Santa Fe Solid Waste Management Agency

Financial Statements and Required Supplementary Information with Accompanying Independent Auditors' Reports

Year Ended June 30, 2015

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
Santa Fe Solid Waste Management Agency
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June 30, 2015

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STATE OF NEW MEXICO
Santa Fe Solid Waste Management Agency
Directory of Officials
June 30, 2015

Name	Title
Board	
Joseph M. Maestas	Councilor, Vice Chair
Kathy Holian	Commissioner, Vice Chair
Henry Roybal	Commissioner
Miguel Chavez	Commissioner
Patti J. Bushee	Councilor
Signe I. Lindell	Councilor
Administrative Officials	
Randall Kippenbrock	Executive Director
Angelica Salazar	Accounts Coordinator

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FINANCIAL SECTION

Accounting & Consulting Group, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
Members of the Joint Powers Board
Santa Fe Solid Waste Management Agency
Santa Fe, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of Santa Fe Solid Waste Management Agency (the "Agency"), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Agency's basic financial statements as listed in the table of contents. We also have audited the budgetary comparison presented as supplementary information, as defined by the Governmental Accounting Standards Board for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion the financial statements, referred to above present fairly, in all material respects, the financial position of the business-type activities of the Agency as of June 30, 2015, and the change in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the schedule of revenues, expenses and changes in net position – budget and actual referred to above presents fairly, in all material respects, the budgetary comparison of the Agency in accordance with accounting principles generally accepted in the United States of America.

2700 San Pedro NE Albuquerque NM 87110 T: 505.883.2727 F: 505.884.6719 www.acgsw.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 12 through 18 and Schedules I and II on pages 42 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Agency's financial statements and the budgetary comparison. The introductory section and Schedule IV required by Section 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and Schedule IV are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The introductory section and Schedule IV have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts 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* in considering the Agency's internal control over financial reporting and compliance.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
October 30, 2015

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

In 2003, the Agency embarked on the development of a material recover facility (MRF) at the former City transfer station to provide critical recycling processing services to Santa Fe, as well as communities across northern New Mexico. In 2006, the Agency took over the transfer station, now known as the Buckman Road Recycling and Transfer Station (BuRRT) under a 10 year lease from the City. The lease agreement for the BuRRT facility terminated on August 1, 2015. The Agency and the City are negotiating a new 20-year lease for the facility. The Agency is in continued possession of the facility on a month-to-month basis until December 31, 2015. It is anticipated that the effective date of the new lease agreement will be in January 2016.

In 2010, the Agency adopted a solid waste comprehensive management plan that included the follow goals: 1) obtain a financial structure for the Agency that will incentivize reducing the environmental impacts of waste generation and sustainably fund local policies, programs, and operation to ensure long-term, fiscally sound, disposal capacity for solid waste from within Santa Fe County; 2) offer a broad range of waste reduction and recycling options to residents, businesses, and institutions in the City and County of Santa Fe; and 3) maintain an on-going multi-faceted promotion/education effort in the City and County of Santa Fe to inform the audiences about waste disposal and diversion.

In December 2014, the Agency completed a solid waste assessment and management study, a joint effort between the Agency, the City of Santa Fe, and Santa Fe County. The purpose of the study was twofold: 1) to increase recycling and other forms of diversion from the landfill while ensuring financial stability for the solid waste operation and assuring the costs are distributed fairly and equitably; 2) to improve efficiencies and reduce costs for various solid waste operations while protecting the environment and public health and ensuring adequate facilities to handle the solid waste stream.

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

The financial statements of the Agency have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) applicable to governmental units. The Agency is responsible for the fair presentation in the financial statements of net position, and the related statements of revenues, expenses and changes in net positions, cash flows, and statements of revenues expenses, and changes in net position, budget and actual (non-GAAP basis) in conformity with GAAP. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As management of the Agency, we offer readers of the Agency's financial statements, which include narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2015.

Overview of the Financial Statements

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

Overview of the Financial Statements – Continued

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

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

Proprietary Fund

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

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

Statement of Net Position

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

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

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

Statement of Net Position – Continued

The following table provides condensed financial information related to the Agency's net position at June 30, 2015 as compared to June 30, 2014.

	2015	2014
Assets:		
Current assets	$ 12,398,256	$ 13,303,275
Capital assets	12,216,105	11,220,118
Other non-current assets	4,696,132	4,190,282
Total assets	29,310,493	28,713,675
Deferred outflows of resources		
Employer contributions subsequent to measurement date	357,916	-
Total deferred outflows of resources	357,916	-
Total assets and deferred outflows of resources	$ 29,668,409	$ 28,713,675
Liabilities:		
Current liabilities	539,118	540,160
Noncurrent liabilities	6,228,092	4,280,450
Total liabilities	6,767,210	4,820,610
Deferred inflows of resources		
Change in assumptions	1,033	-
Net difference between projected and actual investment earnings on pension plan investments	596,053	-
Total deferred inflows of resources	597,086	-
Total liabilities and deferred inflows of resources	$ 7,364,296	$ 4,820,610
Net position:		
Net investment in capital assets	12,216,105	11,220,118
Unrestricted net position	10,088,008	12,672,947
Total net position	22,304,113	23,893,065
Total liabilities, deferred inflows and net position	$ 29,668,409	$ 28,713,675

The assets of the Agency exceeded its liabilities at the close of June 2015, the most recent fiscal year by $22,304,113 (net position). Of this amount, $12,216,105 is the net investment in capital assets, and $10,088,008 is unrestricted.

In comparison, the assets of the Agency exceeded its liabilities at the close of the June 2014 fiscal year by $23,893,065 (net position). Of this amount $11,220,118 is the net investment in capital assets, and $12,672,947 is unrestricted.

Budgets

Total budgeted operating expenditures increased from $5,712,149 to $9,581,117. The increase is a result of the following: continuation with the landfill permitting renewal process and the solid waste assessment and management study; purchased replacement heavy equipment and fleet vehicles; installed an aboveground diesel fuel tank; installed the liner for Cell 5B; and commenced the process for a 20-year permit renewal and modification for the Buckman Recycling and Transfer Station (BuRRT).

