STATE OF NEW MEXICO
ESTANCIA VALLEY SOLID WASTE AUTHORITY

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
JUNE 30, 2019

Dan Austin CPA, PC
Certified Public Accountants

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ESTANCIA VALLEY SOLID WASTE AUTHORITY
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Board of Directors

Roman Garcia . . . . .Chairman-Vaughn

Jason Quintana. . . . . Vice Chairman-Torrance County

Debbie Ortiz. . . . . Secretary-Encino

Johnny Romero . . . . .Member-Torrance County

Ted Hart .. . . Member-Moriarty

Nathan Dial . . . . .Member-Estancia

Marco Banales. . . . . .Member-Moriarty

Peter Nieto. . . . . .Member-Mountainair

Roberta Chavez. . . . . Member-Willard

Leanne Tapia. . . . . .Member-Vaughn

Gerald Chavez. . . . . .Member-Torrance County

Albert Lovato. . . . . Member-Estancia

Administrative Officials

Martin Lucero. . . . . .General Manager

Danette Cabber . . . . Office Manager

Scott Guffey . . . . Operations Supervisor

Andy Chavez. . . . . Landfill Supervisor

FINANCIAL SECTION

DAN AUSTIN CPA, P.C.
MEMBER
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
NEW MEXICO SOCIETY OF CERTIFIED PUBLIC ACCOUNTS

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Independent Auditors' Report

Roman Garcia, Chairman and the Board of Directors
of Estancia Valley Solid Waste Authority and
Brian Colón, New Mexico State Auditor

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Estancia Valley Solid Waste Authority as of and for the year ended June 30, 2019, 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. We have also audited the budget comparisons of the proprietary fund presented as other supplemental information in the financial statements as of and for the year ended June 30, 2019 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 basic 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and budgetary comparison for the proprietary fund of Estancia Valley Solid Waste Authority as of June 30, 2019, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the Statement of Revenues, Expenses and Changes in Cash Balance-Budget and Actual referred to above presents fairly, in all material respects, the budgetary comparison of the Estancia Valley Solid Waste Authority in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 7-10, Schedule of the Proportionate Share of the Net Pension Liability on page 32, the Schedule of Contributions on page 33, the notes to the supplementary information on page 34 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.

Other Information

Our 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,* we have also issued a report dated November 20, 2019, 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Estancia Valley Solid Waste Authority's internal control over financial reporting and compliance.

Dem Austin CPA, PC

November 20, 2019
Ruidoso, New Mexico

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, 2019. 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 $2,525,669 at the close of the current fiscal year.

- The Authority's net position decreased by $117,296, principally the result of a decrease in environmental gross receipts tax and an increase in operational expense.

- **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 17-28 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position: Below is a summary of the Authority's net position for the fiscal years ending June 30, 2019 & 2018. There have been significant changes to assets, liabilities and net position as compared to the prior year as a result of various construction and debt acquisition activities. See pages 12 and 13 and the notes to the financial statements for a more detailed look at the Statement of Net Position of the Estancia Valley Solid Waste Authority

	Business Type Activities	
	2019	2018
Current Assets	$ 2,402,520	$ 2,343,529
Capital Assets	3,631,202	3,272,237
Deferred Inflows	367,552	276,490
Total Assets and Deferred Inflows	$ 6,401,274	$ 5,892,256
Current Liabilities	$ 1,008,969	$ 346,050
Long-term Liabilities	2,829,522	2,845,415
Deferred Outflows	37,114	57,826
Total Liabilities and Deferred Outflows	$ 3,875,605	$ 3,249,291
Net Position:		
Invested in Capital Assets	$ 1,671,061	$ 1,641,966
Restricted Use	721,281	829,310
Unrestricted	133,327	171,689
Total Net Position	$ 2,525,669	$ 2,642,965

Statement of Revenues, Expenses and Changes in Net Positions: The following represents the revenues and expenses for fiscal years ended June 30, 2019 & 2018 See page 14 for a more detailed look at the Statement of Revenues, Expenses, and Changes in Net Position.

	Business Type Activities	
Revenues:	2019	2018
Operating Revenues	$ 1,873,464	$ 1,986,656
Capital Grants	130,500	77,623
Environmental Gross Receipts	147,597	231,164
Other	10,109	10,267
Total Revenues	$ 2,161,670	$ 2,305,710
Expenses:		
Operating Expense	1,758,238	1,723,455
Interest Expense	57,014	44,148
Landfill closures	32,760	32,760
Depreciation	430,954	443,842
Total Expenses	2,278,966	2,244,205
Increase in Net Position	(117,296)	61,505
Net Position:		
Net Position-beginning	2,642,965	2,581,460
Net Position-ending	$ 2,525,669	$ 2,642,965

BUDGETARY HIGHLIGHTS

The actual cash basis budgetary revenues totaled $2,797,389 which was $(729,848) less than budgeted revenues of $3,527,237. Actual Expenditures $2,702,295 were less than budgeted expenses of $3,554,360, by $852,065, resulting in a net revenue for the fiscal of $ 95,094. See page 30 for additional details on the info above.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Authority's investment in capital assets for its business-type activity as of June 30, 2019 amounts to $3,631,202 (net of accumulated depreciation). This investment in capital assets consists mainly of land, heavy trucks and other equipment. The Authority began construction of a landfill disposal cell an during the current year. Total expenditures totaled $790,368. Additions were funded by short-term financing and NMED grants.

