

STATE OF NEW MEXICO
ESTANCIA VALLEY SOLID WASTE AUTHORITY

Annual Financial Report
For the Year ended June 30, 2014

Calhoon Accounting & Tax Services

Estancia, New Mexico

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
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June 30, 2014

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State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
FUNCTION OF ENTITY AND OFFICIAL ROSTER
June 30, 2014

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
David Saline	Vice Chairman
Debbie Ortiz	Secretary
Joy Ansley	Member
George Dodge, Jr.	Member
Arthur DuCharme	Member
George Chavez	Member
Larry Gallant	Member
Roman Garcia	Member
Larry Irvin	Member
Linda Warren	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 of Estancia Valley Solid Waste Authority (Authority) as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents. I also have audited the budgetary comparisons 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, 2014, 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 of the Authority as of June 30, 2014, and the respective changes in financial position and where applicable, 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.

Other Information

My audit was conducted for the purpose of forming opinions on the Authority's financial statements and the budgetary comparisons. The other schedules as required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate

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 other schedules as required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated October 7, 2014, on my consideration of the 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
October 7, 2014

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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, 2014. 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 \$2,668,642 at the close of the current fiscal year.
- The Authority's net position increased by \$434,447, principally reflecting an increase in landfill revenues, manifested by additional new customers, to include the Cities of Santa Rosa and Las Vegas, and the County of Guadalupe; and by increased construction activity in the area.

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 14-26 of this report.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
June 30, 2014

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 \$2,663,883 at the close of the current fiscal year.

Assets	<u>FYE 2013</u>	<u>FYE 2014</u>
Current assets	\$1,144,729	\$1,535,526
Capital assets, net of accumulated depreciation	<u>2,884,833</u>	<u>2,863,384</u>
Total Assets	4,029,562	4,398,910
Liabilities		
Long-term liabilities outstanding	1,330,556	1,224,463
Other liabilities	<u>464,811</u>	<u>505,805</u>
Total Liabilities	1,795,367	1,730,268
Net Position		
Invested in capital assets, Net of related debt	1,554,277	1,638,921
Restricted for landfill closure/ Post closure costs	384,096	416,856
Unrestricted	<u>295,822</u>	<u>612,865</u>
Total Net Position	<u>\$2,234,195</u>	<u>\$2,668,642</u>

As of June 30, 2014, the Authority had current assets of \$1,535,526, an increase of \$390,797 over the prior year balance of \$1,144,729. Capital assets increased by \$203,606 and depreciation expense for the year was \$225,055. The net increase in assets was \$369,348 for an end of year balance of \$4,398,910. Long term liabilities decreased by \$106,093 which was the principal payments made during the year. Other liabilities increased by \$40,994, with an ending balance of \$505,805. At June 30, 2014, the net position of the Authority totaled \$2,668,642 which was an increase of \$434,447 over prior year net position of \$2,234,195.

Analysis of Changes in Net Position

Revenues	<u>FYE 2013</u>	<u>FYE 2014</u>
Operating Revenues		
Charges for services	\$1,216,421	\$1,775,411
Non-operating revenues		
Interest income	9,537	10,055
Environmental gross receipts	143,258	160,974
State and local grant revenue	78,763	197,216
Gain on sale of capital assets	-0-	5,060
Donated capital assets	<u>329,820</u>	<u>-0-</u>
Total Revenues	<u>1,777,799</u>	<u>2,148,716</u>

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
June 30, 2014

Analysis of Changes in Net Position (continued)

Expenses		
Salaries and benefits	702,482	764,954
All other operating expenses	450,854	654,191
Landfill closure costs	32,760	32,760
Interest expense	38,958	37,309
Depreciation expense	<u>240,023</u>	<u>225,055</u>
Total Expenses	<u>1,465,077</u>	<u>1,714,269</u>
Increase in net position	312,722	434,447
Net position, beginning of year	<u>1,921,473</u>	<u>2,234,195</u>
Ending net position	<u>\$2,234,195</u>	<u>\$2,668,642</u>

Revenues for the year ending June 30, 2014 were more than the prior year by \$370,917, principally reflecting an increase in landfill revenues, manifested by additional new customers, to include the Cities of Santa Rosa and Las Vegas, and the County of Guadalupe; and by increased construction activity in the area. Total expenses increased by \$249,192. The largest increase was other operating expenses (repairs & maintenance, fuel, supplies, professional services and contract labor) by \$203,337.