Actual operating revenues were slightly greater than budgeted revenue. The increase was due to slightly higher than anticipated tonnage delivered to the landfill.

Capital Assets and Long-Term Debt Activity

The Agency's cumulative investment in capital assets as of June 30, 2015 is $12.2 million (net of accumulated depreciation). The investment in capital assets includes land, land improvements, buildings, equipment and machinery, vehicles, and data processing equipment and software. The investment in capital assets also includes the landfill and associated landfill development cost of disposal cells, both existing and construction in progress. The Agency's investment in capital assets for the current fiscal year increased by approximately $995,987 from the prior year. Major capital investments during the fiscal year included the installation of liner for Cell 5B, on-going efforts for the 20-year permit renewal and modification related to the landfill's vertical and lateral expansion, commencement of a 20-year permit renewal for the Buckman Recycling and Transfer Station and acquisition of heavy equipment, including a landfill compactor, fleet vehicles and an aboveground diesel fuel storage tank.

	2015	2014
Landfill	$ 3,014,075	$ 3,014,075
Landfill development cost	6,281,341	6,281,341
Land improvements	384,585	384,585
Cells	16,574,118	16,574,118
Buildings and structures	3,591,002	3,591,002
Furniture and fixtures	1,060	1,060
Equipment and machinery	11,207,075	10,209,217
Vehicles	898,759	833,696
Data processing equipment and software	63,082	63,082
Construction in progress	4,054,284	2,565,342
Subtotal	46,069,381	43,517,518
Accumulated depreciation	(33,853,276)	(32,297,400)
Total capital assets (net)	$ 12,216,105	$ 11,220,118

Cash and Investments

At June 30, 2015, the Agency has internally undesignated, internally designated and restricted cash and investments for the following purposes as of June 30:

	2015	2014
Undesignated cash and investments:		
Unrestricted cash	$ 6,317,730	$ 6,154,310
Petty cash	4,500	4,500
Total undesignated cash and investments	6,322,230	6,158,810
Internally designated:		
Emergency cash reserves	487,811	484,944
Equipment replacement	1,188,467	1,973,497
Closure and postclosure	2,176,613	2,674,652
Cell development	624,981	450,137
Gas collection system	504,855	528,981
Insurance deductibles	104,818	104,202
Landfill repermitting	351,380	291,973
Construction in progress	8,959	8,906
Total internally designated cash and investments	5,447,884	6,517,292
Restricted cash and investments:		
Landfill deposits	20,700	20,700
Closure and post-closure care	4,675,432	4,169,582
Total restricted cash and investments	4,696,132	4,190,282
Total cash and investments	$ 16,466,246	$ 16,866,384

For closure and post-closure care for the landfill and transfer station, the Agency has approximately $6.85 million as of June 30, 2015. Approximately $2.17 million of the total closure and post-closure care amount is internally designated cash whereas approximately $4.6 million of the total is restricted cash as per GASB-18 requirements.

Statement of Revenues, Expenses, and Changes in Net Position

The following table provides condensed financial information related to the Agency's changes in net positon for the year ended June 30, 2015 as compared to the year ended June 30, 2014.

	2015	2014
Operating revenues	$ 7,461,901	$ 7,521,493
Operating expenses	(7,232,875)	(7,457,684)
Operating income	229,026	63,809
Non-operating revenues (expenses)	63,892	131,129
Change in net position	292,918	194,938
Beginning net position	23,893,065	23,698,127
Net position, restatement (note 15)	(1,881,870)	-
Ending net position	$ 22,304,113	$ 23,893,065

Operating revenues consist primarily of solid waste user (tipping) fees and income from the sale of recyclable materials. Overall, the operating revenues decreased slightly from the prior year by approximately $56,592. The majority of this decrease was in recycling due to lower than expected market prices for all recycling commodities (e.g., newspaper, corrugated cardboard, plastics, metals). The decrease in revenues from the sale of recyclables, however, was offset by slightly higher tipping fees received from the solid waste users.

The three largest commercial accounts in order are:

	Revenue Received	Percent
City of Santa Fe	$ 3,033,511	40.65%
Waste Management	506,815	6.79%
Santa Fe County	471,028	6.31%
Other sources	3,450,547	46.24%
	$ 7,461,901	100.00%

Revenues received include sales of recyclables and other income.

Overall, operating expenses decreased by $224,809 from prior year. There were decreases in the repairs and maintenance expense, contractual services expense, and supplies.

Items Expected to Have a Significant Effect

The Agency expects the closure and post closure care estimates for fiscal year ending June 30, 2016, to increase from $6.84 million to approximately $6.85 million due to inflation and the commencement of waste placement in Cell 5B.

During the fiscal year 2016, the Agency expects to receive the new 20-year permit renewal and modification from the NMED related to the landfill vertical and lateral expansion. The permit application was deemed complete by the New Mexico Environment Department (NMED) in July 2015. The public hearing process for the permit application was completed in September 2015. The Agency anticipates a new permit by January 2016. The current landfill permit expired in June 2015. However, the Agency can continue to operate under the current permit until a permit is issued.

During the fiscal year 2016, the Agency anticipates to continue with the permitting services for the next 20-year permit renewal for the BuRRT facility. The Agency anticipates a new permit from the NMED for the BuRRT facility in September 2016.

During fiscal year 2016, the Agency expects to enter into a contract for engineering services for landfill construction projects related to the lateral and vertical expansion of the landfill.

During fiscal year 2016, the Agency expects to purchase replacement equipment and fleet for the landfill and BuRRT facility.

During fiscal year 2016, the Agency will install a new scale and pit extension for the inbound scale at the BuRRT facility.

During fiscal year 2016, the Agency will continue with the operation and maintenance of the landfill gas collection system. The Agency expects to add five new landfill gas wells in the area of Cell 4B to the landfill gas collection system.