Additional information on the Authority's capital assets can be found in on page 21 of this report.

Short-Term Debt: The authority entered into a short-term financing agreement with the New Mexico Environment Department for the construction of a landfill disposal cell. Loan advances amounted to $598,846. The Authority plans to convert this debt to long-term financing in the 2020 fiscal year.

Long-Term Debt: At the end of the current fiscal year, the Authority had total debt of $1,394,269 as of June 30, 2019.

The Authority's total long-term debt as increased as the result of new debt net of debt service requirements during the current fiscal year. Principal debt paid during the current year was $268,976.

	2019	2018
Loan Payable - NMFA	$ -	$ 44,833
Loan Payable - NMED	747,191	798,307
Loan Payable - NMFA	81,579	87,763
Loan Payable - NMFA	140,912	209,786
Capital Leases	391,613	489,585
	$ 1,361,295	$ 1,630,274

Additional information on the Authority's long-term debt can be found in Note 6 on page 22 of this report.

ANALYSIS OF FINANCIAL POSITION

As a result of an decrease in net position from current year operations of $117,296, Net Position decreased to $2,525,669 or 39.45% of total assets of $6,401,274.

Current assets increased by $58,991. The majority of this increase was an increase in cash of $95,864, a result of stable operations and cash flow during the current year.

Total operational revenues increased $58,895 or an increase 3% resulting in a continued of stabilization of the customer base of the Authority. Operational expenditures increased by $62,694 or 7% primarily related to the increase in depreciation from addition equipment added during the current year.

FUTURE TRENDS

The Estancia Valley Solid Waste Authority (EVSWA) operates the Estancia Valley Regional Landfill (EVRL) at Moriarty, serving a 5-county area of central New Mexico. With the completion of Cell 4, there is a great potential to expand services to the region. Next fiscal year the construction of a new Septage Composting Facility will increase capacity on the Discharge Permit. The septage composting facility at EVRL has been recognized as a cutting-edge program, utilizing mycore mediation and mortality composting to produce a finished compost product that can be applied on-site at the landfill as a soil amendment to enhance vegetative growth and to reduce erosion on the caps of closed landfill cells. EVSWA will excavate Cell 5 and C&D cell for future construction and landfill development.

At the Vaughn Landfill several projects will help to sustain the operational budget. Several special waste projects as well as green energy projects will help to take Vaughn out of its implementation. A small mechanical building is projected for construction; this will afford the Authority with on-site mechanical work space to conduct maintenance on large heavy equipment.

EVSWA continues to execute the current contract with the County of Torrance to maintain a solid waste disposal system for the collection and disposal of waste for county residents. The 8 collection stations located throughout the county are also available to people residing in the municipalities of EVSWA's member entities. In the next fiscal year, EVSWA will negotiate an amendment to the County Contract to create longevity and allow for comprehensive planning. Installation of electricity at all of the stations, and other capital improvement projects to include the purchase of a new compactor, installation of road millings and repair of the wall at the Northern Collection Station will be made.

EVSWA is partnering with Clean Cities of New Mexico, EMW Gas and other municipalities to pilot an environmental mitigation funding project which will reduce emissions through the use of natural gas operated vehicles.

Efforts will continue to provide public outreach and communication to improve Solid Waste Stream practices. Through this outreach; recycling techniques safety tips will be provided to the customers of Torrance County. This outreach will target County-wide clean-ups utilizing RAID grant funding and other supplemental income sources. Educational opportunities will be afforded to three school districts; Moriarty, Estancia and Mountainair to teach younger generations about reduction and re-use methods of recycling in order create a more sustainable future of scarce resources.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Estancia Valley Solid Waste Authority's finances for all those with an interest in the Authority'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, PO Box 736, Estancia, New Mexico 87106.

