

STATE OF NEW MEXICO
ESTANCIA VALLEY SOLID WASTE AUTHORITY
Independent Auditors' Report and
Annual Financial Statements
June 30, 2012

Calhoon Accounting & Tax Services

PO Box 945

Estancia, New Mexico 87016

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
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June 30, 2012

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State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
FUNCTION OF ENTITY AND OFFICIAL ROSTER
June 30, 2012

FUNCTION OF THE ENTITY

The Estancia Valley Solid Waste Authority was formed on June 30, 1996, by Joint Powers Agreement entered into by the Torrance County, City of Moriarty, Town of Estancia, Town of Mountainair, Village of Encino, Village of Willard to serve a public use and promote health, safety, prosperity, security and general welfare of the inhabitants of the said Authority. The Special District was created for the purpose of purchasing, acquiring, establishing or construction of a solid waste disposal services to the citizens of the Authority.

The Joint Powers Agreement was amended in December 2010 and approved by the Department of Administration and Finance to include the Town of Vaughn as a member.

BOARD OF DIRECTORS

Bill R. Williams	Chairman
Joe Barnes	Vice Chairman
Linda Warren	Secretary
Joy Ansley	Member
Larry Irvin	Member
Phillip Johnson	Member
Paul Madrid	Member
Debbie Ortiz	Member
Jerry Pack	Member
John Phillips	Member
Jeff Snyder	Member
Robin Spalding	Member

ADMINISTRATIVE OFFICIALS

Joseph Ellis	General Manager
Danette Cabber	Office Manager
Adrienne Luetjens	Operations Supervisor
Larry Carter	Landfill Supervisor

**CALHOON ACCOUNTING & TAX SERVICES
PO BOX 945
ESTANCIA, NEW MEXICO 87016**

INDEPENDENT AUDITOR'S REPORT

Mr. Hector H. Balderas, State Auditor
And the Board of Directors
Estancia Valley Solid Waste Authority
Estancia, New Mexico

I have audited the accompanying financial statements of the business type activities and fiduciary fund financial statement of the Estancia Valley Solid Waste Authority (Authority) as of and for the year ended June 30, 2012, which collectively comprise the Estancia Valley Solid Waste Authority's basic financial statements as listed in the table of contents. I also have audited the budgetary comparison statement and changes in fiduciary fund statement presented as supplementary information as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Estancia Valley Solid Waste Authority's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, I express no such opinion. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and fiduciary fund of the Estancia Valley Solid Waste Authority as of June 30, 2012, and the respective changes in financial position and cash flows thereof the respective budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated November 29, 2012, on my consideration of the Estancia Valley Solid Waste Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.

My audit was conducted for the purpose of forming opinions on the Estancia Valley Solid Waste Authority's basic financial statements and the fiduciary fund financial statements and budgetary comparisons presented as supplemental information. The accompanying Statement of Changes in Fiduciary Assets and Liabilities in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Calhoon Accounting & Tax Services
Calhoon Accounting & Tax Services
November 29, 2012

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

As management of Estancia Valley Solid Waste Authority (Authority) we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the financial statements of the Authority and additional information provided.

FINANCIAL HIGHLIGHTS

- The assets exceeded liabilities by \$1,921,473 at the close of the current fiscal year.
- The Authority's net assets increased by \$9,780, principally reflecting the equipment acquisition for the recycling operation.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise two components: 1) government-wide financial statements (entire fund) and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide and Fund Financial Statements. The Authority is a single purpose government entity and has only business type activities.

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

The *Statement of Revenues, Expenses and Changes in Net Assets* present information showing how net assets changed during the most recent fiscal year.

The *Statement of Cash Flows* presents information showing how the Authority's cash flows from operating, financing or investing activities during the current fiscal year.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 13-23 of this report.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
June 30, 2012

BUSINESS-TYPE ACTIVITIES

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Estancia Valley Solid Waste Authority, assets exceeded liabilities by \$1,921,473 at the close of the current fiscal year.