During fiscal year 2016, the Agency expects the key recommendations from the December 2014 Solid Waste Assessment and Management Study, if fully or partially implemented, will decrease revenues and reduce operating costs for the BuRRT facility with an overall potential cost savings up to $240,000 annually. The study was a joint effort between the Agency, Santa Fe County and the City of Santa Fe. The purpose of the study was two-fold: 1) to increase recycling and other forms of diversion from the landfill while ensuring financial stability for the solid waste operation and assuring the costs are distributed fairly and equitably; 2) to improve efficiencies and reduce costs for various solid waste operations while protecting the environment and public health and ensuring adequate facilities to handle the solid waste stream.

Request for Information

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

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
Santa Fe Solid Waste Management Agency
Statement of Net Position
June 30, 2015

	Business-Type Activities
Assets	
Current assets	
Cash and cash equivalents	$ 11,770,114
Accounts receivable	621,076
Interest receivable	7,066
Total current assets	12,398,256
Noncurrent assets	
Restricted cash and cash equivalents:	
Landfill and transfer station closure and postclosure care costs	4,675,432
Landfill deposits	20,700
Capital assets	46,069,381
Less accumulated depreciation	(33,853,276)
Total noncurrent assets	16,912,237
Total assets	29,310,493
Deferred outflows of resources	
Employer contributions subsequent to the measurement date	357,916
Total deferred outflows of resources	357,916
Total assets and deferred outflows of resources	$ 29,668,409

The accompanying notes are an integral part of these financial statements

	Business-Type Activities
Liabilities	
Current liabilities	
Accounts payable	$ 115,428
Gross receipts tax payable	28,872
Accrued wages payable	64,703
Compensated absences	330,115
Total current liabilities	539,118
Noncurrent liabilities	
Landfill deposits	20,700
Compensated absences	9,113
Net pension liability	1,523,550
Estimated liability for landfill and transfer station closure and postclosure care costs	4,674,729
Total noncurrent liabilities	6,228,092
Total liabilities	6,767,210
Deferred inflows of resources	
Change in assumptions	1,033
Net difference between projected and actual investment earnings on pension plan investments	596,053
Total deferred inflows of resources	597,086
Net position	
Net investment in capital assets	12,216,105
Unrestricted	10,088,008
Total net position	22,304,113
Total liabilities, deferred inflows of resources, and net position	$ 29,668,409

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Exhibit B

Santa Fe Solid Waste Management Agency

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2015

	Business-Type Activities
Operating revenues	
User fees	$ 6,766,958
Recycle sales	483,450
Other sales	199,007
Other income	12,486
Total operating revenues	7,461,901
Operating expenses	
Personnel services	2,813,226
Contractual services	623,555
Supplies	425,494
Repairs and maintenance	468,148
Rental expenses	60,284
Utilities	118,787
Insurance	83,611
Office expenses	90,894
Travel and training	34,510
Gross receipts taxes	303,527
Additions to landfill liability	505,147
Reimbursable share of sales	126,051
Capital outlay-exempt	23,765
Depreciation	1,555,876
Total operating expenses	7,232,875
Operating income	229,026
Non-operating revenues (expenses)	
Investment income	63,892
Total non-operating revenues (expenses)	63,892
Change in net position	292,918
Total net position - beginning of year	23,893,065
Net position, restatement (note 15)	(1,881,870)
Total net position, beginning of year, as restated	22,011,195
Total net position, end of year	$ 22,304,113

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Santa Fe Solid Waste Management Agency
Statement of Cash Flows
For the Year Ended June 30, 2015

	Business-Type Activities
Cash flows from operating activities	
Cash received from customers	$ 7,457,729
Cash paid to suppliers for goods and services	(2,480,811)
Cash paid to employees for services	(2,892,289)
Net cash provided by operating activities	2,084,629
Cash flows from capital and financing activities	
Acquisition and construction of capital assets	(2,551,862)
Net cash used by capital and financing activities	(2,551,862)
Cash flows from investing activities	
Investment income	67,095
Net cash provided by investing activities	67,095
Net decrease in cash and cash equivalents	(400,138)
Cash and cash equivalents - beginning of year	16,866,384
Cash and cash equivalents - end of year	$ 16,466,246
Reported on the statement of net position as:	
Cash and cash equivalents	$ 11,770,114
Restricted cash- landfill and transfer station closure costs	4,675,432
Restricted cash- landfill deposits	20,700
Total cash and cash equivalents - end of year	$ 16,466,246

The accompanying notes are an integral part of these financial statements

		Business-Type Activities
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$	229,026
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense		1,555,876
Additions to landfill liability		505,147
Pension expense		238,766
Employer contributions to the pension plan		(357,916)
Changes in assets and liabilities:		
Increase in accounts receivable		(4,172)
Decrease in accounts payable		(118,031)
Increase in compensated absences payable		35,323
Increase in accrued wages payable		4,764
Decrease in gross receipts tax payable		(4,154)
Net cash provided by operating activities	$	2,084,629

Supplemental non-cash disclosure

In fiscal year 2015 the Agency was required to implement GASB statement 68 which required the Agency to recognize its proportionate share of the net pension liability and related pension amounts detailed below:

		June 30, 2015
Net pension liability	$	1,523,550
Deferred outflows-Employer contributions subsequent to the measurement date	$	357,916
Deferred inflows-Change in assumptions	$	1,033
Deferred inflows-Net difference between projected and actual investment earnings on pension plan investments	$	596,053

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The City of Santa Fe (City) is a partner with Santa Fe County (County) in a joint venture to provide municipal landfill services. The Santa Fe Solid Waste Management Agency (the Agency) was established in February 1995 under a joint powers agreement entered into by and between the City and the County. It was the desire of the parties to form a regional solid waste disposal authority to provide a more efficient and cost-effective method of solid waste disposal to City and County citizens. Operations of the regional landfill commenced on May 12, 1997. Prior to this date, the Agency was in a development stage and, therefore, landfill development expenses incurred before May 12, 1997 are capitalized and amortized. As required by Generally Accepted Accounting Principles (GAAP), the financial statements present the Agency and its component units, entities for which the Agency is considered to be financially accountable. There are no fiduciary funds or component units for the fiscal year ended June 30, 2015.

