

STATE OF NEW MEXICO
ESTANCIA VALLEY SOLID WASTE AUTHORITY

Annual Financial Report
For the Year ended June 30, 2013

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, 2013

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State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
FUNCTION OF ENTITY AND OFFICIAL ROSTER
June 30, 2013

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
Larry Irvin	Member
Phillip Johnson	Member
Paul Madrid	Member
Debbie Ortiz	Member
Jerry Pack	Member
John Phillips	Member
Chester Riley	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

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

Report on Financial Statements

I have audited the accompanying financial statements of the business type activities, fiduciary fund information and the budgetary comparison of Estancia Valley Solid Waste Authority (Authority) as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise 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 defined by the Government Accounting Standards Board, in the accompanying fund financial statements as of and for the year ended June 30, 2013, 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.

Auditor's Responsibility

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 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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 Estancia Valley Solid Waste Authority as of June 30, 2013, and the respective changes in financial position and cash flows thereof and the respective budgetary comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-9 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 me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on Estancia Valley Solid Waste Authority's financial statements, the fiduciary fund financial statements and budgetary comparisons. 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 basic 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.

The accompanying Statement of Changes in Fiduciary Assets and Liabilities has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated September 30, 2013, on my consideration of Estancia Valley Solid Waste Authority's internal control over financial reporting and on 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* in considering Estancia Valley Solid Waste Authority's internal control over financial reporting and compliance.

Calhoon Accounting & Tax Services
Calhoon Accounting & Tax Services
Estancia, New Mexico
September 30, 2013

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

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, 2013. 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 \$2,234,195 at the close of the current fiscal year.
- The Authority's net position increased by \$312,722, principally reflecting the development of the Estancia Valley Regional Recycling Center. The demonstration "Hub and Spoke" program was funded by the US Department of Energy to the New Mexico Recycling Coalition in the amount of 2.8 million dollars. Of that, \$300,000 was allocated for the EVRRC, with the County of Torrance acting as fiscal agent for the grant. The recycling building, baler, and recycling rolloff containers became the property of the Authority.

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 Position* presents information on all of the Authority'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 Authority is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* present information showing how net position 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 14-25 of this report.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
June 30, 2013

BUSINESS-TYPE ACTIVITIES

Analysis of Net Position

As noted earlier, net position 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 \$2,234,195 at the close of the current fiscal year.

Assets	<u>FYE 2012</u>	<u>FYE 2013</u>
Current assets	\$1,175,605	\$1,144,729
Capital assets, net of accumulated depreciation	<u>2,611,661</u>	<u>2,884,833</u>
Total Assets	3,787,266	4,029,562
Liabilities		
Long-term liabilities outstanding	1,434,373	1,330,556
Other liabilities	<u>431,420</u>	<u>464,811</u>
Total Liabilities	1,865,793	1,795,367
Net Position		
Invested in capital assets, Net of related debt	1,177,288	1,554,277
Restricted for landfill closure/ Post closure costs	351,336	384,096
Unrestricted	<u>392,849</u>	<u>295,822</u>
Total Net Position	<u>\$1,921,473</u>	<u>\$2,234,195</u>

As of June 30, 2013, the Authority had current assets of \$1,144,729, a decrease of \$30,876 over the prior year balance of \$1,175,605. Capital assets increased by \$273,172 and depreciation expense for the year was \$290,738. The net increase in assets was \$242,296 for an end of year balance of \$4,029,562. Long term liabilities decreased by \$103,817 which was the principal payments made during the year. Other liabilities increased by \$33,391, with an ending balance of \$464,811. At June 30, 2013, the net position of the Authority totaled \$2,234,195 which was an increase of \$312,722 over prior year net position of \$1,921,473.