Basic Financial Statements

Assets

CURRENT ASSETS				
Cash			$	2,148,369
Customer Accounts Receivable				254,151
Total Current Assets				2,402,520
NON CURRENT ASSETS				
Capital Assets	$	10,052,271		
Less: Accumulated Depreciation		(6,421,069)		3,631,202
Total Noncurrent Assets				3,631,202
Total Assets				6,033,722
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions				367,552
Total Assets and Deferred Outflows			$	6,401,274

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

State of New Mexico
Estancia Valley Solid Waste Authority
Statement of Net Position
June 30, 2019

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts Payable	$	100,606
Accrued Payroll Tax		11,704
Sales Tax Payable		3,002
Accrued Payroll Expense		26,631
Accrued Interest		4,486
Accrued Compensation		35,206
Interim Construction Loan-NMED		598,846
Current Portion of Long-Term Debt		228,488
Total Current Liabilities		1,008,969
NONCURRENT LIABILITIES		
Accrued Landfill Closure		580,656
Net Pension Liability		1,116,059
Notes Payable		969,682
Capital Leases		391,613
Less: Current Portion of Long Term Debt		(228,488)
Total Noncurrent Liabilities		2,829,522
Total Liabilities		3,838,491
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows Related to Pensions		37,114
NET POSITION		
Net Investment in Capital Assets		1,671,061
Restricted for Landfill Closure		580,656
Restricted for Debt Service		140,625
Unrestricted		133,327
Total Net Position		2,525,669
Total Liabilities, Deferred Inflows and Net Position	$	6,401,274

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

State of New Mexico
Estancia Valley Solid Waste Authority
Statement of Revenue, Expenses and Changes in Net Position
June 30, 2019

Operating Revenues	
Sales and Services	$ 1,873,464
Total Operating Revenues	1,873,464
Operating Expenses	
Personnel Services	1,015,053
Contractual Services	39,631
Repairs and Maintenance	242,874
Fuel and Oil	122,913
Insurance	64,844
Office	36,342
Professional Services	74,917
Other Operating Expenses	122,302
Utilities	39,362
Landfill Closure	32,760
Depreciation	430,954
Total Operating Expenditures	2,221,952
Total Operating Income (Loss)	(348,488)
Non-Operating Revenues (Expenses)	
NMED Grants	130,500
Environmental Gross Receipts Tax	147,597
Interest Income	10,109
Interest Expense	(57,014)
Total Non-operating Revenue (Expense)	231,192
Change in Net Position	(117,296)
Net Position at Beginning of Year	2,642,965
Net Position at End of Year	$ 2,525,669

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

State of New Mexico
Estancia Valley Solid Waste Authority
Statement of Cash Flows
June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received From Customers	$ 1,909,337
Cash Paid To Suppliers	(678,495)
Cash Paid To Employees	(1,014,053)
Net Cash Provided By Operating Activities	216,789
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Net Change in Pension Payables	220,155
Net Change in Deferred Outflows-Pensions	(91,062)
Net Change in Deferred Inflows-Pensions	(20,712)
Net Cash Provided From Noncapital Financing Activities	108,381
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal Paid on Capital Debt	(256,776)
Prooceed s from debt financing	586,646
EGRT Received	147,597
Interest Paid on Capital Debt	(57,014)
Net Cash Used For Capital And Related Financing Activities	420,453
CASH FLOWS FROM INVESTING ACTIVITIES	
Grants Received	130,500
Payments For Capital Acquisitions	(790,368)
Interest Income	10,109
Net Cash Provided From Investing Activities	(649,759)
Net Increase In Cash	95,864
Cash - Beginning Of Year	2,052,505
Cash - End Of Year	$ 2,148,369
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	$ (348,488)
Noncash Items in Net Income-Depreciation	
Depreciation	431,403
(Increase) Decrease In:	
Accounts Receivable	36,873
Increase (Decrease) In:	
Accounts Payable	65,951
Landfill Closure	32,760
Other Accrued Payables	(1,710)
Net Cash Provided From Operating Activities	$ 216,789

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 Funds
June 30, 2019

Employee Fund

		Balance June 30, 2019
Assets		
Cash	$	3,421
Other		-
Total Assets	$	3,421
Liabilites		
Due to Employees	$	3,421
Other		-
Total Liabilities	$	3,421

Employee Retirement Fund

		Balance June 30, 2019
Assets		
Cash	$	-
Mutual Funds		26,369
Total Assets	$	26,369
Liabilites		
Due to Employees	$	26,369
Other		-
Total Liabilities	$	26,369

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

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.

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

B. Measurement Focus, Basis of Accounting and Financial Statement 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.

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

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

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

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

The Authority capitalizes all asset purchases or trades with an initial cost of $5,000 or more. The Authority capitalizes and depreciates the cost of software over its estimated useful life. Depreciation of buildings, improvements, equipment and furnishings in the proprietary fund types is computed using the straight-line method over the estimated useful lives as follows:

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

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

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

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

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

Deferred Inflow/Outflows of Resources: GASB 63 amended previous guidance on Unearned Revenues in financial statements to included deferred outflow of resources which is the consumption of net assets by the government that is applicable to future reporting periods and deferred inflow of resources which is acquisition of net assets by the government that is applicable to future reporting periods.