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

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

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

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

Measurement Focus, Basis of Accounting, and Basis of Presentation. The accounts of the Agency are organized on the basis of a proprietary or enterprise fund. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

Net Position. The government-wide fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets – is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt. The Agency did not have related debt during the year ended June 30, 2015.

Restricted Net Position – net position is reported as restricted when constraints placed on net position use are either (1) externally imposed by creditors, grantors, or donors or (2) imposed by law through constitutional provisions or enabling legislation. The Agency did not report any restricted net position for the year ended June 30, 2015.

Unrestricted Net Position – represents the excess of total assets over total liabilities and net position invested in capital assets at June 30, 2015. These are amounts not restricted for any purpose.

Capital Assets. Capital assets are recorded at cost. The Agency does not have any internally developed software as part of its fixed assets. Property, plant, and equipment donated to the operations are recorded at their estimated fair value at the date of donation. The Agency's policy is to capitalize all assets with a cost of $5,000 or greater per 12-6-10 NMSA 1978.

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

Long-Term Obligations. Long-term debt is reported as a liability of the Agency on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the notes using the effective interest method.

Landfill Closure and Post-Closure Care Costs. The financial statements include an estimate of total current costs of landfill closure and postclosure care that are required to be incurred by federal, state, local laws, or regulations. A portion of the estimated total current cost of the landfill closure and postclosure care is recognized as an expense and liability in the period the landfill accepts waste. Estimated total current cost is recorded based on landfill usage (i.e. cubic yards, airspace) rather than on the passage of time.

Tipping Fees. The Agency has established a tipping fee schedule based on solid waste tonnage. Effective July 1, 2013 through June 30, 2015, the fee for solid waste ranges from $40 - $50 per ton at the Caja Del Rio Landfill and the Buckman Road Recycling and Transfer Station. For green waste, the fee is $20 per ton. The household hazardous waste fee is $50 per ton. Fees for immediate or special handling range from $80 to $160 depending on the type of load.

The Agency also processes waste from the public. The fees from public waste depend upon the type of load for autos, pickups, commercial self-haulers, vehicles, and tires. The Agency waives conventional recycling fees for the City of Santa Fe and Santa Fe County residents and businesses and for those utilizing vehicles less than 10,000 GVW. Fees for vehicles in excess of 10,000 GVW outside Santa Fe County are $20 per ton.

Compensated Absences. It is the Agency's policy to permit employees to accumulate earned but unused vacation, compensatory hours, and sick pay benefits. Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and overtime. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Agency and its employees is accrued as employees earn the right to the benefits. Sick leave may be sold back to the Agency by an employee at time of retirement for one-half the applicable hourly rate for that employee. Compensated absences are recorded as an expense and a liability of the Agency.

Deferred Outflows of Resources. In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Agency has only one type of item that qualifies for reporting in this category. Accordingly, the item, contributions subsequent to the measurement date, is reported in the Statement of Net Position. This amount is deferred and recognized as a direct reduction of the net pension liability during the next reporting period. The Agency has recorded $357,916 related to contributions subsequent to the measurement date.

Deferred Inflows of Resources. In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflows of resources. The Agency has two types of items considered to be deferred inflows of resources, both of which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, net difference between expected and actual investment earnings and change in assumptions, are reported on the Statement of Net Position. These amounts are deferred and amortized into pension expense in future reporting periods. The Agency has recorded $1,033 related to change in assumptions and $596,053 related to the net difference between expected and actual investment earnings.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

New Accounting Standards Adopted. During the year ended June 30, 2015, the Agency adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* ("GASB 68"), and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* ("GASB 71"). These two Statements are required to be implemented at the same time. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the implementation of GASB 68, the government recognized a net pension liability ("NPL") measured as of a date no later than the end of its prior fiscal year. If the government employer makes a contribution to the pension plan subsequent to the measurement date but prior to the end of the current fiscal year, GASB 68 requires the government to recognize that contribution as a deferred outflow of resources. In addition, GASB 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for changes in the NPL that arise from other types of events, but does not require the government to recognize beginning deferred outflows of resources or deferred inflows of resources if the amounts are not practical to estimate. At transition to Statement 68, Statement 71 requires the employer or nonemployer contributing entity to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability but before the start of the government's fiscal year, thus avoiding possible understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This pronouncement has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects.

NOTE 2. BUDGET BASIS OF ACCOUNTING

The Agency prepares its budget on a modified accrual basis of accounting. The budget is based on a full accrual method, except that depreciation and budgetary capital outlay are not included. The budget must be approved by the Agency's Board of Directors, which consists of members from both the City and County as discussed in Note 1. Budgetary control is at the fund level.

NOTE 3. CASH AND INVESTMENTS

The Agency does not have a separate bank account. Cash and investments consist of $16,466,246 invested in a cash and investment pooled account maintained by the City of Santa Fe. The City invests its pooled cash into US Government securities, repurchase agreements, municipal bonds, certificates of deposit, the State Treasurer's investment pool, and US Government security mutual funds. Please refer to the Comprehensive Annual Financial Report for the City of Santa Fe, New Mexico for the disclosure information regarding the custodial credit risk and other risks that may apply. That report may be obtained from the City by contacting the Finance Department Director at 200 Lincoln Avenue, P.O. Box 909, Santa Fe, NM 87504-0909.