Assets	<u>FYE 2011</u>	<u>FYE 2012</u>
Current assets	\$1,083,660	\$1,175,605
Capital assets, net of accumulated depreciation	<u>2,617,950</u>	<u>2,611,661</u>
Total Assets	3,701,610	3,787,266
Liabilities		
Long-term liabilities outstanding	1,367,248	1,434,373
Other liabilities	<u>422,669</u>	<u>431,420</u>
Total Liabilities	1,789,917	1,865,793
Net Assets		
Invested in capital assets, Net of related debt	1,250,702	1,177,288
Restricted for landfill closure/ Post closure costs	318,576	351,336
Unrestricted	<u>342,415</u>	<u>392,849</u>
Total Net Assets	<u>\$1,911,693</u>	<u>\$1,921,473</u>

As of June 30, 2012, the Authority had current assets of \$1,175,605, an increase of \$91,945 over the prior year balance of \$1,083,660. Capital assets increased by \$187,460 and depreciation expense for the year was \$193,749. The net decrease was \$6,289 for an end of year balance of \$2,611,661. Long term liabilities increased by \$67,125 which was the net amount of new loans and principal payments made during the year. Other liabilities increased by \$9,251, with an ending balance of \$431,420. At June 30, 2012, the net assets of the Authority totaled \$1,921,473 which was an increase of \$9,780 over prior year net assets of \$1,911,693.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
June 30, 2012

Analysis of Changes in Net Assets

	<u>FYE 2011</u>	<u>FYE 2012</u>
Revenues		
Operating Revenues		
Charges for services	\$1,369,032	\$1,268,060
Non-operating revenues		
Interest income	12,990	11,203
Environmental gross receipts	185,966	147,992
State and local grant revenue	<u>229,915</u>	<u>41,851</u>
Total Revenues	<u>1,797,903</u>	<u>1,469,106</u>
Expenses		
Salaries and benefits	714,761	700,078
Administrative expenses	123,091	135,217
Other operating expenses	559,580	397,522
Landfill closure costs	32,760	32,760
Depreciation expense	<u>176,038</u>	<u>193,749</u>
Total Expenses	<u>1,606,230</u>	<u>1,459,326</u>
Increase in net assets	191,674	9,780
Net assets, beginning of year	<u>1,720,019</u>	<u>1,911,693</u>
Ending net assets	<u>\$1,911,693</u>	<u>\$1,921,473</u>

Revenues for the year ending June 30, 2012 were less than the prior year by \$328,797. The biggest decrease was due to grant revenue. Total expenditures decreased by \$146,904. Most expenditure categories decreased, but the largest decrease was for other operating expenses (\$162,058 decrease).

FINANCIAL ANALYSIS OF THE AUTHORITY'S FUND

Budgetary Highlights

The State of New Mexico budget process is defined under state law and regulation. To enhance the process of developing a budget at the Authority level, Estancia Valley Solid Waste Authority utilizes goals and objectives defined by the Board of Directors (comprising representatives from all member entities), long term plans for landfill construction and development and input from professional and non-professional staff to develop the Authority's budget. Authority priorities are well defined through this process.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
June 30, 2012

The Authority's final budget differs from the original budget due to budget increases and decreases that were made during the fiscal year. The total final budgeted revenues increased by \$46,069 and expenses budget increased by \$103,074. The biggest change in revenues was due to loan proceeds of \$135,000. The biggest change in expenses was due to capital outlay of \$135,000, for landfill equipment acquisition.

During the year, actual operating revenues were lower than budgetary estimates by \$38,866. Actual expenses were lower than budgetary estimates by \$157,528.

Capital Asset and Debt Administration

Capital assets. Estancia Valley Solid Waste Authority's capital assets as of June 30, 2012 amount to \$2,611,661 (net of accumulated depreciation). Capital assets include collections equipment, waste stations, building, other, landfill and landfill equipment. The total increase in the Authority's capital assets (excluding accumulated depreciation) for the current fiscal year was \$187,460.

	<u>06/30/11</u> <u>Balance</u>	<u>06/30/12</u> <u>Balance</u>
Collections-Equipment	\$ 896,298	\$1,070,518
Collections-Waste Stations	385,559	393,596
Collections-Building	85,547	85,547
Collections-Other	1,025	1,025
Landfill	3,443,060	3,447,113
Landfill Equipment	<u>1,517,927</u>	<u>1,519,077</u>
Total Capital Assets	6,329,416	6,516,876
Accumulated Depreciation	<u>(3,711,466)</u>	<u>(3,905,215)</u>
Capital assets, net of Accumulated depreciation	<u>\$2,617,950</u>	<u>\$2,611,661</u>

All depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. See note 5 in the accompanying Notes to the Financial Statements for further information regarding Estancia Valley Solid Waste Authority's capital assets.