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

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority pays an annual premium for all of the above risks. There have been no claims for the past five years.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting
The budget for the Enterprise Fund is prepared by management and is approved by the Board of Directors.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

Actual expenditure may not exceed the budget on a per fund basis, i.e., total budgeted expenditure must be within total budgeted amounts. Budgets may be amended in one way. If a budget transfer is necessary within a major category, it is called a "resolution". This may be accomplished with only Board of Directors approval.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before July 1 of each year, the Board of Directors, approves and certifies to the estimated operating budgets for use by the local board pending final approval from the State of New Mexico.

2. The State of New Mexico approves the budget for the Authority to utilize during the year.

3. Budget adjustments may be made during the year. The Board of Directors approves budget resolutions to increase or decrease revenue and/or expenditure line items during the year.

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, 2019.

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 entity. 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, a joint safekeeping receipt be issued or letter of credit 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.

Depository	Account Type	FDIC Ins	Balance Per Depository	Reconciling Items: Outstanding Checks	Reconciling Items: Deposits	Balance Per Financial Statements
Unrestricted Cash:						
My Bank	CD-Restricted L/F Closure	$ 56,480	$ 56,480	$ -	$ -	$ 56,480
My Bank	CD-Restricted L/F Closure	54,129	54,617	-	-	54,617
NM Educators FCU	Money Market	101,092	101,556	-	-	101,556
NM Educators FCU	CD	53,686	54,722	-	-	54,722
NM Educators FCU	CD	53,604	54,606	-	-	54,606
NM Educators FCU	Savings	380	380	-	-	380
NM Educators FCU	Savings	566	834	-	-	834
Sandia Area FCU	Checking	6	6	-	-	6
Sandia Area FCU	Money Market	17,313	17,357	-	-	17,357
State Employees FCU	Checking-Restriced L/F Closure	1,724	1,728	-	-	1,728
State Employees FCU	CD-Restricted L/F Closure	60,293	60,989	-	-	60,989
State Employees FCU	CD-Restricted L/F Closure	60,207	60,902	-	-	60,902
State Employees FCU	CD-Restricted L/F Closure	56,490	57,176	-	-	57,176
State Employees FCU	CD-Restricted L/F Closure	56,857	57,905	-	-	57,905
US Bank	Checking-Operations	250,000	283,561	(5,973)	-	277,588
US Bank	Checking	-	264,285	-	-	264,285
US Bank	Money Market	-	761,082			761,082
US Bank	Money Market	-	94,608	-	-	94,608
US Bank	Money Market	-	30,151			30,151
US Bank	Fiduciary	3,421	3,421	-	-	3,421
Wells Fargo	Checking	75,280	75,280	-	-	75,280
Total unrestricted cash			2,091,646	(5,973)	-	2,085,673
Restricted Cash-Other:						
NMFA/NMSTO-Debt Service	Trust	64,603	65,347	-	-	65,347
Total restricted cash		$ 966,131	65,347	-	-	65,347
Total cash on deposit			$ 2,156,993	$ (5,973)	$ -	2,151,020
Petty cash						770
Total cash on hand and on deposit						$ 2,151,790
Less FDIC Insurance(All institutions)			(966,131)			
Uninsured Deposits			1,190,862			
Less 50% Pledge Requirement			(595,431)			
Required Pledge			595,431			
Less: Pledged Collateral US Bank:						
Federal Home Loan Bank-Cincinnati #528366			(1,075,000)			
(Over) Under Pledged Security per NMSA			$ (479,569)			

The total deposits at a local banks as of June 30, 2019 amounted to amounted to $2,156,993. Of these deposits $966,131 was insured by the FDIC. The Authority is in possession of a letter of credit from the Federal Home Loan Bank of Cincinnati in the amount of $1,075,000 securing uninsured deposits. Per state statutes, banks were over pledged in the amount of $479,569.

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 deposit policy for custodial credit risk. As of June 30, 2019 the Authority had $1,190,862 in deposits exposed to Custodial Credit Risk. The Authority as noted has pledged $1,075,000 in pledged letter of credit resulting in $115,862 being exposed to custodial credit risk.

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable of $291,204 represents billings to service recipients and tipping fees to third party users and grant receivables through June 30, 2019. At June 30, 2019, management believes that receivable balances are collectible in full. Therefore, no allowance for bad debts has been recorded.