NOTE 3. CASH AND INVESTMENTS-CONTINUED

At June 30, 2015, the Agency has undesignated, internally designated, and restricted cash and investments for the following purposes:

	2015	2014
Undesignated cash and investments:		
Unrestricted cash	$ 6,317,730	$ 6,154,310
Petty cash	4,500	4,500
Total undesignated cash and investments	6,322,230	6,158,810
Internally designated:		
Emergency cash reserves	487,811	484,944
Equipment replacement	1,188,467	1,973,497
Closure and postclosure	2,176,613	2,674,652
Cell development	624,981	450,137
Gas collection system	504,855	528,981
Insurance deductibles	104,818	104,202
Landfill repermitting	351,380	291,973
Construction in progress	8,959	8,906
Total internally designated cash and investments	5,447,884	6,517,292
Restricted cash and investments:		
Landfill deposits	20,700	20,700
Closure and post-closure care	4,675,432	4,169,582
Total restricted cash and investments	4,696,132	4,190,282
Total cash and investments	$ 16,466,246	$ 16,866,384

Cash reserves in the amount of $4,675,432 have been restricted for the purpose of paying for estimated landfill and transfer station closure and postclosure care costs as described in Note 14.

In accordance with GASB Statement 31, the Agency has stated investments at fair value at June 30, 2015.

Investment income comprises the following at June 30, 2015:

	2015
Interest income	$ 57,406
Unrealized and realized gains on investments	6,486
Total investment income	$ 63,892

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable of $621,076 represents billings for tipping fees to third-party users, sales of rock, and sales of recyclables through June 30, 2015. Management considers all outstanding accounts receivable to be collectable, therefore there is no allowance for doubtful accounts. The following shows the balances due from the five largest customers and the other customers in total as of June 30, 2015.

City of Santa Fe	$	275,643
Waste Management		81,329
High Mesa Environmental		55,907
Santa Fe Waste Service		47,618
County of Santa Fe		43,877
Others		116,702
Accounts receivable	$	621,076

NOTE 5. ECONOMIC DEPENDENCE AND RELATED PARTY TRANSACTIONS

The Agency is economically dependent on three customers related to tipping fee and recycle revenue. These customers account for 53.76% of tipping fee and recycle revenue for the year ended June 30, 2015. These customers are City of Santa Fe, Waste Management of New Mexico, and Santa Fe County.

NOTE 6. CAPITAL ASSETS

A summary of changes in capital assets for fiscal year ending June 30, 2015 is as follows.

	Beginning Balance June 30, 2014	Additions	Deletions	Ending Balance June 30, 2015
Capital assets, not being depreciated:				
Construction in progress	$ 2,565,342	$ 1,488,942	$ -	$ 4,054,284
Capital assets, being depreciated:				
Landfill	3,014,075	-	-	3,014,075
Landfill development cost	6,281,341	-	-	6,281,341
Land improvements	384,585	-	-	384,585
Cells	16,574,118	-	-	16,574,118
Buildings and structures	3,591,002	-	-	3,591,002
Furniture and fixtures	1,060	-	-	1,060
Equipment and machinery	10,209,217	997,858	-	11,207,075
Vehicles	833,696	65,063	-	898,759
Data processing equipment and software	63,082	-	-	63,082
Total capital assets being depreciated	40,952,177	1,062,921	-	42,015,097
Total capital assets	43,517,519	2,551,863	-	46,069,381
Less accumulated depreciation:				
Landfill	(482,240)	(30,141)	-	(512,381)
Landfill development costs	(5,364,954)	(314,067)	-	(5,679,021)
Land improvements	(337,141)	(5,037)	-	(342,178)
Cells	(16,128,603)	(445,513)	-	(16,574,116)
Buildings and structures	(959,712)	(90,074)	-	(1,049,786)
Furniture and fixtures	(1,059)	-	-	(1,059)
Equipment and machinery	(8,525,822)	(593,024)	-	(9,118,846)
Vehicles	(455,491)	(71,364)	-	(526,855)
Data processing equipment and software	(42,378)	(6,656)	-	(49,034)
Total accumulated depreciation	(32,297,400)	(1,555,876)	-	(33,853,276)
Total capital assets being depreciated, net	8,654,777	(492,955)	-	8,161,821
Total capital assets	$ 11,220,119	$ 995,987	$ -	$ 12,216,105

Depreciation expense for capital assets for the fiscal year ended June 30, 2015 was $1,555,876.

NOTE 7. LONG-TERM DEBT

During the year ended June 30, 2015, the following changes occurred in the liabilities reported in the Statement of Net Position:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Landfill deposits	$ 20,700	$ -	$ -	$ 20,700	$ -
Estimated liability for landfill closure costs	4,016,465	502,572	-	4,519,037	-
Estimated liability for transfer station closure costs	153,117	2,575	-	155,692	-
Compensated absences	303,905	365,438	330,115	339,228	330,115
Total	$ 4,494,187	$ 870,585	$ 330,115	$ 5,034,657	$ 330,115

NOTE 8. RISK MANAGEMENT AND LITIGATION

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

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

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

The Santa Fe Health Fund accounts for the self-insured program for employee health and major medical benefits. Claims are handled by a professional, third-party claims administrator. The City maintains specific stop loss coverage for individual claims in excess of $250,000 with a $1,000,000 statutory limit.

The Workers' Compensation Fund accounts for the self-insured program and for workers' compensation coverage. Claims are handled by a professional, third-party claims administrator. The City maintains specific stop loss coverage for individual claims in excess of $600,000 with a $1,000,000 statutory limit. There was no reduction in amount of coverage for 2015.

NOTE 9. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN

General Information about the Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

NOTE 9. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN-CONTINUED

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at http://saonm.org using the Audit Report Search function for agency 366.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Santa Fe Solid Waste Management Agency are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage option that applies to the Santa Fe Solid Waste Management Agency is: Municipal General Division. Statutorily required contributions to the pension plan from the Santa Fe Solid Waste Management Agency were $166,025 and employer paid member benefits that were "picked up" by the employer were $191,891 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were preformed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Santa Fe Solid Waste Management Agency's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Municipal General Division, at June 30, 2015, Santa Fe Solid Waste Management Agency reported a liability of $1,523,550 for its proportionate share of the net pension liability. At June 30, 2014, Santa Fe Solid Waste Management Agency's proportion was 0.1953 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