Debt Administration. At the end of the current fiscal year, the Authority had total long-term obligations outstanding of \$1,434,373. The debt consists of four notes to the New Mexico Finance Authority and one note to the New Mexico Environment Department. Changes to long term debt during the year included principal payments of \$67,875 and one additional loans of \$135,000.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
STATEMENT OF NET ASSETS
June 30, 2012

ASSETS	<u>Business Type Activities</u>
Current assets:	
Cash and investments	\$ 1,092,640
Receivables, net	82,965
Total current assets	<u>1,175,605</u>
Noncurrent assets:	
Capital assets:	
Equipment-Collections	1,550,686
Landfill	4,966,190
Less: accumulated depreciation	<u>(3,905,215)</u>
Total capital assets	<u>2,611,661</u>
Total assets	<u><u>\$ 3,787,266</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 24,425
Payroll benefits/taxes payable	4,593
Sales tax payable	3,070
Accrued compensation	9,507
Accrued interest	14,518
Compensated absences	23,971
Current Portion of Long-term Debt	<u>103,817</u>
Total current liabilities	183,901
Noncurrent liabilities	
Accrued landfill closure costs	351,336
Notes payable	1,434,373
Less: current portion of long-term debt	<u>(103,817)</u>
Total noncurrent liabilities	<u>1,681,892</u>
Total liabilities	<u>1,865,793</u>
Net Assets	
Invested in capital assets, net of related debt	1,177,288
Restricted for landfill closure costs	351,336
Unrestricted	<u>392,849</u>
Total net assets	<u>1,921,473</u>
Total liabilities and net assets	<u><u>\$ 3,787,266</u></u>

See accompanying notes to the financial statements.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the Year Ended June 30, 2012

	<u>Total</u>
Operating Revenues	
Charges for services	\$ 1,268,060
Total Operating Revenues	<u>1,268,060</u>
Operating Expenses	
Salaries and benefits	700,078
Administrative expenses	135,217
Other Operating expenses	397,522
Landfill closure costs	32,760
Depreciation expense	193,749
Total Operating Expenses	<u>1,459,326</u>
Operating Income (Loss)	(191,266)
Non-Operating Revenues (Expenses)	
Interest income	11,203
Environmental gross receipts	147,992
State and Local grant revenue	41,851
Total Non-Operating Revenue (Expense)	<u>201,046</u>
Net Income (Loss)	9,780
Net Assets, Beginning	<u>1,911,693</u>
Net Assets, Ending	<u>\$ 1,921,473</u>

See accompanying notes to the financial statements.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2012

	<u>Business Type Activities</u>
Cash flows from operating activities	
Cash received from grantors and customers	\$ 1,285,991
Cash paid to suppliers and employees	<u>(1,256,826)</u>
Net cash provided (used) by operating activities	<u>29,165</u>
 Cash flows from investing activities	
Interest earned	11,203
Capital outlay	<u>(187,460)</u>
Net cash provided (used) for investing activities	<u>(176,257)</u>
 Cash flows from capital and related financing activities	
Proceeds from loan activities	135,000
Cash received from EGRT	148,707
Cash received from grant revenue	94,300
Principal payments	<u>(67,875)</u>
Net cash provided from financing activities	<u>310,132</u>
Net increase (decrease) in cash	163,040
Cash, July 1, 2011	929,600
Cash, June 30, 2012	<u>\$ 1,092,640</u>
 Reconciliation of change in net assets to net cash provided by operating activities:	
Increase in net assets:	\$ (191,266)
Depreciation	193,749
(Increase) decrease in receivables	17,932
Increase (decrease) in sales tax payables	(212)
Increase (decrease) in accounts payables	(24,343)
Increase (decrease) in other payables	(357)
Increase (decrease) in payroll payables	902
Increase (decrease) in landfill closure costs	<u>32,760</u>
Net cash used by operating activities	<u>\$ 29,165</u>