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 expected during the fiscal year. The total final budgeted revenues increased by \$370,322 and the expenses budget increased by \$166,448. The biggest expected change in revenues was due to an expected increase in landfill services of \$357,522. The biggest change in expenses was due to repairs and maintenance of \$51,500.

During the year, actual operating revenues were lower than budgetary estimates by \$251,057. Actual expenses were lower than budgetary estimates by \$99,754.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
June 30, 2014

Capital Asset and Debt Administration

Capital assets. Estancia Valley Solid Waste Authority's capital assets as of June 30, 2014 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.

	06/30/13	06/30/14
	<u>Balance</u>	<u>Balance</u>
Collections-Equipment	\$ 1,144,266	\$1,130,100
Collections-Waste Stations	405,961	388,974
Collections-Building	302,987	302,987
Landfill	3,447,113	3,650,719
Landfill Equipment	<u>1,679,029</u>	<u>1,679,029</u>
Total Capital Assets	6,979,356	7,151,809
Accumulated Depreciation	<u>(4,094,523)</u>	<u>(4,288,425)</u>
Capital assets, net of		
Accumulated depreciation	<u>\$2,884,833</u>	<u>\$2,863,384</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 \$1,224,463. 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 \$106,093.

	<u>2013</u>	<u>2014</u>
Loan Payable-NMFA	\$ 32,326	\$ 21,868
Loan Payable-NMFA	65,034	61,230
Loan Payable-NMFA	115,801	110,558
Loan Payable-NMFA	84,995	42,500
Loan Payable-NMED	<u>1,032,400</u>	<u>988,307</u>
Total loan payables	<u>\$1,330,556</u>	<u>\$1,224,463</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, 2014

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.

As reported last fiscal year, the most pronounced anomaly was the under-funding of the county contract, which was up for renewal July 1, 2014. The EVSWA Board of Directors stipulated that any new contract for county waste management services would no longer be subsidized by landfill revenues. As a result, a new 3-year contract was signed, based on the Torrance County Commission raising customer fees to generate an additional \$235,000 annually.

Applications for membership in the Authority's Joint Powers Agreement have been submitted by the City of Santa Rosa and Guadalupe County. This arrangement will secure this new revenue stream from these customers. It will also add borrowing capacity by virtue of an additional committed ESGRT revenue stream from these new members in the amount of roughly \$30,000 per year.

Application has been made with the New Mexico Finance Authority (NMFA) to finance the purchase of a Caterpillar 826K landfill compactor, with a down payment of \$300,000 from the Capital Development Fund, and loan proceeds of \$372,154. NMFA has advised EVSWA that the impending replacement of the Caterpillar 623 scraper, requiring financing of about \$687,000, will require the addition of Santa Rosa and Guadalupe County's tax revenues to secure the loan.

Finally, it is anticipated that the Estancia Valley Regional Recycling Center will convert its program from source-separated materials collection to single stream. This new program, while marketing less-valuable baled materials, will be significantly more convenient for customers, which should increase participation rates by 100%. The addition of a full spectrum of recyclable commodities will further add to the volumes, resulting in an anticipated 400% increase in marketable materials. In addition to revenues from material sales, the driving factor of this effort is the diversion from utilizing landfill air space.

The single stream program will be an added bonus that the Authority can offer to member entities, as a means of reducing their landfill disposal costs.

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, 2014

ASSETS	<u>Business Type Activities</u>
Current assets:	
Cash and investments	\$ 1,390,357
Receivables, net	145,169
Total current assets	<u>1,535,526</u>
Noncurrent assets:	
Capital assets:	
Equipment-Collections	1,822,061
Landfill	5,329,748
Less: accumulated depreciation	<u>(4,288,425)</u>
Total capital assets	<u>2,863,384</u>
Total assets	<u><u>\$ 4,398,910</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 25,756
Payroll benefits/taxes payable	5,098
Sales tax payable	3,272
Accrued compensation	12,391
Accrued interest	13,558
Compensated absences	28,874
Current Portion of Long-term Debt	<u>108,006</u>
Total current liabilities	<u>196,955</u>
Noncurrent liabilities	
Accrued landfill closure costs	416,856
Notes payable	1,224,463
Less: current portion of long-term debt	<u>(108,006)</u>
Total noncurrent liabilities	<u>1,533,313</u>
Total liabilities	<u>1,730,268</u>
Net Position	
Net investment in capital assets	1,638,921
Restricted for landfill closure costs	416,856
Unrestricted	<u>612,865</u>
Total net position	<u>2,668,642</u>
Total liabilities and net position	<u><u>\$ 4,398,910</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, 2014