Bernalillo Co	$	15,462
Waste Management		4,635
Town of Mountainair		1,681
City of Moriarty		5,022
City of Santa Rosa		23,108
Village of Willard		209
Village of Encino		482
Town of Estancia		1,472
Torrance County		19,704
Guadalupe County		2,487
Other Landfill Receivables		64,100
Service receipents		115,789
Total	$	254,151

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-Type Activities:				
Capital assets being depreciated:				
Collections-Equipment	$ 1,947,410	$ -	$ -	$ 1,947,410
Collections-Waste Stations	388,974	-	-	388,974
Collections-Building	302,987	-	-	302,987
Landfill	4,017,027	790,368	-	4,807,395
Landfill Equipment	2,605,505	-	-	2,605,505
Total capital assets being depreciated	9,261,903	790,368	-	10,052,271
Less accumulated depreciation for:				
Total accumulated depreciation	5,989,666	431,403	-	6,421,069
Business-type activity capital assets, net	$ 3,272,237	$ 358,965	$ -	$ 3,631,202

Current Year Depreciation recorded during the year ended June 30, 2019 was $431,303

NOTE 6. LONG-TERM OBLIGATIONS

Long-term obligations of the Authority are as follows:

	Balance 6/30/18	Additions	(Reductions)	Balance 6/30/19	Due Within One Year
Fixed interest Note Payable, to NMFA, interest payable semi-annually and principal payable annually. Interest rate is 3.00% matures 5-1-2027	$ 44,833	$ -	$ (44,833)	$ -	$ -
Fixed interest Note Payable, to NMED, interest and principal payable annually. Interest rate is 3.00% matures 5-1-2032	798,307	-	(51,116)	747,191	51,116
Fixed interest Note Payable, to NMFA, interest payable semi-annually and principal payable annually. Interest rate is 3.00% matures 5-1-2016	87,763	-	(6,184)	81,579	6,184
.33 to 1.711% Note Payable, payable to Fixed interest Note Payable, to NMFA, interest payable semi-annually and principal payable annually. Interest rate is .332% and matures 5-1-2021	209,783	-	(68,871)	140,912	68,874
Total Long-Term Obligations	$ 1,140,686	$ -	$ (171,004)	$ 969,682	$ 126,174

The annual requirements to amortize principal on all debt outstanding as of June 30, 2019, are as follows:

Fiscal Year	Principal	Interest	Total
2020	$ 128,907	$ 26,059	$ 154,966
2021	131,814	23,164	154,978
2022	62,612	21,267	83,879
2023	64,491	19,389	83,880
2024	66,425	17,454	83,879
2025-2029	363,242	56,161	419,403
2030-2035	152,191	6,751	158,942
	$ 969,682	$ 170,245	$ 1,139,927

Capital Leases of the Authority are as follows:

	Balance 6/30/18	Additions	(Reductions)	Balance 6/30/19	Due Within One Year
Capital Lease to Purchase of JD Dozer payable monthly with implied interest Rate of 6.5% matures 3-6-23 Purchase option price $129,515.	$ 349,047	$ -	$ (43,045)	$ 306,002	$ 45,678
Capital Lease to Purchase of International Truck Interest rate is 3.06% and matures 12-29-20	140,538	-	(54,927)	85,611	56,636
Total Long-Term Obligations	$ 489,585	$ -	$ (97,972)	$ 391,613	$ 102,314

The annual requirements to amortize principal on all debt outstanding as of June 30, 2019, are as follows:

Fiscal Year	Principal	Interest	Total
2020	$ 102,313	$ 19,042	$ 121,355
2021	77,446	14,442	91,888
2022	51,434	11,218	62,652
2023	160,420	6,360	166,780
2024	-	-	-
	$ 391,613	$ 51,062	$ 442,675

LIABILITY FOR COMPENSATED ABSENCES

Vacation, Sick and Compensatory leave is earned by employees during the year based on time worked and is cumulative. Leave due, if any, is paid on an employee's termination. Amounts accrued as of June 30, 2019 was $33,802

A summary of changes in this liability are as follows:

	Balance 6/30/2018	Adds	Deletions	Balance 6/30/2019	Due Within One Year
Compensated Absences	$ 33,802	$ 28,425	$ 27,021	$ 35,206	$ 35,206

NOTE 7. INTERIM CONSTRUCTION LOAN-LANDFILL CELL CONSTRUCTION

The Authority entered into of loan agreement with the New Mexico Environment Departments on October 24, 2017 for the construction of a solid waste cell at its landfill facility. The original loan amount was $904,559 at zero percent interest. Current outstanding loan balance is $598,846. It is anticipated the interim loan will be converted to a long-term debt in the current year.

NOTE 8. 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, 2019 in the amount of $28,570.