See accompanying notes to the financial statements.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY (Employee) FUNDS
Year Ended June 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 920
Total assets	<u>\$ 920</u>
 LIABILITIES	
Due to other entities	\$ 920
Total liabilities	<u>\$ 920</u>

See accompanying notes to the financial statements.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Overview. The Estancia Valley Solid Waste Authority (Authority) was formed on June 30, 1996 by Joint Powers Agreement entered into by the Torrance County, City of Moriarty, Town of Estancia, Town of Mountainair, Village of Encino, and Village of Willard. The purpose of the inter-governmental cooperative agreement was to acquire, construct and operate a comprehensive solid waste landfill disposal system for the citizenry of the Authority.

In fiscal year 2012 the parties of the joint powers agreement revised the agreement to include the Town of Vaughn as a member as well.

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the Authority's accounting policies are described below.

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

Measurement Focus, Basis of Accounting and Basis of Presentation. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred. Operating income reported in the financial statements includes revenues and expenses related to the primary and continuing operation of the fund. Principal operating revenues are charges to customers for sales and services. Principal operating expenses are the cost of providing goods and services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements. The Authority receives non-operating revenue including grants and environmental gross receipts tax which is recorded as revenue when the underlying transaction takes place.

Per the requirement of GASB 20, "Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting," the business-type activities have elected to apply all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as following all FASB pronouncements issued on or after November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the Authority's is charges to customers for tipping fees. Operating expenses for the Authority include the cost of services, administrative expenses, landfill closure costs and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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.

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

Investments for the Authority are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Accounts Receivable. All accounts receivable are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital Assets. All purchased capital assets are valued at cost. Assets purchased from the joint powers participants were recorded at appraised value. Donated fixed assets, if received, will be valued at their historical value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

The Authority is required to capitalize construction interest in all business type funds. The capitalized interest is depreciated over the useful life of the constructed asset.

The Authority capitalizes all asset purchases or trades with an initial cost of \$5,000 or more. The Authority capitalizes and depreciates the cost of software over its estimated useful life.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Depreciation of buildings, improvements, equipment and furnishings in the proprietary fund types is computed using the straight-line method over the estimated useful lives as follows:

Landfill	30 years
Landfill Cell Improvements	3 years
Buildings and Improvements	30 years
Convenience Station Improvements	15 years
Equipment and furnishings	7 years
Light vehicles	5 years

Revenues: The Authority recognizes grant revenue at the time the eligibility restrictions have been met. Such restrictions include 1) the authority should have the characteristics specified by the provider, 2) the time requirements specified by the enabling legislation or provider have been met, 3) if applicable, the provider offers the resources on a reimbursement basis and the recipient has incurred allowable costs under the program and 4) the provider's contingencies have been met.

Compensated Absences. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and fund liability. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Statements of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

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

Long-term Obligations. Long-term debt is reported as a liability of the Authority on the balance sheet. Long-term financing lease purchases are recorded as a liability.

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

Investment in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – net assets are restricted when constraints placed on net assets used are either: externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; imposed by law through constitutional provisions or enabling legislation.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Unrestricted Net Assets – represent the excess of total assets over total liabilities and net assets invested in capital assets, net of related debt. These are amounts not restricted for any purpose.

NOTE 2. BUDGET BASIS OF ACCOUNTING

An annual budget of the Authority is prepared prior to July 1 and must be legally enacted through a formal adoption by the Board of Directors, and approved by the Local Government Division of the State Department of Finance and Administration. The budget is adopted on cash basis. The level of budgetary control is by fund total. Budgetary information is presented as originally adopted and amended, the amendments being adopted in a legally prescribed manner. All appropriations lapse at year-end.

The accompanying Statement of Revenues, Expenditures and Changes in Cash Balance Budget (Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis. Budgeted expenses exceeded actual expenses in total by \$157,528. Actual revenues exceeded actual expenses in total resulting in a \$163,040 excess of revenues over expenses.