	Total
Operating Revenues	
Charges for services	\$ 1,775,411
Total Operating Revenues	1,775,411
Operating Expenses	
Personnel Services	764,954
Depreciation expense	225,055
Repairs and maintenance	180,215
Fuel	155,561
Administrative	76,098
Supplies	34,326
Professional services	65,750
Landfill closure and post-closure	32,760
Utilities	32,910
Insurance	45,833
Property and equipment lease	22,855
Contract labor	40,643
Total Operating Expenses	1,676,960
Operating Income (Loss)	98,451
Non-Operating Revenues (Expenses)	
Interest income	10,055
Interest expense	(37,309)
Environmental gross receipts	160,974
State and Local grant revenue	197,216
Net income (loss) before capital contributions	330,936
Capital contributions	5,060
Change in net position	434,447
Net Position, Beginning	2,234,195
Net Position, Ending	\$ 2,668,642

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, 2014

	Business Type Activities
Cash flows from operating activities	
Cash received from grantors and customers	\$ 1,762,291
Cash paid to suppliers and employees	(1,410,593)
Net cash provided (used) by operating activities	351,698
Cash flows from investing activities	
Interest earned	10,055
Gain on sale of capital assets	5,060
Capital outlay	(203,606)
Net cash provided (used) for investing activities	(188,491)
Cash flows from non-capital financing activities	
Cash received from EGRT	160,334
Cash received from grant revenue	197,216
Net cash provided from non-capital financing activities	357,550
Cash flows from capital and related financing activities	
Interest payments	(37,627)
Principal payments	(106,093)
Net cash provided from capital and related financing activities	(143,720)
Net increase (decrease) in cash	377,037
Cash, July 1, 2013	1,013,320
Cash, June 30, 2014	\$ 1,390,357
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 98,451
Depreciation	225,055
(Increase) decrease in receivables	(13,120)
Increase (decrease) in accounts payables	910
Increase (decrease) in payroll payables	7,642
Increase (decrease) in landfill closure costs	32,760
Net cash used by operating activities	\$ 351,698

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

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY (Employee) FUNDS
Year Ended June 30, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and investments	<u>\$ 739</u>
Total assets	<u><u>\$ 739</u></u>
LIABILITIES	
Due to other entities	<u>\$ 739</u>
Total liabilities	<u><u>\$ 739</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, 2014

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 Tarrant 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.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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, as is the fiduciary fund financial statements. Revenues are recorded 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, 2014

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.

Deposits 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, 2014

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, 2014

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 (Non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis. Actual expenses were \$99,754 less than budgeted expenses. Actual revenue exceeded actual expenses by \$377,037.

NOTE 3. CASH AND 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, 2014.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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 of 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.

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 Demand Deposits</u>	<u>US Bank Time & Savings</u>
Total amounts of deposits	\$141,917	\$316,930
FDIC coverage	<u>(250,000)</u>	<u>(250,000)</u>
Total uninsured public funds	<u>\$ -</u>	<u>\$ 66,930</u>
Pledged collateral held by the pledging Bank's trust department or agent But not in the agency's name		\$116,046
Collateral requirement (50% of uninsured public funds)		33,465
Pledged security		<u>116,046</u>
Total under (over) collateralized		(\$82,581)

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 3. CASH AND INVESTMENTS
(Continued)

The pledged collateral is as follows:

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>CUSIP #</u>	<u>Maturity</u>	<u>Market Value June 30, 2014</u>
US Bank	FNMA FNCL 555334	31385W4T3	04/01/2033	\$116,046

The above securities are held at Federal Reserve Bank in Dallas, TX.

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, 2014, the Authority’s bank balances exposed to custodial credit risk was \$66,930. The Authority was over collateralized by \$82,581.

The Authority was fully insured by FDIC as of June 30, 2014 with all other bank institutions.

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, 2014, the Authority does not have any custodial credit risk on investments.

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable of \$145,169 represents billings to service recipients and tipping fees to third party users and grant receivables through June 30, 2014. At June 30, 2014, management believes that receivable balances are collectible in full. Therefore, no allowance for bad debts has been recorded.