NOTE 9. DEFERRED COMPENSATION PLAN

The Authority offers its employees the opportunity to participate in a 457(b) individual retirement plan under IRS Code Section 457. Section 457 plans are tax-advantaged deferred compensation plans available to governmental employers. The governmental employer provides the plan and employees can defer compensation into the plan on a pre-tax basis. Such plans are not subject to the Employee Retirement Income Security Act. Assets in the plan belong to employees and can usually be withdrawn before retirement without penalty. All plan withdrawals (before retirement or post-employment) are subject to personal income tax.

Pension reporting requirements exist in Statement 67, Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No, 27, and Statement 73. Section 457 plans that allow employee withdrawals at any time do not meet the GASB 68 pension plan definition requirements because benefits are not paid as they come due. Section 457 plans are reported as fiduciary activities under Statement No. 84, Fiduciary Activities,

Employees can contribute up to 25% of their salary with the of each participating employee's salary for 24 pay periods. The Plan is managed by the New Mexico PERA with Nationwide Retirement Solutions being the transfer agent in custody of the funds. The Authority contributions to this plan for the fiscal year ended June 30, 2019 were $0.

NOTE 10. PERA PENSION PLAN

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

Plan description- The Public Employees Retirement Fund PERA Fund) is a cost sharing, multiple employer defined benefit pension p an. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERI Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 1 1, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-1 IA-I to 18-1 IA-7P NMSA 1978), the Judicial Retirement Act (10-12B-1 to 1Ö-12B-19, NMSA 1978), 'the Magistrate Retirement Act (10-12C-1 to 10-12C-18 NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 1 1, NMSA 1}78), and the provisions of Sections 29-4-1 through 29-4-1 1 NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund, unless specifically excluded.

Benefits provided - Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and nonduty death and disability and for post-retirement survivor's annuities are also available.

TIER **II - The retirement age and service credit requirements for normal retirement for PERA state and municipal general** members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. Alf public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5% and effective July 1, 2014 employer contributions were raised .05%. The computation of final average salary increased as the average of salary for 60 consecutive months.

Contributions. The contribution requirements of defined benefit plan members and the Authority are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY 17 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 46 through 48 of the PERA FY 17 annual audit report at:

https://reports.saonm.org/media/audits/366-B_NM_PERA_Schedule_of_Employer_Allocation_FY2018.pdf

The PERA coverage options that apply to Authority are: General Division. Statutorily required contributions to the pension plan from the Authority were $93,599 and employer paid member benefits that were "picked up" by the employer were $0 for the year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to *Pensions:* The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2018. The PERA pension liability amounts for each division were rolled forward from the valuation date to the

Plan year ending June 30, 2018, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2018.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were preformed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Authority's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2017. Only employer contributions for the pay period end dates that fell within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2017 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division - the Authority's General Division, at June 30. 2019, the Authority reported a liability of $1,116,059 for its proportionate share of the net pension liability. At June 30, 2018, the Authority's proportion was 0.07 percent, which was changed from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the Authority recognized PERA Fund - General, pension expense of $108,381. At June 30, 2019, the Authority reported PERA Fund Division - General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 32,255	$ 29,302
Change of assumptions	101,187	6,417
Changes in Proportionionate Share of Contributions	57,738	1,395
Net Difference between projected and actual earnings on pension investments	82,773	-
Contributionsontributions subsequent to the measurement date	93,599	-
Total	$ 367,552	$ 37,114

The Authority reported $93,599 was reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30

2020	$ 140,598
2021	66,347
2022	25,595
2023	4,299
2023	-
There After	-

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2016 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2016 actuarial valuation.

Actuarial valuation date		June 30, 2017
Actuarial cost method		Entry age normal
Amortization method		Level percentage of pay
Amortization period		Solved for based on statutory rates
Asset valuation method		4 Year Smoothed Market Value
Actuarial assumptions:		
• Investment of rate of return		7.25% annual rate, net of investment expense
• Payroll growth		3 % annual rate
• Projected benefit payment		100 Years
• Projected salary increases		3.25 to 13.50% annual rate
• Includes inflation at		2.50 – 2.75% annual rate
• Mortality Assumption		RP-2000 Mortality Tables (Combined table for Healthy post retirements, Employee table for active members, and disabled table of disabled retirees before retirement age) with projection to 2018 using Scale AA.
• Experience Study Dates		July 1, 2008 to June 30, 2017 Demographic

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

ALL FUNDS - Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	43.50	7.48%
Risk Reduction & Mitigation	21.50	2.37
Credit Oriented Fixed Income	15.00	5.47
Real Assets including Real Estate	20.00	6.48
Total	100.0%	

Discount rate: The single discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.25% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate. **The following** tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Authority's net pension liability in each PERA Fund Division that Authority participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.25%) or one percentage point higher (8.25%) than the single discount rate.