Analysis of Changes in Net Position

Revenues	<u>FYE 2012</u>	<u>FYE 2013</u>
Operating Revenues		
Charges for services	\$1,268,060	\$1,216,421
Non-operating revenues		
Interest income	11,203	9,537
Environmental gross receipts	147,992	143,258
State and local grant revenue	41,851	78,763
Donated capital assets	<u>-</u>	<u>329,820</u>
Total Revenues	<u>1,469,106</u>	<u>1,777,799</u>

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
June 30, 2013

Analysis of Changes in Net Position (continued)

Expenses		
Salaries and benefits	700,078	702,482
All other operating expenses	491,979	450,854
Landfill closure costs	32,760	32,760
Interest expense	40,760	38,958
Depreciation expense	<u>193,749</u>	<u>240,023</u>
Total Expenses	<u>1,459,326</u>	<u>1,465,077</u>
Increase in net position	9,780	312,722
Net position, beginning of year	<u>1,911,693</u>	<u>1,921,473</u>
Ending net position	<u>\$1,921,473</u>	<u>\$2,234,195</u>

Revenues for the year ending June 30, 2013 were more than the prior year by \$308,693. The increase was due to donated capital assets for construction. Total expenses increased by \$5,751. The largest increase was depreciation expense (\$46,274).

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.

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 decreased by \$22,502 and the expenses budget increased by \$32,146. The biggest change in revenues was due to a decrease in collection services of \$46,140. The biggest change in expenses was due to capital outlay of \$73,000.

During the year, actual operating revenues were lower than budgetary estimates by \$161,503. Actual expenses were lower than budgetary estimates by \$81,975.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
June 30, 2013

Capital Asset and Debt Administration

Capital assets. Estancia Valley Solid Waste Authority's capital assets as of June 30, 2013 amount to \$2,884,833 (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 \$273,172.

	<u>06/30/12</u> <u>Balance</u>	<u>06/30/13</u> <u>Balance</u>
Collections-Equipment	\$ 1,070,518	\$1,144,266
Collections-Waste Stations	393,596	405,961
Collections-Building	85,547	302,987
Collections-Other	1,025	-
Landfill	3,447,113	3,447,113
Landfill Equipment	<u>1,519,077</u>	<u>1,679,029</u>
Total Capital Assets	6,516,876	6,979,356
Accumulated Depreciation	<u>(3,905,215)</u>	<u>(4,094,523)</u>
Capital assets, net of Accumulated depreciation	<u>\$2,611,661</u>	<u>\$2,884,833</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 \$1,330,556. 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 \$103,817.

	<u>2012</u>	<u>2013</u>
Loan Payable-NMFA	\$ 42,478	\$ 32,326
Loan Payable-NMFA	68,727	65,034
Loan Payable-NMFA	120,891	115,801
Loan Payable-NMFA	127,069	84,995
Loan Payable-NMED	<u>1,075,208</u>	<u>1,032,400</u>
Total loan payables	<u>\$1,434,373</u>	<u>\$1,330,556</u>

See note 6 in the accompanying Notes to the Financial Statements for further information regarding Estancia Valley Solid Waste Authority's long-term debt.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
June 30, 2013

FUTURE TRENDS

Improved budget analyses have shed new light on the financial health of the Authority's four enterprise fund operations: (1) Estancia Valley Regional Landfill, (2) Solid Waste Management Contract with Torrance County, (3) Commercial Operations, and (4) Recycling.

Recycling revenue projections originally given the EVSWA Board of Directors fell significantly short of actual revenues generated by the fledgling recycling center last fiscal year. This was due to an overestimate of source-separated materials, and a declining fiber market. This FY13 trend has now begun a slow turnaround, and market prices for fiber are expected to rebound by 60% in the coming year.

The most pronounced anomaly is the under-funding of the county contract. EVSWA presented the information to the Torrance County Commission at the beginning of FY12. The commissioners requested that a consultation be done by the University of New Mexico to analyze the level of service and financial aspects of the waste management system operated by the Authority for the county. The UNM School of Business presented their conclusions and recommendations to the EVSWA board and commissioners on May 11, 2013. They recommended a fee increase of \$7 per year over 4 years, plus county subsidy to maintain the current level of service. At present, that amount is \$150,000.