City of Santa Rosa	32,240
NM Waste Services	14,390
Bernalillo County	13,991
Waste Management	6,054
TAGAWA Greenhouse Inc.	4,505
Environmental Gross Receipts	13,361
Service recipient’s	30,255
Other	<u>30,373</u>
Total	<u>\$145,169</u>

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 5. CAPITAL ASSETS

<u>Business Type Activities:</u>	<u>06/30/13</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/14</u> <u>Balance</u>
Capital assets being depreciated:				
Collections-Equipment	\$1,144,266	\$ -	(\$14,166)	\$1,130,100
Collections-Waste Stations	405,961	-	(16,987)	388,974
Collections-Building	<u>302,987</u>	-	-	<u>302,987</u>
Total Collections	<u>1,853,214</u>	-	<u>(31,153)</u>	<u>1,822,061</u>
Landfill	3,447,113	203,606	-	3,650,719
Landfill Equipment	<u>1,679,029</u>	-	-	<u>1,679,029</u>
Total Landfill	<u>5,126,142</u>	<u>203,606</u>	-	<u>5,329,748</u>
Total Capital Assets	6,979,356	203,606	(31,153)	7,151,809
Less: Accumulated Depreciation:				
Collections-Equipment	(808,153)	(60,104)	14,166	(854,091)
Collections-Waste Stations	(346,593)	(10,348)	16,987	(339,954)
Collections-Building	<u>(25,422)</u>	<u>(10,100)</u>	-	<u>(35,522)</u>
Total Collections	<u>(1,180,168)</u>	<u>(80,552)</u>	<u>31,153</u>	<u>(1,229,567)</u>
Landfill	(1,589,347)	(85,161)	-	(1,674,508)
Landfill Equipment	<u>(1,325,008)</u>	<u>(59,342)</u>	-	<u>(1,384,350)</u>
Total Landfill	<u>(2,914,355)</u>	<u>(144,503)</u>	-	<u>(3,058,858)</u>
Total Accumulated Depreciation	(4,094,523)	(225,055)	31,153	(4,288,425)
Total	<u>\$2,884,833</u>	<u>(\$ 21,449)</u>	<u>(\$ -)</u>	<u>\$ 2,863,384</u>

Depreciation expense for capital assets for the fiscal year ended June 30, 2014 was \$225,055.

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, 2014 was \$28,874. A summary of changes in this liability are as follows:

	<u>Balance</u> <u>7/01/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/2014</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences	\$25,036	\$22,893	(\$19,055)	\$28,874	\$28,874

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, 2014

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

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

	Balance <u>06/30/2013</u>	<u>Additions</u>	<u>(Reductions)</u>	Balance <u>06/30/2014</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.	\$ 32,326	-	(\$ 10,458)	\$ 21,868	\$10,772
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.	65,034	-	(3,804)	61,230	3,919
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.	1,032,400	-	(44,093)	988,307	45,415
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	115,801	-	(5,243)	110,558	5,400
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>84,995</u>	<u>-</u>	<u>(42,495)</u>	<u>42,500</u>	<u>42,500</u>
Total	<u>\$1,330,556</u>	<u>\$ -</u>	<u>(\$ 106,093)</u>	<u>\$1,224,463</u>	<u>\$108,006</u>

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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, 2014:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	61,711	27,815	89,526
2020-2024	337,466	110,341	447,807
2025-2029	379,534	57,070	436,604
2030-2031	<u>152,191</u>	<u>6,752</u>	<u>158,944</u>
Total	<u>\$1,224,463</u>	<u>\$ 331,669</u>	<u>\$ 1,556,132</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, 2014 in the amount of \$15,516.

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 \$45,467 to the fund during the June 30, 2014 fiscal year.

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

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 <http://www.pera.state.nm.us>.

Funding Policy. Plan members are required to contribute 3.65% 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, 2014, 2013, and 2012 were \$77,124, \$71,580, and \$70,925 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, 2014 was 45.5%. 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, 2014

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, 2014 was \$416,856 or 45.5% 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 \$416,856 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. MEMORANDUM OF UNDERSTANDING

County of Torrance and The Estancia Valley Solid Waste Authority entered into a memorandum of understanding on September, 2013 to establish a contract for services to be performed by EVSWA for the county to accomplish its goals of illegal scrap tire dumping and illegal dumping. This agreement will end no later than June 30, 2014. The fees will be \$360 per roll-off or \$2.00 per passenger tire equivalent .

NOTE 14. 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
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 15. SUBSEQUENT EVENTS

The County of Guadalupe and City of Santa Rosa have made formal application for membership in the Authority through a Joint Power Agreement (JPA) amendment. Negotiations are in process to agree on an appropriate initiation fee, or equity buy-in for the new members.

