Sun Street Materials Recovery Center/Transfer Station Customer Survey

Comprehensive Annual Financial Report for the Year Ending June 30, 2014
The Authority once again did not receive a management letter from the auditors, meaning that there are no internal weaknesses or material deficiencies. The report reflected net deficit due to unfunded liabilities. The next financial report will include employee pension as liabilities.

Change in Sunday Operations – Close Johnson Canyon Landfill in Gonzales and Open Sun Street Materials Recovery Center/Transfer Station in Salinas
A cost comparison for operating the facilities on Sundays was presented. The report showed that the Authority loses money with the landfill operation on Sundays. Staff estimates that the revenue received by opening the Sun Street facility will pay for itself and will generate additional revenue. Staff will be working on options to lessen the impact on South County customers. After discussing the item, the Board approved moving forward with the change in Sunday operations. Staff will proceed with revising the facilities permits.

Tonnage Report for Quarter Ended September 2014
The total tons landfilled this quarter increased by 3.6% over the same quarter in 2013 and decreased by 27.8% over the same period of the previous year, due to the ending of imported waste from Recology South Valley. Total tons diverted in this quarter decreased 0.7% over the same quarter in 2013.

Financial Report for Month Ended September 2014 (25% of the Fiscal Year)
Revenue collected $ 4,216,985 (26.83% of Estimated Revenue of $15,717,700)
Expenditures for operations $ 3,460,847 (22.83% of Operating Budget of $15,157,834)
Cash balance $14,841,133
Sun Street Transfer Station 
Customer Survey

Board of Directors Meeting 
November 20, 2014
Sun Street Transfer Station survey is to document:

- where the customers come from
- assess the quality of service provided by SVR
- calculate how often customers use our services, whether it’s weekly, monthly or yearly
- marketing and public outreach communication efforts
1. Is this your first time as the Sun Street Transfer Station?
2. If yes, how did you hear about the Sun Street Transfer Station?
3. If no, how often do you come to the Sun Street Transfer Station?
4. What services do you use?
5. Are you pleased with our services?
6. Would you like to see any improvements? What type?
7. What district are you recycling from?
Regular Customers vs. New Customers

- Regular Customers:
  - 2010: 87%
  - 2014: 89%

- New Customers:
  - 2010: 13%
  - 2014: 11%
Question 2: How did you (new customer) hear about the Sun Street Transfer Station?

- Friend: 89% (2014) vs 66% (2010)
- TV: 0% (2010) vs 7% (2014)
- Radio: 34% (2010) vs 4% (2014)
Question 3: How often do you visit the Sun Street Transfer Station?

- **Weekly:** 35% (2010), 38% (2014)
- **Monthly:** 44% (2010), 40% (2014)
- **Yearly:** 21% (2010), 22% (2014)
Question 4: What services do you use?

Services Provided: Waste, Recycling, and Hazardous Waste Disposal

- **One Service**: 67% (2010), 45% (2014)
- **Two Services**: 25% (2010), 35% (2014)
- **Three Services**: 9% (2010), 20% (2014)
Question 5: Are you pleased with our services?

99.6% of customers in 2010 and 2014 are pleased with services provided by SVR.
Question 6: Would you like to see any improvements?

3% would like to see changes in 2014.
Question 7:
What district are you recycling from?

District 1
Jose Castaneda
7.42%

District 2
Tony Barrera
11.40%

District 3
Steve McShane
25.75%

District 4
Gloria De La Rosa
24.25%

District 5
Kimbley Craig
14.85%

District 6
Jyl Lutes
16.33%
• 2% increase in Regular Customers since 2010
• 23% increase in Customers who heard about Sun Street from a friend. Residents are becoming more aware of Sun Street.
• 38% of Customers visit Sun Street 1+ per month. Facility has become part of the community.
• 11% increase in Customers using more than one service. Community is becoming more aware and utilizing more services.
• 11% of Customers surveyed were New Customers.
• 1% unsatisfied Customers.
• Turning the 1% unsatisfied customers into 100% satisfied Customers!
Working for A FUTURE without landfills!
Comprehensive Annual Financial Report