NOTE 3. CASH AND TEMPORARY INVESTMENTS

State statutes authorize the investment of Authority funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pools, money market accounts, and United States Government obligations. All invested funds of the Authority properly followed State investment requirements as of June 30, 2012.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The State Treasurer Local Government Investment Pool (LGIP) is not SEC Registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in the securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or agencies sponsored by the United States government. The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in the amounts the funds were invested. Any realized gain or less on the portfolio is distributed through the investment yield on distribution dates. The carrying amount of the portfolio approximates the fair value of all investments at June 30, 2012. The State of New Mexico is regulatory oversight entity and participation in the pool is voluntary.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 3. CASH AND INVESTMENTS
(Continued)

The following is a summary of the cash and investments held by the Estancia Valley Solid Waste Authority. In accordance with Section 6-10-17, NMSA, 1978 all public entities are required to secure collateralization of deposits in excess of the FDIC insurance amounts. The statute requires that deposits of public monies are to be collateralized in an aggregate amount equal to 50% of deposits in excess of Federal Deposit Insurance Corporation insurance coverage.

<u>Depository</u>	<u>Balance</u> <u>Per Depository</u>	<u>Reconciling items</u>		<u>Balance Per</u> <u>Financial Statements</u>
		<u>Outstanding</u> <u>Checks</u>	<u>Deposits</u>	
My Bank				
Certificate of deposit	\$ 51,052	\$ -	\$ -	\$ 51,052
Certificate of deposit	\$ 75,000	\$ -	\$ -	\$ 75,000
NM Educators Federal Credit Union				
Money market account	101,712	-	-	101,712
Savings	16	-	-	16
Sandia Area Federal Credit Union				
Checking account	5	-	-	5
Money market account	89,351	-	-	89,351
Certificate of deposit	43,205	-	-	43,205
Certificate of deposit	54,723	-	-	54,723
State Employees Credit Union				
Checking account	1,704	-	-	1,704
Certificate of deposit	56,113	-	-	56,113
Certificate of deposit	56,008	-	-	56,008
Certificate of deposit	52,793	-	-	52,793
Certificate of deposit	51,848	-	-	51,848
US Bank				
Checking account	20,672	-	-	20,672
Money market account	88,072	-	-	88,072
Certificate of deposit	85,415	-	-	85,415
Wells Fargo				
Checking account	173,240	(11,410)	-	161,830
Savings	<u>44,864</u>	<u>-</u>	<u>-</u>	<u>44,864</u>
Total amounts of deposits	<u>1,045,793</u>	<u>(11,410)</u>	<u>-</u>	<u>1,034,383</u>
Petty cash				<u>770</u>
Total cash on hand and deposit				<u>1,035,153</u>
<u>Investments</u>				
NM Finance Administration	57,365	-	-	57,365
NM State Treasurer LGIP	<u>122</u>	<u>-</u>	<u>-</u>	<u>122</u>
Total investments	<u>\$ 57,487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>57,487</u>
Total cash and investments on hand and deposit				<u>\$1,092,640</u>

All accounts are fully insured by FDIC for up to \$250,000, in the aggregate for all time and savings deposits including NOW accounts and unlimited protection for the aggregate for all non-interest bearing deposit transaction accounts. The Authority is fully insured.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 3. CASH AND INVESTMENTS
(Continued)

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk, other than following the state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

At June 30, 2012, the Authority's investment balances exposed to custodial credit risk were with the State Treasurer Local Government Investment Pool of \$122.

The New MexiGrow Local Governmental Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10 P and Section 6-10-10.1 A and E, NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1 F, NMSA 1978, as the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

Interest rate risk is the risk that interest rate variations may adversely affect an investments fair value. The prices of securities fluctuate with market interest rates and the securities held in portfolio will decline in market interest rates rise. The portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investments to rising interest rates. As of June 30, 2012, the Authority's investment at New MexiGROW LGIP had a value of \$122 and AAAM WAM of 60 days.

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable of \$82,965 represents billings to service recipients and tipping fees to third party users and grant receivables through June 30, 2012. At June 30, 2012, management believes that receivable balances are collectible in full. Therefore, no allowance for bad debts has been recorded.