When the county solid waste management system is fully funded by the county, then appropriate funds can be reallocated to capital development at the Estancia Valley Regional Landfill. At the same time, efforts are being made to acquire state and federal grant funds to fund the next landfill cell construction, required to be completed in 3 to 4 years. EVSWA is also preparing to submit a Community Development Grant request for the development of an asset management plan. This should be completed and implemented in FY14.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Estancia Valley Solid Waste Authority's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Estancia Valley Solid Waste Authority, P.O. Box 736, Estancia, New Mexico 87016; (505) 384-4270.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
STATEMENT OF NET POSITION
June 30, 2013

	<u>Business Type Activities</u>
ASSETS	
Current assets:	
Cash and investments	\$ 1,013,320
Receivables, net	131,409
Total current assets	<u>1,144,729</u>
Noncurrent assets:	
Capital assets:	
Equipment-Collections	1,853,214
Landfill	5,126,142
Less: accumulated depreciation	<u>(4,094,523)</u>
Total capital assets	<u>2,884,833</u>
Total assets	<u><u>\$ 4,029,562</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 24,691
Payroll benefits/taxes payable	4,044
Sales tax payable	3,427
Accrued compensation	9,641
Accrued interest	13,876
Compensated absences	25,036
Current Portion of Long-term Debt	<u>106,092</u>
Total current liabilities	<u>186,807</u>
Noncurrent liabilities	
Accrued landfill closure costs	384,096
Notes payable	1,330,556
Less: current portion of long-term debt	<u>(106,092)</u>
Total noncurrent liabilities	<u>1,608,560</u>
Total liabilities	<u>1,795,367</u>
Net Position	
Invested in capital assets, net of related debt	1,554,277
Restricted for landfill closure costs	384,096
Unrestricted	<u>295,822</u>
Total net position	<u>2,234,195</u>
Total liabilities and net position	<u><u>\$ 4,029,562</u></u>

The accompanying notes are an integral part of these financial statements.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the Year Ended June 30, 2013

	Total
Operating Revenues	
Charges for services	\$ 1,216,421
Total Operating Revenues	1,216,421
Operating Expenses	
Personnel Services	702,482
Depreciation expense	240,023
Repairs and maintenance	56,115
Fuel	134,447
Administrative	82,053
Supplies	18,796
Professional services	34,366
Landfill closure and post-closure	32,760
Utilities	28,882
Insurance	53,426
Property and equipment lease	19,357
Contract labor	23,412
Total Operating Expenses	1,426,119
Operating Income (Loss)	(209,698)
Non-Operating Revenues (Expenses)	
Interest income	9,537
Interest expense	(38,958)
Environmental gross receipts	143,258
State and Local grant revenue	78,763
Net income (loss) before contributions	192,600
Capital contributions	329,820
Change in net position	312,722
Net Position, Beginning	1,921,473
Net Position, Ending	\$ 2,234,195

The accompanying notes are an integral part of these financial statements.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2013

	<u>Business Type Activities</u>
Cash flows from operating activities	
Cash received from grantors and customers	\$ 1,168,821
Cash paid to suppliers and employees	(1,152,063)
Net cash provided (used) by operating activities	<u>16,758</u>
Cash flows from investing activities	
Interest earned	9,537
Capital outlay	(183,375)
Net cash provided (used) for investing activities	<u>(173,838)</u>
Cash flows from non-capital financing activities	
Cash received from EGRT	142,414
Cash received from grant revenue	78,763
Net cash provided from non-capital financing activities	<u>221,177</u>
Cash flows from capital and related financing activities	
Interest payments	(39,600)
Principal payments	(103,817)
Net cash provided from capital and related financing activities	<u>(143,417)</u>
Net increase (decrease) in cash	(79,320)
Cash, July 1, 2011	<u>1,092,640</u>
Cash, June 30, 2012	<u>\$ 1,013,320</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ (209,698)
Depreciation	240,023
(Increase) decrease in receivables	(47,600)
Increase (decrease) in accounts payables	623
Increase (decrease) in payroll payables	650
Increase (decrease) in landfill closure costs	32,760
Net cash used by operating activities	<u>\$ 16,758</u>

The accompanying notes are an integral part of these financial statements.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION
AGENCY (Employee) FUNDS
Year Ended June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and investments	<u>\$ 769</u>
Total assets	<u><u>\$ 769</u></u>
LIABILITIES	
Due to other entities	<u>\$ 769</u>
Total liabilities	<u><u>\$ 769</u></u>

The accompanying notes are an integral part of these financial statements.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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.

Financial Reporting Entity. In evaluating how to define the Authority, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement 61. Based upon the application of the criteria, the Authority has no component units, and is not a component unit of another government agency.