The Authority is moving forward to replace the 816 Caterpillar compactor. A lease-purchase agreement has been signed with Caterpillar Financial, and an order placed for the machine. In the meantime, application for a loan for the 816 and for an 826 Caterpillar scraper is being processed through the New Mexico Finance Authority (NMFA). The loan proceeds will buy out the Caterpillar lease, and proceeds will also be used to reimburse the Authority for lease payments made prior to the closing and funding of the loan. NMFA has indicated that the JPA authorized intercept of member entities' Environmental Gross Receipts Tax revenues would likely be encumbered to secure the bond sales of the loan.

NOTE 16. RELATED PARTY TRANSACTIONS

The Authority paid \$18,343 for vehicle and equipment repairs and maintenance to Second To None which is owned by board member David Saline. They paid \$2,865.60 for equipment repairs and maintenance to Moriarty Pipe & Iron which is owned by board member Larry Irvin.

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, 2014

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
Operating revenue				
Charges for collection services	\$ 660,000	\$ 660,800	690,186	\$ 29,386
Charges for landfill services	898,000	1,255,522	954,791	(300,731)
Environmental gross receipts tax	143,000	157,000	160,334	3,334
Commercial/Rolloff services	62,000	60,000	83,616	23,616
Grant revenue	203,191	203,191	197,216	(5,975)
Recycling revenue	35,000	35,000	28,750	(6,250)
Miscellaneous revenue	5,000	5,000	10,008	5,008
Interest income	9,500	9,500	10,055	555
Total revenue	<u>2,015,691</u>	<u>2,386,013</u>	<u>2,134,956</u>	<u>(251,057)</u>
Operating expenses				
Personnel expense	746,838	747,617	757,312	(9,695)
Repairs and maintenance	123,500	175,000	180,215	(5,215)
Fuel	145,000	165,000	155,561	9,439
Administrative expense	173,528	192,110	75,188	116,922
Supplies and tools	21,480	41,000	34,326	6,674
Professional services	63,000	50,000	65,750	(15,750)
Utilities	28,560	29,463	32,910	(3,447)
Insurance	33,287	46,534	45,833	701
Property and equipment lease	10,100	24,000	22,855	1,145
Contract Labor	27,000	34,000	40,643	(6,643)
Interest expense	-	-	37,627	(37,627)
Capital outlay	175,000	209,557	203,606	5,951
Debt Service	143,932	143,392	106,093	37,299
Total operating expenses	<u>1,691,225</u>	<u>1,857,673</u>	<u>1,757,919</u>	<u>99,754</u>
Excess (Deficiency) of Revenues Over Expenses	<u>\$ 324,466</u>	<u>\$ 528,340</u>	377,037	<u>\$ (151,303)</u>
Cash, Beginning			<u>1,013,320</u>	
Cash, Ending			<u>\$ 1,390,357</u>	
Reconciliation Budgetary Basis to GAAP				
Revenues Budgetary Basis	\$ 2,134,956			
Change in accounts receivable	13,760			
Revenues GAAP	<u>2,148,716</u>			
Expenditures budgetary Basis	1,757,919			
Reclassification of debt service	(106,093)			
Capital Outlay	(203,606)			
Depreciation	225,055			
Landfill closure costs	32,760			
Change in accounts payable	910			
Change in interest accrued	(318)			
Changes in payroll payables and accruals	7,642			
Expenditures GAAP	<u>1,714,269</u>			
Change in Net Position	<u>\$ 434,447</u>			

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, 2014

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
ASSETS				
Cash	\$ 769	\$ 1,704	\$ 1,734	\$ 739
Total assets	<u>\$ 769</u>	<u>\$ 1,704</u>	<u>\$ 1,734</u>	<u>\$ 739</u>
LIABILITIES				
Due to other entities	\$ 769	\$ 1,704	\$ 1,734	\$ 739
Total liabilities	<u>\$ 769</u>	<u>\$ 1,704</u>	<u>\$ 1,734</u>	<u>\$ 739</u>