PERA Fund Division – General		1 % Decrease (6.25%)		Current Discount Rate (7.25%)		1% Increase (8.25%)
Authority's proportionate share of the net pension		$ 1,719,772		$1,116,059		$616,993

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY 16 Restated PERA financial report. The report is available at http://www.nmpera.org./publications.html.

Payables to the pension plan. At June 30,2019, the Authority had no outstanding amount of contributions to the pension plan and therefore, had no payables reported at fiscal year 2019.

NOTE 11. 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 12. 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, 2019 was 62.5%. The estimated cost for closure and post closure cost were estimated at $915,310 at the estimated closure date in 2030.

The Authority accrued $32,760 in closure costs for the current year. Total accrued liability as of June 30, 2019 was $580,656 or 63.4% 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 $580,656 in cash to fund the current accrued liability.

NOTE 13. 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 and the Village of Vaughn to serve a public use and promote health, safety, prosperity, security and general welfare of the inhabitants of the said Authority. Various entities of the agreement have pledged environmental gross receipts tax to the authority. Total receipts for the year ended June 30, 2019 amounted to $147,597.

NOTE 14. CONTINGENT LIABILITIES

The Authority from time to time 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. Currently there are no outstanding issues.

NOTE 15. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period, and so will not be recognized as an outflow or resource (expenses/expenditures) until then. The Government has deferred outflows of resources related to pension funding, as discussed in Note 5.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The Government has two types of items, one of which arises under the full accrual basis of accounting and both of which arise under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item unavailable revenue, has reported in both the statement of net position and the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Government reports unavailable revenue from the following sources"

The Authority has no Deferred Outflows or Inflows other than that relation to pension plans.

NOTE 16. SUBSEQUENT REVIEW

The Estancia Valley Solid Waste Authority has evaluated the subsequent events through November 20, 2019 which is the date the statements were available for issuance.

Supplemental Information

State of New Mexico
Estancia Valley Solid Waste Authority
Statement of Revenues, Expenses and Changes in Cash Balance
Budget (Budgetary Basis) and Actual
June 30, 2019

Revenues	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
Charges for Services	$ 1,853,516	$ 1,979,663	$ 1,900,612	$ (79,051)
State Grants	153,000	200,000	130,500	(69,500)
Environmental Gross Receipts Tax	219,484	159,038	147,597	(11,441)
Loan Proceeds	-	1,177,000	598,846	(578,154)
Interest Income	11,000	10,036	10,109	73
Other	1,500	1,500	9,725	8,225
Total Revenues	2,238,500	3,527,237	2,797,389	(729,848)
Operating Expense				
Personnel	975,722	936,630	903,504	33,126
Operating Expense	930,902	916,767	727,452	189,315
Capital Outlay	350,000	1,377,000	745,146	631,854
Debt Service	215,372	323,963	326,193	(2,230)
Total Operating Expense	2,471,996	3,554,360	2,702,295	852,065
Net Revenue (Expense)	$ (233,496)	$ (27,123)	95,094	$ (1,581,913)
Cash Beginning			2,052,505	
Cash Ending			$ 2,147,599	

Reconciliation Budgetary Basis to GAAP:

Revenues Budgetary Basis	$ 2,797,389
Change in Accounts Receivable	(36,873)
Change in Other Receivables	(598,846)
Revenues GAAP	2,161,670
Expenses on Budgetary Basis:	2,702,295
Reclassification Loan Principal	(269,179)
Landfill Closure Costs	32,760
Change in Accounts Payable	65,951
Change in Other Payables	(47,504)
Reclass Capitalized Expense	(745,146)
Depreciation	431,408
Change Pension Expense	108,381
Expenses GAAP	2,278,966
Change in Net Position	$ (117,296)

The accompanying notes to the financial statements are an integral part to the financial statements.

State of New Mexico
Estancia Valley Solid Waste Authority
Statement of Changes in Fiduciary Assets and Liabilities
June 30, 2019

Employee Fund

Assets	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Cash	$ 2,757	$ 5,057	$ (4,393)	$ 3,421
Other	-	-	-	-
Total Assets	$ 2,757	$ 5,057	$ (4,393)	$ 3,421
Liabilities				
Due to other entities	$ 2,757	$ (4,393)	$ 5,057	$ 3,421
Other	-	-	-	-
Total Liabilities	$ 2,757	$ (4,393)	$ 5,057	$ 3,421

Employee Retirement Fund

Assets	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Cash	$ -	$ -	$ -	$ -
Mutual Funds	10,806	15,727	(164)	26,369
Total Assets	$ 10,806	$ 15,727	$ (164)	$ 26,369
Liabilities				
Due to Employees	$ 10,806	$ 15,727	$ (164)	$ 26,369
Other	-	-	-	-
Total Liabilities	$ 10,806	$ 15,727	$ (164)	$ 26,369

Reconciliation of Additions and Deductions:

	Additions	Deductions
Member Contributions	$ 14,245	$ -
Investment Income	-	-
Unrealized Gain in Investments	1,482	-
Administrative Fees	-	164
	$ 15,727	$ 164

The accompanying notes to the financial statements are an integral part to the financial statements.