Waste Management	16,386
NM Waste Services	13,285
City of Moriarty	6,503
East Mountain	4,382
Bedrock	4,328
Environmental Gross Receipts	11,877
Other	13,020
Service recipient's	<u>13,184</u>
Total	<u>\$ 82,965</u>

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 5. CAPITAL ASSETS

<u>Business Type Activities:</u>	<u>06/30/11</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/12</u> <u>Balance</u>
Capital assets being depreciated:				
Collections-Equipment	\$ 896,298	\$ 174,220	\$ -	\$1,070,518
Collections-Waste Stations	385,559	8,037	-	393,596
Collections-Building	85,547	-	-	85,547
Collections-Other	<u>1,025</u>	<u>-</u>	<u>-</u>	<u>1,025</u>
Total Collections	<u>1,368,429</u>	<u>182,257</u>	<u>-</u>	<u>1,550,686</u>
Landfill	3,443,060	4,053	-	3,447,113
Landfill Equipment	<u>1,517,927</u>	<u>1,150</u>	<u>-</u>	<u>1,519,077</u>
Total Landfill	<u>4,960,987</u>	<u>5,203</u>	<u>-</u>	<u>4,966,190</u>
Total Capital Assets	6,329,416	187,460	-	6,516,876
Less: Accumulated Depreciation:				
Collections-Equipment	(716,174)	(32,081)	-	(748,255)
Collections-Waste Stations	(321,085)	(15,106)	-	(336,191)
Collections-Building	(14,258)	(2,851)	-	(17,109)
Collections-Other	<u>(1,025)</u>	<u>-</u>	<u>-</u>	<u>(1,025)</u>
Total Collections	<u>(1,052,542)</u>	<u>(50,038)</u>	<u>-</u>	<u>(1,102,579)</u>
Landfill	(1,419,025)	(85,026)	-	(1,504,051)
Landfill Equipment	<u>(1,239,899)</u>	<u>(58,685)</u>	<u>-</u>	<u>(1,298,584)</u>
Total Landfill	<u>(2,658,924)</u>	<u>(143,711)</u>	<u>-</u>	<u>(2,802,635)</u>
Total Accumulated Depreciation	(3,711,466)	(193,749)	-	(3,905,215)
 Total	 <u>\$2,617,950</u>	 <u>(\$ 6,289)</u>	 <u>\$ -</u>	 <u>\$2,611,661</u>

Depreciation expense for capital assets for the fiscal year ended June 30, 2012 was \$193,749.

NOTE 6. LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES

Compensated Absences - Vacation leave is earned by employees during the year based on time worked and is non-cumulative. Vacation leave due, if any, is paid on an employee's termination. Amounts accrued as of June 30, 2012 was \$23,971. A summary of changes in this liability are as follows:

	<u>Balance</u> <u>7/01/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/2012</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences	\$22,723	\$21,648	(\$20,400)	\$23,971	\$23,971

Sick leave is also earned by employees based on length of employment during the year and is also non-cumulative. Compensation for sick leave is limited to time-off and is not monetarily compensated.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 6. LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES
(Continued)

Notes Payable - The following is a summary of Notes Payable:

	<u>Balance</u> <u>06/30/2011</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance</u> <u>06/30/2012</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Variable interest note payable to the New Mexico Finance Authority, interest payable semi-annually and principal payable annually. Interest rate is 2.75%, matures May 1, 2016.	\$ 52,334	-	(\$ 9,856)	\$ 42,478	\$10,152
Fixed interest note payable to the New Mexico Finance Authority, interest payable semi-annually and principal payable annually. Interest rate is 3.00%, matures May 1, 2027.	72,312	-	(3,585)	68,727	3,693
Fixed interest installment note payable to the New Mexico Environment Department, payable in 20 yearly payments. Interest rate is 3.00%, Matures May 1, 2032.	1,116,769	-	(41,561)	1,075,208	42,808
Fixed interest note payable to the New Mexico Finance Authority, interest payable semi-annually and principal payable annually. Interest rate is 3.00%. Matures May 1, 2016	125,833	-	(4,942)	120,891	5,090
Fixed interest note payable to the New Mexico Finance Authority, interest payable semi-annually and principal payable annually. Interest rate is .332%. Matures May 1, 2015	-	<u>135,000</u>	<u>(4,798)</u>	<u>125,833</u>	<u>4,942</u>
Total	<u>\$1,367,248</u>	<u>\$ 135,000</u>	<u>(\$ 67,875)</u>	<u>\$1,434,373</u>	<u>\$103,817</u>

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 6. LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES
(Continued)