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

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
June 30, 2014

Bank Name	Account Name	Account Type	Bank Balance	Outstanding Checks	Deposits in Transit	Book Balance
My Bank						
	Certificate of deposit	3	\$ 53,217	\$ -	\$ -	\$ 53,217
	Certificate of deposit	3	50,799	-	-	50,799
	Total		<u>104,016</u>	<u>-</u>	<u>-</u>	<u>104,016</u>
NM Educators Federal Credit Union						
	Money market account	1	100,136	-	-	100,136
	Certificate of deposit	3	50,380	-	-	50,380
	Certificate of deposit	3	50,303	-	-	50,303
	Savings	2	115	-	-	115
	Total		<u>200,934</u>	<u>-</u>	<u>-</u>	<u>200,934</u>
Sandia Area Federal Credit Union						
	Checking account	1	5	-	-	5
	Money market account	1	139,924	-	-	139,924
	Certificate of deposit	3	44,247	-	-	44,247
	Certificate of deposit	3	57,092	-	-	57,092
	Total		<u>241,268</u>	<u>-</u>	<u>-</u>	<u>241,268</u>
State Employees Credit Union						
	Checking account	1	1,710	-	-	1,710
	Certificate of deposit	3	57,807	-	-	57,807
	Certificate of deposit	3	57,700	-	-	57,700
	Certificate of deposit	3	54,278	-	-	54,278
	Certificate of deposit	3	53,766	-	-	53,766
	Total		<u>225,261</u>	<u>-</u>	<u>-</u>	<u>225,261</u>
US Bank						
	Checking account	1	141,178	16,001	2,880	128,057
	Safety bonus checking	1	30,020	-	-	30,020
	Money market account	1	134,038	-	-	134,038
	Money market account	1	64,010	-	-	64,010
	Certificate of deposit	3	88,862	-	-	88,862
	Total		<u>458,108</u>	<u>16,001</u>	<u>2,880</u>	<u>444,987</u>
Wells Fargo						
	Checking account	1	118,000	-	-	118,000
	Total		<u>118,000</u>	<u>-</u>	<u>-</u>	<u>118,000</u>
NM Finance Authority						
	Savings account	2	55,121	-	-	55,121
	Total		<u>55,121</u>	<u>-</u>	<u>-</u>	<u>55,121</u>
Petty cash on hand						
			-	-	-	770
Total all accounts			<u>\$ 1,402,708</u>	<u>\$ 16,001</u>	<u>\$ 2,880</u>	<u>\$ 1,390,357</u>

1 = Checking account 2 = Savings account 3 = Certificate of deposit

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities and fiduciary fund information of Estancia Valley Solid Waste Authority (Authority) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and the budgetary comparison statement and changes in fiduciary fund statement of the Authority, presented as supplementary information, and have issued my report thereon dated October 7, 2014.

Internal Control over Financial Reporting

In planning and performing my audit, of the financial statements, I considered the Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, I do not express an opinion on the effectiveness of the 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 or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 my 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 2014-001.

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
October 7, 2014

State of New Mexico
ESTANCIA VALLEY SOLID WASTE AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
AND EXIT CONFERENCE
June 30, 2014

RESOLUTION OF PRIOR YEAR FINDINGS

2013-001 Under Collateralized Bank Accounts – Noncompliance – Resolved

CURRENT YEAR FINDINGS

2014-001 Travel & Per Diem – Noncompliance

Criteria: In accordance with the Authority's travel per diem and mileage policy; which is to follow the New Mexico Travel Per Diem and Mileage Act Sections 13-1-1 to 13-1-199, NMSA, 1978 and NMAC 2.42.2, they are not in compliance travel per diem and mileage calculations and advancements.

Condition: The Authority made advanced pay of \$3,059 to seven employees on five different travel dates that did not include adequate supporting documentation of overnight travel. Travel vouchers are not being used. There is a lack of documentation to support the times, date, individuals, and purpose of the travel. There are inconsistencies of per diem rates and actual expense reimbursements being paid.

Cause: The Authority is not following procedures on travel reimbursements related to both actuals and per diem rates. It appears there is an inconsistency over processing cash advances for travel per diem and mileage.

Effect: The Authority appears to be non-compliant with the New Mexico travel Per Diem and Mileage Act and NMAC 2.42.2.

Recommendation: The Authority should review the travel per diem and mileage policy and implement a policy/procedure for required support and calculations to ensure consistency.

Management's response: The condition is understood and measures will be implemented, as recommended to review the travel per diem and mileage policy to ensure compliance with statutory requirements.

EXIT CONFERENCE

An exit conference was held in the offices of the Estancia Valley Solid Waste Authority in Estancia, New Mexico on October 7, 2014. Those attending were Linda Warren, Board Member, Joseph Ellis, Manager, Danette Cabber, Office Manager and Renea L. Calhoun, CPA. The financial statements and audit report were discussed.

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