NOTE 9. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN-CONTINUED

For the year ended June 30, 2015, Santa Fe Solid Waste Management Agency recognized PERA Fund Municipal General Division pension expense of $238,766. At June 30, 2015, Santa Fe Solid Waste Management Agency reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ -	$ 1,033
Net difference between projected and actual earnings on pension plan investments	-	596,053
Santa Fe Solid Waste Management Agency's contributions subsequent to the measurement date	357,916	-
Total	$ 357,916	$ 597,086

$357,916 reported as deferred outflows of resources related to pensions resulting Santa Fe Solid Waste Management Agency's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	$ (149,270)
2017	(149,270)
2018	(149,270)
2019	(149,270)
2020	(6)
Thereafter	-

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the PERA for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of intestment expense
Payroll growth	3.50% annual rate
Projected salary increases	3.50 to 14.25% annual rate
Includes inflation at	3.00% annual rate

NOTE 9. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN-CONTINUED

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.10%	5.00%
International Equity	24.80	5.20
Private Equity	7.00	8.20
Core and Global Fixed Income	26.10	1.85
Fixed Income Plus Sectors	5.00	4.80
Real Estate	5.00	5.30
Real Assets	7.00	5.70
Absolute Return	4.00	4.15
Total	100.00%	

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Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present Santa Fe Solid Waste Management Agency's net pension liability in each PERA Fund Division that Santa Fe Solid Waste Management Agency participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Fund Municipal General Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Santa Fe Solid Waste Management Agency's proportionate share of the net pension liability	$ 2,872,234	$ 1,523,550	$ 481,627

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at http://www.pera.state.nm.us/publications.html.

Payables to the pension plan. There were no payables owed to PERA at June 30, 2015.

NOTE 10. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

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

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

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

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

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribution 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Agency's contributions to the RHCA for the years ended June 30, 2015, 2014, and 2013 were $34,865, $32,130, and $29,951, respectively, which equal the required contributions for each year.

NOTE 11. SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2015, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is October 30, 2015, which is the date on which the financial statements were available to be issued. No events were noted for disclosure.

NOTE 12. FISCAL AGENT AGREEMENT

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

The agreement states that the City may be compensated for services provided by administrative staff. The City uses calculations in a manner similar to its method to allocate general fund services to its enterprise funds to determine these administrative costs. The administrative costs allocated to the Agency for the fiscal year ended June 30, 2015 were $126,274.

NOTE 13. COMMITMENTS

On September 2, 2005, the Agency entered into a lease agreement with the City of Santa Fe for a transfer station. The term of this lease commenced on August 1, 2005 and will terminate on August 1, 2015. Annual lease payments are $24,000 plus a quarterly variable payment of 2% of gross revenues generated by the Agency at this transfer station are required by the lease. The Agency paid $56,829 in rent expense during the year ended June 30, 2015. Renewal of the lease agreement is currently under negotiations.

The Agency entered into an agreement effective May 15, 2014 with a Contractor for the crushing and sales operation of previously quarried basalt rock at the Caja Del Rio Landfill. The agreement with the Contractor is for a term of eight years, terminating on May 16, 2022. The Contractor pays the Agency $1.50 per ton of the crushed rock that is sold and removed from the landfill. As the Agency does not have mineral rights to the basalt rock, they have a royalty agreement with the Bureau of Land Management (BLM) in which $0.95 per ton of crushed rock sold is paid by the Agency to BLM.

NOTE 14. CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations (i.e., 20.9.2 – 20.9.10 NMAC, New Mexico Solid Waste Act and 40 CFR Part 258 - Subtitle D of RCRA) require the Agency to install an approved final cover system on its regional landfill site after it receives the final receipt of waste to minimize infiltration of liquid into the closed landfill, to minimize wind and water erosion to the cover system, and to control storm water run-off from the closed landfill. The laws and regulations also require the Agency to perform certain post–closure inspection and maintenance as well as monitoring functions at the closed landfill site for 30 years after closure. The closure and post-closure care costs are recognized throughout the 20-year period of the landfill operation.

The following describes the cost estimate requirements for closure, post-closure care and Phase I and II assessments as per 20.9.10 NMAC.

- The closure cost estimate requires a detailed written estimate, in current dollars, showing the cost of hiring a third party to close the largest area of the landfill ever requiring a final closure at any time during the active life when the extent and manner of its operation would make closure the most expensive, as indicated by its final closure plan under 20.9.10.9 NMAC;
- The post-closure cost estimate is based on a detailed written estimate, in current dollars, showing the most expensive costs of hiring a third party to conduct post-closure care for the landfill in compliance with the post-closure care plan under 20.9.10.10 NMAC; and
- Both Phase I and Phase II assessments are based on written estimates, in current dollars, of the costs of hiring a third party to conduct activities in accordance with 20.9.10.11 NMAC.

As of June 30, 2015, the total cost estimate for the closure and post-closure care requirements as described above for the Caja del Rio Landfill is $6,841,746. The estimate increased by $445,149 from prior year due to the addition of Cell 5b increasing the largest area of the landfill (disposal area) from 64.9 acres to 74.5 acres and an inflationary adjustments at 1.6%.

NOTE 14. CLOSURE AND POSTCLOSURE CARE COSTS–CONTINUED

The Agency, as an operator of a solid waste facility, is required to establish an allowable financial assurance mechanism for closure and post-closure care of a solid waste facility (i.e., landfills, transfer stations) as per 20.9.10.9 – 20.9.10.10 NMAC. Under 20.9.10.20 NMAC, as an allowable mechanism, the Agency created a local government reserve fund, via a resolution approved by the Agency's governing body, specifically for the use of closure and post-closure care funds within its existing financial accounting system. The Agency's reserve fund, as of June 30, 2015, has a total cash balance of $6,852,045 for the closure and post-closure care costs for the landfill and transfer station. Of this amount, $4,675,432 is reported as restricted cash balance ($4,519,740 for the landfill and $155,692 for the transfer station), and an additional $2,176,613 is reported as internally designated cash balance. The total cash balance of $6,852,045 exceeds the $6,841,746 total cost estimate required for the landfill.

