u>\$ 181,904</u>

E. **Long-Term Debt**

1. **Governmental Activities**

The Authority entered into a pollution remediation with the County of Wayne relating to the Wayne County Composting Fund as follows:

	<u>Beginning</u> <u>12/31/2008</u>	<u>Additons</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2009</u>
Pollution Remediation	\$ -	\$ 41,000	\$ -	\$ 41,000

2. **Proprietary Funds**

The Authority entered into a loan with the County of Wayne relating to the Wayne County Composting Fund as follows:

<u>Description</u>	<u>Original</u> <u>Loan</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Balance</u> <u>12/31/2009</u>
Composting Fund	\$ 75,000	2%	2011	\$ 30,895

Future debt service payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u> <u>(Memo Only)</u>
2010	\$ 15,294	\$ 618
2011	15,601	312
Total	<u>\$ 30,895</u>	<u>\$ 930</u>

F. **Net Assets and Fund Equity**

1. **Fund Equity – Reserved**

Reserve funds have been established for the following purposes:

a. **Equipment Reserve**

The Authority has established a monthly charge to Wayne and Seneca Counties which is being set aside for future purchases of equipment. The balance of the Seneca County IPC Equipment Reserve at December 31, 2009 was \$39,694.

IV. Other Notes:

A. Employee Pension and Other Benefit Plans

1. Pension Plans

The Authority has a defined contribution pension plan for the benefit of its employees. The plan is being administered by the Principal Financial Group and allows for a predetermined contribution to be made to the account of each individual employee, based on annual gross income, and also allows employees to make voluntary contributions on a pre-tax basis. Generally, employees become eligible to participate in the plan and are fully vested after completing one year of full-time service with the Authority. In 2009, the Authority made monthly contributions in an amount equal to 5.6% of employees' compensation, which amounted to \$23,790 and \$23,105 for 2009 and 2008, respectively.

B. Risk Management

1. General Information

The Authority is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

C. Commitments and Contingencies

1. Contingent Liability

Pursuant to the contract with the Authority's Counsel, a portion of their monthly billings are being deferred. The amount deferred at year end totaled \$188,356. Since payment is not currently due and is contingent upon several factors, this liability has not been recorded on the Authority's books at year end.

2. Litigation

The Authority received notice from the USEPA as a potential responsible party for clean up costs in connection with the Mercury Refining Superfund located in the Town of Colonie and Guilderland, New York. While the exact amount of the claim cannot be determined at this time the Authority has indicated the EPA has asked the Authority to contribute approximately \$41,000 as the Authority's share of the obligation. This amount has been accrued in the Statement of Net Assets for the Governmental Fund.

3. Lease Purchase Commitments

The Authority has entered into a lease purchase agreement for financing the acquisition of seven recycling trucks. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Amount</u>
Recycling Trucks	\$ 915,184
<u>Less: Accumulated Depreciation</u>	<u>(778,497)</u>
Total	<u><u>\$ 136,687</u></u>

(IV.) (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2009, were as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ 56,933
2011	<u>16,689</u>
Total minimum lease payments	\$ 73,622
<u>Less: amount representing interest</u>	<u>(4,299)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 69,323</u></u>

The Authority will be reimbursed 50% of the cost of the equipment purchased through New York State Grants.

D. Federal and State Funded Programs

The Authority participates in a number of Federal and New York State grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

E. Related Party

The sister of the Authority's bookkeeper is also an employee of the Authority.

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
Thomas C. Zuber, CPA

Members of
American Institute of
Certified Public Accountants
and
New York State Society of
Certified Public Accountants

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance With
*Government Auditing Standards***

To the Board Members
Western Finger Lakes Solid
Waste Management Authority, New York

We have audited the financial statements of the Western Finger Lakes Solid Waste Management Authority, New York as of and for the year ended December 31, 2009, and have issued our report thereon dated March 31, 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 Western Finger Lakes Solid Waste Management Authority, New York'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 the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 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 Authority'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 the Western Finger Lakes Solid Waste Management Authority, New York'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 the management of the Western Finger Lakes Solid Waste Management Authority, New York in a separate letter dated March 31, 2010.

This report is intended solely for the information and use of the audit committee, management, the Board and Federal Awarding Agency's and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature of Raymond F. Wager, CPA P.C.

March 31, 2010