The following is a summary of the debt service requirements for the Notes Payable above as of June 30, 2012:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 103,817	\$ 39,322	\$ 143,139
2014	106,092	37,424	143,516
2015	108,006	35,431	143,437
2016	67,473	33,323	100,795
2017	58,168	31,336	89,504
2018-2022	318,091	129,598	447,689
2023-2027	368,765	79,235	448,000
2028-2031	<u>303,960</u>	<u>22,747</u>	<u>326,707</u>
Total	<u>\$1,434,373</u>	<u>\$408,415</u>	<u>\$1,842,788</u>

NOTE 7. RELATED PARTY TRANSACTIONS

The County of Torrance obtained a revenue bond in 1993 to open and begin operations of the county landfill. The County of Torrance is responsible for this debt and all members of the joint powers agreement have pledged environmental gross receipts to service this debt. The County has expended \$1,105,228 to purchase land, design the landfill and acquire equipment. The amounts expended are considered contributed capital to the Authority. All assets acquired and contributed to the Authority are depreciated over their expected useful lives. The landfill construction was completed and approval was received to open on August 4, 1998. Since the Authority is responsible for the debt, the liability has been recorded on the books of the Authority since July 1, 2000.

In fiscal year 2012 the parties of the joint powers agreement revised the agreement to include Vaughn as a member as well. Vaughn contributed equipment with the fair market value of \$150,000.

Members of the landfill joint powers agreement owed landfill usage fees to the Authority on June 30, 2012 in the amount of \$11,338.

NOTE 8. RISK MANAGEMENT

The Authority is exposed to various risk of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has obtained insurance through the New Mexico Self-Insurer's Fund. The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. The Authority contributed \$58,871 to the fund during the June 30, 2012 fiscal year.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 9. PENSION PLAN - Public Employees Retirement Association's

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

Funding Policy. Plan members are required to contribute 2.15% of their gross salary. The Estancia Valley Solid Waste Authority is required to contribute 16.15% of the gross covered salary. The contribution requirements of plan members and the Authority are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Authority's contributions to PERA for the fiscal years ending June 30, 2012, 2011, and 2010 were \$80,769, \$79,795, and \$70,795 respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 10. RETIREE HEALTH CARE ACT CONTRIBUTIONS

The Retiree Health Care Act (10-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive care group health insurance for persons who have retired from certain public service in New Mexico. As authorized under Section 9D of Chapter 6, Laws of 1990, the Authority has elected not to participate in the program. Information on the Retiree Health Care Act can be obtained at the Retiree Health Care, 4308 Carlisle Blvd. NE Ste 104, Albuquerque, NM 87109.

NOTE 11. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and Federal laws and regulations require the Authority place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. Closure and post closure care costs are recognized throughout the initial twenty year period of operation based on the amount of the landfill used during the year.

In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post closure costs is based on the amount of the landfill used during the year. Currently, it is estimated that utilized airspace at June 30, 2012 was 38%. The estimated cost for closure and post closure cost were estimated at \$915,310 at the estimated closure date in 2030.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 11. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (continued)

The Authority accrued \$32,760 in closure costs for the current year. Total accrued liability as of June 30, 2012 was \$351,336 or 38% of the total estimated closure and post closure costs of \$915,310 remaining at the date the landfill is expected to be filled to capacity. The total estimated closure and post closure costs are based on the amount that would be paid if all equipment and facilities, and services required to close, monitor, and maintain the landfill. However, the actual cost of closure and post closure care may vary due to inflation, changes in technology, or changes in landfill laws and regulations.

The Authority is required by state and federal laws and regulations to make annual contributions to finance closure and post closure care. The Authority has currently restricted \$351,336 in cash to fund the current accrued liability.

NOTE 12. JOINT POWERS AGREEMENT

The Estancia Valley Solid Waste Authority was formed on June 30, 1996, by Joint Powers Agreement entered into by the Torrance County, City of Moriarty, Town of Estancia, Town of Mountainair, Village of Encino, Village of Willard to serve a public use and promote health, safety, prosperity, security and general welfare of the inhabitants of the said Authority.

The joint power agreement was amended in fiscal year 2012 to include the Town of Vaughn.