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 Position, 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.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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.

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.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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.

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.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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 Position. The government-wide fund financial statements utilize a net position presentation. Net position is 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 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.

Unrestricted – represent 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 \$81,975. Actual expenses exceeded actual revenue in total resulting in a \$79,320 deficit of expenses over revenues.

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, 2013.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 3. CASH AND INVESTMENTS
(Continued)

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 rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States Treasury bill of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The following is a summary of the cash and investments held by the Estancia Valley Solid Waste Authority as of June 30, 2013.

<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	\$ 51,122	\$ -	\$ -	\$ 52,122
Certificate of deposit	75,000	-	-	75,000
Certificate of deposit	50,000	-	-	50,000
NM Educators Federal Credit Union				
Money market account	35,864	-	-	35,864
Savings	16	-	-	16
Sandia Area Federal Credit Union				
Checking account	5	-	-	5
Money market account	89,618	-	-	89,618
Certificate of deposit	43,722	-	-	43,722
Certificate of deposit	56,387	-	-	56,387
State Employees Credit Union				
Checking account	1,707	-	-	1,707
Certificate of deposit	56,953	-	-	56,953
Certificate of deposit	56,847	-	-	56,847
Certificate of deposit	53,738	-	-	53,738
Certificate of deposit	52,933	-	-	52,933
US Bank				
Checking account	84,499	(12,508)	-	71,991
Safety Bonus Checking	88,072	-	-	18,220
Money market account	85,415	-	-	107,129
Money market account	88,072	-	-	33,075
Certificate of deposit	85,415	-	-	87,120
Wells Fargo				
Checking account	<u>44,864</u>	<u>-</u>	<u>-</u>	<u>1,136</u>
Total amounts of deposits	<u>956,091</u>	<u>(12,508)</u>	<u>-</u>	<u>943,483</u>
Petty cash				<u>770</u>
Total cash on hand and deposit				<u>944,353</u>

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 3. CASH AND INVESTMENTS
(Continued)

<u>Investments</u>				
NM Finance Administration	68,845	-	-	68,845
NM State Treasurer LGIP	<u>122</u>	<u>-</u>	<u>-</u>	<u>122</u>
Total investments	<u>\$ 68,845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>68,967</u>

Total cash and investments on hand and deposit \$1,013,320

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Authority for a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

	<u>US Bank</u>
Total amounts of deposits	\$317,535
FDIC coverage	<u>(250,000)</u>
Total uninsured public funds	<u>\$ 67,535</u>
Pledged collateral held by the pledging Bank's trust department or agent But not in the agency's name	-0-
Collateral requirement (50% of uninsured public funds)	33,768
Pledged security	<u>-0-</u>
Total under (over) collateralized	<u>\$ 33,768</u>

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). As of June 30, 2013, the Authority's bank balances exposed to custodial credit risk was \$67,535. The Authority was underinsured and collateralized by \$33,768.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 3. CASH AND INVESTMENTS
(Continued)

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority does not have an investment policy for custodial credit risk for investments.

At June 30, 2013, 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, 2013, the Authority's investment at New MexiGROW LGIP had a value of \$122 and AAAM WAM of 52 days.

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable of \$131,409 represents billings to service recipients and tipping fees to third party users and grant receivables through June 30, 2013. At June 30, 2013, management believes that receivable balances are collectible in full. Therefore, no allowance for bad debts has been recorded.

Bernalillo County	21,485
City of Las Vegas	18,599
City of Santa Rosa	6,914
Waste Management	6,518
East Mountain Disposal	6,331
Environmental Gross Receipts	12,721
Service recipient's	28,489
Other	<u>30,352</u>
Total	<u>\$131,409</u>