For the purpose of this audit the Agency is required to comply with GASB Statement No. 18 for the landfill. The estimated total current cost of closure and post-closure care is measured and recognized by the percentage of the landfill consumed (i.e., airspace measured in cubic yards) in a reporting period. As of June 30, 2015, the percentage of the landfill consumed is 66.05% as opposed to 62.79% for the prior year. This resulted in accrued liability for the closure and post-closure costs of $4,519,037 which is reported as restricted cash balance in the reserve fund.

The current entire disposal area of the landfill is 87.3 acres of which 74.5 acres received waste. No other conditions or factors were changed.

The estimated liability (i.e., closure cost) for the Buckman Road Recycling and Transfer Station (BuRRT) is $155,692 as of June 30, 2015. The funding for the estimated liability is retained as restricted cash balance in the aforementioned Agency's reserve. The Agency leases the transfer station from the City of Santa Fe, and upon the expiration of the lease, the Agency is required to remove all the materials on site. The estimate includes the cost of hiring a third party to cleanup and dispose of all materials, end products, trash and solid waste expected to be on hand. The estimate also includes the costs of an independent project manager and contract administrator. Costs related to post-closure care are not expected to be incurred.

The Agency expects that future inflation cost will be paid from the internally designated cash balance and interest earnings on these balances. However, if these are inadequate or additional closure and post-closure care requirements are determined (e.g., due to changes in technology or applicable regulations), these costs may need to be covered by solid waste tipping fees charges to users or from future tax revenue.

NOTE 15. NET POSITION RESTATEMENT

The Agency has recorded a prior period adjustment in the amount of $(2,202,105) to record the beginning balance of the net pension liability and a prior period adjustment of $320,235 to record a beginning deferred outflow for employer contributions after the beginning measurement date of June 30, 2013 but before July 1, 2014. These adjustments were required for implementation of GASBS 68 and GASBS 71. Total beginning net position was restated by ($1,881,870).

NOTE 16. SUBSEQUENT PRONOUNCEMENTS

In February 2015, GASB Statement No. 72 Fair Value Measurement and Application, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Agency will implement this standard during the fiscal year ended June 30, 2016. The Agency is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The Agency is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not effect the Agency's financial statements.

NOTE 16. SUBSEQUENT PRONOUNCEMENTS-CONTINUED

In June 2015, GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The Agency expects the pronouncement to have a material effect on the financial statements.

In June 2015, GASB Statement No. 76 The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Agency will implement this standard during the fiscal year ended June 30, 2016. The Agency expects the pronouncement to have a material effect on the financial statements.

In August 2015, GASB Statement No. 77 Tax Abatement Disclosures, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The Agency will implement this standard during the fiscal year ended June 30, 2017. The Agency is still evaluating how this pronouncement will effect the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO Schedule I

Santa Fe Solid Waste Management Agency

Schedule of Employer's Proportionate Share of the Net Pension Liability of PERA Municipal General Division

Public Employees Retirement Association (PERA) Plan

Last 10 Fiscal Years*

	2015 Measurement Date As of and for the Year Ended June 30, 2014
Santa Fe Solid Waste Management Agency's proportion of the net pension liability	0.1953%
Santa Fe Solid Waste Management Agency's proportionate share of the net pension liability	$ 1,523,550
Santa Fe Solid Waste Management Agency's covered-employee payroll	$ 1,602,137
Santa Fe Solid Waste Management Agency's proportionate share of the net pension liability as a percentage of its covered-employee payroll	95.09%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Santa Fe Solid Waste Management Agency will present information for those years for which information is available.

See independent auditors' report

See notes to required supplementary information

STATE OF NEW MEXICO

Schedule II

Santa Fe Solid Waste Management Agency
Schedule of Employer Contributions
Public Employees Retirement Association (PERA) Plan
PERA Municipal General Division
Last 10 Fiscal Years*

	As of and for the Year Ended June 30, 2015
Contractually required contributions	$ 357,916
Contributions in relation to the contractually required contribution	(357,916)
Contribution deficiency (excess)	$ -
Santa Fe Solid Waste Management Agency's covered-employee payroll	$ 1,738,484
Contributions as a percentage of covered-employee payroll	21%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Santa Fe Solid Waste Management Agency will present information for those years for which information is available.

See independent auditors' report
See notes to required supplementary information

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf.

The summary of Key Findings for the PERA Fund (on page 2 of the report) states "based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of $30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

SUPPLEMENTARY INFORMATION

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STATE OF NEW MEXICO Schedule III

Santa Fe Solid Waste Management Agency
Statement of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Non-GAAP Budgetary Basis	Variances Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Operating revenues				
User fees	$ 6,623,500	$ 6,623,500	$ 6,766,958	$ 143,458
Recycle sales	500,000	500,000	483,450	(16,550)
Other sales	150,000	180,000	199,007	19,007
Other income	-	46,593	12,486	(34,107)
Total operating revenues	7,273,500	7,350,093	7,461,901	111,808
Operating expenses				
Personnel services	2,997,932	3,029,262	2,813,226	216,036
Contractual services	690,692	1,316,726	623,555	693,171
Supplies	629,000	572,849	425,494	147,355
Repairs and maintenance	612,000	618,290	468,148	150,142
Rental expenses	10,000	70,000	60,284	9,716
Utilities	118,000	125,000	118,787	6,213
Insurance	112,925	144,341	83,611	60,730
Office expenses	83,600	107,600	90,894	16,706
Travel and training	47,000	47,000	34,510	12,490
Gross receipts taxes	315,000	315,000	303,527	11,473
Reimbursable share of sales	95,000	125,000	126,051	(1,051)
Capital outlay-exempt	1,000	3,110,049	23,765	3,086,284
Total operating expenses	5,712,149	9,581,117	5,171,852	4,409,265
Non-operating revenues (expenses)				
Investment income	-	61,000	63,892	2,892
Gain (loss) on sale of assets	-	-	-	-
Total non-operating revenues (expenses)	-	61,000	63,892	2,892
Excess (deficiency) of revenues over expenses	1,561,351	(2,170,024)	2,353,941	4,523,965
Designated cash	$ (1,561,351)	$ 2,170,024	-	$ (2,170,024)
Change in net position (Non-GAAP budgetary basis)			$ 2,353,941	
Adjustments for GAAP basis (non-budgeted items)				
Depreciation			(1,555,876)	
Addition to landfill liability			(505,147)	
Change in net position, Exhibit B			292,918	
Net position - beginning of year			22,011,195	
Net position- end of year			$ 22,304,113	