NOTE 13. CONTINGENT LIABILITIES

The Authority is party to various claims and lawsuits arising in the normal course of business. The Authority is insured through the New Mexico Self-Insurer's Fund. In the opinion of management, the outcome of these matters will not have a material effect on the financial position of the Authority.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN CASH BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
Operating revenue				
Charges for collection services	\$ 595,900	\$ 660,768	\$ 680,407	\$ 19,639
Charges for landfill services	725,000	794,655	605,584	(189,071)
Environmental gross receipts tax	165,000	155,844	148,707	(7,137)
Grant revenue	169,448	94,300	94,300	-
Loan proceeds	-	-	135,000	135,000
Interest income	12,650	8,500	11,203	2,703
Total revenue	1,667,998	1,714,067	1,675,201	(38,866)
Operating expenses				
Administrative expense	120,300	137,010	160,128	(23,118)
Collection expense	312,295	390,518	218,317	172,201
Landfill expense	180,430	226,023	179,205	46,818
Personnel expense	759,590	754,138	699,176	54,962
Capital outlay	63,000	52,000	187,460	(135,460)
Debt Service	131,000	110,000	67,875	42,125
Total operating expenses	1,566,615	1,669,689	1,512,161	157,528
Excess (Deficiency) of Revenues Over Expenses	\$ 101,383	\$ 44,378	163,040	\$ 118,662
Cash, Beginning			929,600	
Cash, Ending			\$ 1,092,640	
Reconciliation Budgetary Basis to GAAP				
Revenues Budgetary Basis	\$ 1,675,201			
Change in accounts receivable	(71,096)			
Change in capital assets non-cash	0			
NMFA loan proceeds	(135,000)			
Revenues GAAP	1,469,105			
Expenditures budgetary Basis	1,512,161			
Reclassification of debt service	(67,875)			
Capital Outlay	(187,460)			
Depreciation	193,749			
Landfill closure costs	32,760			
Change in accounts payable	(24,555)			
Change in interest accrued	(357)			
Changes in payroll payables and accruals	902			
Expenditures GAAP	1,459,325			
Change in Net Assets	\$ 9,780			

See accompanying notes to the financial statements.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY (Employee) FUNDS
Year Ended June 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
ASSETS				
Cash	\$ 1,034	\$ 1,512	\$ 1,626	\$ 920
Total assets	<u>\$ 1,034</u>	<u>\$ 1,512</u>	<u>\$ 1,626</u>	<u>\$ 920</u>
LIABILITIES				
Due to other entities	\$ 1,034	\$ 1,512	\$ 1,626	\$ 920
Total liabilities	<u>\$ 1,034</u>	<u>\$ 1,512</u>	<u>\$ 1,626</u>	<u>\$ 920</u>

See accompanying notes to the financial statements.

**CALHOON ACCOUNTING & TAX SERVICES
PO BOX 945
ESTANCIA, NEW MEXICO 87016**

**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**

Mr. Hector H. Balderas, State Auditor
And the Board of Directors
Estancia Valley Solid Waste Authority
Estancia, New Mexico

I have audited the financial statements of the business type activities, fiduciary fund, and the budgetary comparisons presented as supplemental information of the Estancia Valley Solid Waste Authority, as of and for the year ended June 30, 2012, and have issued my report thereon dated October 27, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of Estancia Valley Solid Waste Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered Estancia Valley solid Waste Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of Estancia Valley Solid Waste Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Estancia Valley Solid Waste Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Estancia Valley Solid Waste Authority's financial Statements are free of material misstatement, I 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, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, others within the Estancia Solid Waste Authority, the Board of Directors, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

Calhoon Accounting & Tax Services
Calhoon Accounting & Tax Services

November 29, 2012

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
AND EXIT CONFERENCE
June 30, 2012

RESOLUTION OF PRIOR YEAR FINDINGS

No prior year audit findings

CURRENT YEAR FINDINGS

None

EXIT CONFERENCE

An exit conference was held in the offices of the Estancia Valley Solid Waste Authority in Estancia, New Mexico on November 29, 2012. Those attending were Bill Williams, Board Member, Joseph Ellis, Manager, Danette Cabber, Office Manager and Renea L. Calhoon, CPA. The financial statements and audit report were discussed.

The financial statements presented in this report were prepared by the auditors, Calhoon Accounting and Tax Services.