Pension Liability Supplementary Information

State of New Mexico
Estancia Valley Solid Waste Authority
Schedule of the Proportionate Share of Net Pension Liability
Of Fund Division-State General
Public Employees Retirement Association (PERA) Plan
June 30, 2019

	2015	2016	2017	2018	2019
Estancia Valley Solid Waste Authority portion of net pension liability (asset)	0.05880%	0.06380%	0.06330%	0.06520%	0.07000%
Estancia Valley Solid Waste Authority proportionate share of the net pension liability	$ 458,703	$ 650,496	$ 1,011,321	$ 895,904	$ 1,116,059
Estancia Valley Solid Waste Authority covered-employee payroll	$ 474,295	$ 515,323	$ 622,421	$ 589,329	$ 618,189
Estancia Valley Solid Waste Authority proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	97%	126%	162%	152%	181%
Plan fiduciary net position as a percentage of total pension liability	81.29%	76.99%	69.18%	73.74%	71.13%

** The amounts presented were determined as of June 30, 2019. The Schedule is presented to illustrate the requirement to show information for 10 years. However, until all full 10 trend is compiled the Estancia Valley Solid Waste Authority will present information for those years for information which is available.

State of New Mexico
Estancia Valley Solid Waste Authority
Schedule of the Contributions
Of Fund Division-State General
Public Employees Retirement Association (PERA) Plan
June 30, 2019

	2015	2016	2017	2018	2019
Contractually required contribution	$ 86,796	$ 89,038	$ 93,266	$ 97,534	$ 93,599
Contributions in relation to the contractually required contribution	(86,796)	(89,038)	(93,266)	(97,534)	(93,599)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Estancia Valley Solid Waste Authority covered-employee payroll	$ 474,295	$ 515,323	$ 622,421	$ 589,329	$ 618,190
Contributions as a percntage of covered payroll	18.30%	17.28%	14.98%	16.55%	15.14%

**This Schedule is presented to illustrate the requirement to show information for a full 10 years. However, until a full 10 year trend is complied the Estancia Valley Solid Waste Authority will present information for those years for information which is available.

Changes in benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY 18 audit available at:

http://www.saonm.org.

Changes in assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuations and changes in assumptions are detailed for June 30, 2018 report is available at:

http://www.nmpera.org/.

Compliance

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report

Brian Colón, New Mexico State Auditor
Board Members of the Estancia Valley Solid Waste Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government *Auditing Standards* issued by the Comptroller General of the United States the financial statements of the business-type activities of Estancia Valley Solid Waste Authority as of and for the year ended June 30, 2019 and the related notes to the financial statements which collectively comprise the basic financial statements and the related budgetary comparison presented as supplementary information, and have issued our report thereon dated November 20, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Estancia Valley Solid Waste Authority internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Estancia Valley Solid Waste Authority internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Estancia Valley Solid Waste Authority 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Estancia Valley Solid Waste Authority financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 Estancia Valley Solid Waste Authority internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dan Austin CPA, PC

November 20, 2019
Ruidoso, New Mexico

STATE OF NEW MEXICO
ESTANCIA VALLEY SOLID WASTE AUTHORITY
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND OTHER DISCLOSURES
YEAR ENDED JUNE 30, 2019

Summary of Results:

Financial Statements:

1. Type of auditors' report issued-Unmodified
2. Internal control over reporting:
   a. Material weakness identified-No
   b. Significant deficiencies identified not considered to be material weakness-No
   c. Noncompliance material to the financial statements noted-No

Financial Statement Findings

Summary of Prior Year Audit Findings

None

Summary of Current Year Findings

None

FINANCIAL STATEMENT PREPARATION

Although it would be preferable and desirable for the Authority to prepare its own GAAP-based financial statements, it is felt that the Authority's personnel do not have the time to prepare them. Therefore, the outside auditor under contract with the Authority prepared the GAAP-basis financial statements and footnotes to inclusion in the annual audit report. However, the responsibility for the content of the report remains with Authority management.

EXIT CONFERENCE

On December 9, 2019 an exit conference was held at the Authority's offices. Present at the Authority's offices were, Roman Garcia-Board Chairman , Martin Lucero- General Manager , Office Manager-Danette Cabber and auditor-Dan Austin, CPA. The audit and related comments were discussed, as well as other suggestions for improvements in the internal control structure and financial reporting.