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 5. CAPITAL ASSETS

<u>Business Type Activities:</u>	<u>06/30/12</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/13</u> <u>Balance</u>
Capital assets being depreciated:				
Collections-Equipment	\$1,070,518	\$ 73,748	(\$ -)	\$1,144,266
Collections-Waste Stations	393,596	17,166	(4,801)	405,961
Collections-Building	85,547	217,440	-	302,987
Collections-Other	<u>1,025</u>	<u>-</u>	<u>(1,025)</u>	<u>-</u>
Total Collections	<u>1,550,686</u>	<u>308,354</u>	<u>(5,826)</u>	<u>1,853,214</u>
Landfill	3,447,113	-	-	3,447,113
Landfill Equipment	<u>1,519,077</u>	<u>204,841</u>	<u>(44,889)</u>	<u>1,679,029</u>
Total Landfill	<u>4,966,190</u>	<u>204,841</u>	<u>(44,889)</u>	<u>5,126,142</u>
Total Capital Assets	6,516,876	513,195	(50,715)	6,979,356
Less: Accumulated Depreciation:				
Collections-Equipment	(748,255)	(59,898)	(-)	(808,153)
Collections-Waste Stations	(336,191)	(15,203)	(4,801)	(346,593)
Collections-Building	(17,109)	(8,313)	(-)	(25,422)
Collections-Other	<u>(1,025)</u>	<u>-</u>	<u>(1,025)</u>	<u>-</u>
Total Collections	<u>(1,102,579)</u>	<u>(83,414)</u>	<u>(5,826)</u>	<u>(1,180,168)</u>
Landfill	(1,504,051)	(85,296)	-	(1,589,347)
Landfill Equipment	<u>(1,298,584)</u>	<u>(71,313)</u>	<u>(44,889)</u>	<u>(1,325,008)</u>
Total Landfill	<u>(2,802,635)</u>	<u>(156,609)</u>	<u>(44,889)</u>	<u>(2,914,355)</u>
Total Accumulated Depreciation	(3,905,215)	(240,023)	(50,715)	(4,094,523)
 Total	 <u>\$2,611,661</u>	 <u>\$ 273,172</u>	 <u>(\$ -)</u>	 <u>\$ 2,884,833</u>

Depreciation expense for capital assets for the fiscal year ended June 30, 2013 was \$240,023.

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, 2013 was \$25,036. A summary of changes in this liability are as follows:

	<u>Balance</u> <u>7/01/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/2013</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences	\$23,971	\$21,895	(\$20,830)	\$25,036	\$25,036

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, 2013

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

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

	Balance <u>06/30/2012</u>	<u>Additions</u>	<u>(Reductions)</u>	Balance <u>06/30/2013</u>	Due Within <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.	\$ 42,478	-	(\$ 10,152)	\$ 32,326	\$10,458
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.	68,727	-	(3,693)	65,034	3,804
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.	1,075,208	-	(42,808)	1,032,400	44,092
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	120,891	-	(5,090)	115,801	5,243
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>127,069</u>	<u>-</u>	<u>(42,074)</u>	<u>84,995</u>	<u>42,495</u>
Total	<u>\$1,434,373</u>	<u>\$ -</u>	<u>(\$ 103,817)</u>	<u>\$1,330,556</u>	<u>\$106,092</u>

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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, 2013:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 106,092	\$ 37,424	\$ 143,516
2015	108,006	35,431	143,437
2016	67,473	33,323	100,796
2017	58,168	31,336	89,504
2018	59,913	29,602	89,515
2019-2023	327,636	120,112	447,747
2024-2028	374,070	68,238	442,308
2029-2031	<u>229,198</u>	<u>13,627</u>	<u>242,825</u>
Total	<u>\$1,330,556</u>	<u>\$ 369,093</u>	<u>\$ 1,699,649</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, 2013 in the amount of \$15,305.

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 \$53,426 to the fund during the June 30, 2013 fiscal year.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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 employer contributions to PERA for the fiscal years ending June 30, 2013, 2012, and 2011 were \$71,580, \$70,925, and \$70,420 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, 2013 was 42%. 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, 2013

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, 2013 was \$384,096 or 42% 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 \$384,096 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 Tarrant 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.

NOTE 14. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through September 30, 2013, which is the date the financial statements are dated.