The accompanying notes are an integral part of these financial statements

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Santa Fe Solid Waste Management Agency
Schedule of Vendor Information for Purchases Exceeding $60,000 (excluding GRT)
For the Year Ended June 30, 2015

Prepared by: Santa Fe Solid Waste Management Agency
Title: Executive Director
Date: October 28,2015

RFP#/ RFB#	Type of Procurement	Awarded Vendor	$ Amount of Awarded Contract	$ Amount of Amended Contract
RFB 14-43-B	Bid	Enviroworks, LLC (Amendment 1& 2- $15,182 & $9,259)	$997,533	$1,021,974
RFP 14-29-B	Proposal	Del Hur Industries	$200,000	
RFP 15-03-P	Proposal	CDM Smith Inc.	$221,608	
RFP 13-16-P	Proposal	Leidos/Louis Berger Group Inc (Amendment 2 & 3- $35,860 & $44,800)	$406,996	$487,656
RFP 14-17-P	Proposal	SCS Engineers (Amendment 1 & 2- $8,900 & $143,580)	$126,700	$279,180
GS-30F-0018U	Federal Contract	Wagner	$886,837	
RFB 14-18-B	Bid	Honstein Oil Company	$292,283	
RFP 12-06-P	Proposal	CDM Smith Inc (Amendment 4 & 5- $125,602 & $56,523)	$590,455	$847,587
RFB 13-34-B	Bid	Wagner	$93,377	

See independent auditors' report

Name and Physical Address per the Procurement Documentation, of ALL Vendors that Responded	In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the Vendor In-State and Chose Veteran's Preference (Y or N) For Federal Funds Answer N/A	Brief Description of the Scope of Work
Enviroworks, LLC, PO BOX 340, Edgewood, NM 87015;Maxtex Contractors, Inc., 2201 Phoenix Ave, Albuquerque, NM 87107; Meridian Contracting, Inc., 3223 Los Arboles NE Albuquerque, NM 87107; Morrow Enterprises, Inc., PO Box 1747 Las Cruces, NM 88004; Comanco Environmental Corp, 4301 Sterling Commerce Drive, Plant City, Florida 33566	In-State	No	Install Liner in Cell 5B
Del Hur Industries 4333 Tumwater Access Road Port Angeles, WA 98362	Out of State	No	Purchase additional 40,000 tons of crushed basalt for cell 5-B
CDM Smith Inc, 6000 Uptown Blvd, NE. Suite 200, Albuquerque, NM 87110;Gordon Environmental, Inc., 213 S. Camino Del Pueblo Bernalillo, NM 87004	In-State	No	Permitt Renewal for Buckman Reclying and Tansfer Station
Leidos/Louis Berger Group 26262 Network Place, Chicago, IL 60673	Out of State	No	Solid Waste Assessment and Management Study
SCS Engineers 3351 Candelaria Road, NE Suite D, Albuquerque, NM 87107	In-State	No	Engineering, Operation, and Maintenance Services for the Landfill
Wagner 4000 Osuna Rd. NE., Albuquerque, NM 87109	In-State	No	Purchased a Caterpiller 836K Landfill
Honstein Oil Company 11 Paseo Real, Santa Fe, NM 87507	In-State	No	Diesel and Unleaded Fuel
CDM Smith Inc, 6000 Uptown Blvd, NE. Suite 200, Albuquerque, NM 87110	In-State	No	Engineering, Design, and Permitting Renewal, Permit Modification,
Wagner 4000 Osuna Rd. NE., Albuquerque, NM 87109	In-State	No	Off-Road Heavy Equipment Repairs

See independent auditors' report

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COMPLIANCE SECTION

Accounting & Consulting Group, LLP
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*

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
Members of the Joint Powers Board
Santa Fe Solid Waste Management Agency
Santa Fe, New Mexico

We have audited, in accordance with the 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, the financial statements of the business-type activities of the Santa Fe Solid Waste Management Agency (Agency), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and related budgetary comparison of the Agency presented as supplementary information, and have issued our report thereon dated October 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

2700 San Pedro NE Albuquerque NM 87110 T: 505.883.2727 F: 505.884.6719 www.acgsw.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from 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.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
October 30, 2015

STATE OF NEW MEXICO
Santa Fe Solid Waste Management Agency
Schedule of Findings and Responses
June 30, 2015

Schedule V

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements:

1. Type of auditors' report issued	Unmodified
2. Internal Control over financial Reporting	
a. Material weaknesses identified?	None noted
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
c. Noncompliance material to the financial statements?	None noted

SECTION II-STATUS OF PRIOR YEAR FINDINGS

There were no prior year audit findings.

SECTION III-CURRENT YEAR FINDINGS

There were no current year audit findings.

STATE OF NEW MEXICO
Santa Fe Solid Waste Management Agency
Other Disclosures
June 30, 2015

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Accounting and Consulting Group, LLP prepared the GAAP-basis financial statements and footnotes of the Agency from the original books and records provided to them by the management of the Agency. The responsibility for the financial statements remains with the Agency.

B. EXIT CONFERENCE

The contents of this report were discussed on November 18, 2015. The following members of the Agency were in attendance.

Santa Fe Solid Waste Management Agency
Randall Kippenbrock, P.E., Executive Director
Joesph M. Maestas, Councilor Vice Chair
Angelica Salazar, Accounts Coordinator

Accounting & Consulting Group, LLP
Morgan Browning, CPA, Audit Manager
Robert Cordova, CPA, Partner

City of Santa Fe
Teresita Garcia, Assistant Finance Director