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, 2013

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
Operating revenue				
Charges for collection services	\$ 582,140	\$ 536,000	587,810	\$ 51,810
Charges for landfill services	728,400	695,000	491,837	(203,163)
Environmental gross receipts tax	150,000	150,000	142,414	(7,586)
Commercial/Rolloff services	60,000	60,000	61,559	1,559
Grant revenue	10,000	80,000	78,763	(1,237)
Recycling revenue	40,000	27,000	13,166	(13,834)
Miscellaneous revenue	3,500	3,500	14,449	10,949
Interest income	9,500	9,538	9,537	(1)
Total revenue	1,583,540	1,561,038	1,399,535	(161,503)
Operating expenses				
Personnel expense	745,170	707,000	701,832	5,168
Repairs and maintenance	102,100	110,500	56,115	54,385
Fuel	140,500	144,000	134,447	9,553
Administrative expense	226,893	182,600	81,430	101,170
Supplies and tools	18,500	27,400	18,796	8,604
Professional services	21,500	29,000	34,366	(5,366)
Utilities	25,360	26,000	28,882	(2,882)
Insurance	53,229	53,398	53,426	(28)
Property and equipment lease	11,500	27,000	19,357	7,643
Contract Labor	23,000	20,000	23,412	(3,412)
Interest expense	-	-	39,600	(39,600)
Capital outlay	17,000	90,000	183,375	(93,375)
Debt Service	143,932	143,932	103,817	40,115
Total operating expenses	1,528,684	1,560,830	1,478,855	81,975
Excess (Deficiency) of Revenues Over Expenses	\$ 54,856	\$ 208	(79,320)	\$ (79,528)
Cash, Beginning			1,092,640	
Cash, Ending			\$ 1,013,320	
Reconciliation Budgetary Basis to GAAP				
Revenues Budgetary Basis	\$ 1,399,535			
Change in accounts receivable	48,444			
Change in capital assets non-cash	329,820			
Revenues GAAP	1,777,799			
Expenditures budgetary Basis	1,478,855			
Reclassification of debt service	(103,817)			
Capital Outlay	(183,375)			
Depreciation	240,023			
Landfill closure costs	32,760			
Change in accounts payable	623			
Change in interest accrued	(642)			
Changes in payroll payables and accruals	650			
Expenditures GAAP	1,465,077			
Change in Net Position	\$ 312,722			

The accompanying notes are an integral part of these 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, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
ASSETS				
Cash	\$ 920	\$ 1,661	\$ 1,812	\$ 769
Total assets	<u>\$ 920</u>	<u>\$ 1,661</u>	<u>\$ 1,812</u>	<u>\$ 769</u>
LIABILITIES				
Due to other entities	\$ 920	\$ 1,661	\$ 1,812	\$ 769
Total liabilities	<u>\$ 920</u>	<u>\$ 1,661</u>	<u>\$ 1,812</u>	<u>\$ 769</u>

The accompanying notes are an integral part of these 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**

Independent Auditor's Report

Hector H. Balderas
New Mexico State Auditor
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 Estancia Valley Solid Waste Authority (Authority) as of and for the year ended June 30, 2013, and have issued my report thereon dated September 30, 2013. 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

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

My 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified.

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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 13-01.

Estancia Valley Solid Waste Authority Responses to Findings

The Authority's responses to the findings identified in my audit are described in the accompanying schedule of findings and responses. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

This purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Calhoon Accounting & Tax Services

Calhoon Accounting & Tax Services
Estancia, New Mexico
September 30, 2013

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
AND EXIT CONFERENCE
June 30, 2013

RESOLUTION OF PRIOR YEAR FINDINGS

No prior year audit findings

CURRENT YEAR FINDINGS

13-01 Under Collateralized Bank Accounts – Noncompliance

Criteria: 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.

Condition: The US Bank did not collateralize the accounts.

Cause: US Bank did not code the accounts correctly in their system and did not designate them as public funds.

Effect: The Authority is not following State Statutes concerning safekeeping of public monies and there is an increase in custodial credit risk, in the event of a bank failure, the Authority's deposits may not be returned to them.

Recommendation: The Authority should confirm with all banks that the accounts are properly coded and collateralized in an aggregate amount equal to 50% of deposits in excess of the Federal Deposit Insurance amount of \$250,000.

Management's response: The US Bank has corrected the error and is now collateralizing the accounts appropriately.

EXIT CONFERENCE

An exit conference was held in the offices of the Estancia Valley Solid Waste Authority in Estancia, New Mexico on September 30, 2013. 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.