• Auditors
  – McGilloway, Ray, Brown & Kaufman

• Finance Staff
  – Ray Hendricks – Interim Finance Manager
  – JD Black – Accountant
  – Ernesto Natera – Accounting Technician
Report Highlights

• No Management Letter
  – Fifth Year in a Row

• Comprehensive Annual Financial Report
  – First Time for Authority
  – Includes Statistical Section
  – Will be submitted to Government Finance Officers Association (GFOA) after the board meeting for review under the Certificate of Achievement for Excellence in Financial Reporting (CAFR Program)
Salinas Valley Solid Waste Authority
Condensed Statement of Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for Services</td>
<td>$17,534,111</td>
<td>$15,438,514</td>
<td>$2,095,597</td>
<td>13.6%</td>
</tr>
<tr>
<td>Sales of Materials</td>
<td>594,056</td>
<td>392,958</td>
<td>201,098</td>
<td>51.2%</td>
</tr>
<tr>
<td>Operating Grants and Contributions</td>
<td>116,780</td>
<td>149,473</td>
<td>(32,693)</td>
<td>-21.9%</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>18,244,947</td>
<td>15,980,945</td>
<td>2,264,002</td>
<td>14.2%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel Services</td>
<td>4,089,205</td>
<td>3,763,121</td>
<td>326,084</td>
<td>8.7%</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>1,666,689</td>
<td>1,453,881</td>
<td>212,808</td>
<td>14.6%</td>
</tr>
<tr>
<td>Operating Contracts</td>
<td>4,737,350</td>
<td>4,783,575</td>
<td>(46,225)</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,412,742</td>
<td>1,289,903</td>
<td>122,839</td>
<td>9.5%</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>2,752,391</td>
<td>2,836,715</td>
<td>(84,324)</td>
<td>-3.0%</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>14,658,377</td>
<td>14,127,195</td>
<td>531,182</td>
<td>3.8%</td>
</tr>
<tr>
<td>Operating Income/(Loss)</td>
<td>3,586,570</td>
<td>1,853,750</td>
<td>1,732,820</td>
<td>93.5%</td>
</tr>
<tr>
<td>Non-operating Revenues/(Expenses)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Earnings</td>
<td>28,013</td>
<td>39,180</td>
<td>(11,167)</td>
<td>-28.5%</td>
</tr>
<tr>
<td>Other Non-Operating Revenue</td>
<td>18,094</td>
<td>17,619</td>
<td>475</td>
<td>2.7%</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>(2,728,361)</td>
<td>(2,026,114)</td>
<td>702,247</td>
<td>34.7%</td>
</tr>
<tr>
<td>Bond Underwriter</td>
<td>(561,881)</td>
<td></td>
<td>(561,881)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td>342,435</td>
<td>(115,565)</td>
<td>458,000</td>
<td>-396.3%</td>
</tr>
<tr>
<td>Net Position - Beginning</td>
<td>(11,585,099)</td>
<td>(10,079,386)</td>
<td>(1,505,713)</td>
<td>14.9%</td>
</tr>
<tr>
<td>Prior Period Adjustment - Note 19</td>
<td>-</td>
<td>(1,390,148)</td>
<td>1,390,148</td>
<td>-100.0%</td>
</tr>
<tr>
<td><strong>Net Position - Ending</strong></td>
<td>(11,242,664)</td>
<td>(11,585,099)</td>
<td>342,435</td>
<td>-3.0%</td>
</tr>
</tbody>
</table>
FY 2012-13 Adjustment

– $(1,390,148) Prior Period Adjustment
  • Underwriter’s Discount
  • Cost of Issuance
    – Administrative, Consulting Engineer, Rating Agency, Legal, Trustee, Bond Insurance, Printing Costs
  • GASB 65
Financial Highlights

- Operating Revenues
  - Increased $2,264.002
- Tons Landfilled
  - Increased 6,267 tons
- Operating Expenses
  - Increased $531,182
- Recology Waste Systems
  - $2,877,345
- Net Position
  - deficit of $11,242,664
Salinas Valley Solid Waste Authority

Auditor Presentation

Presented by Patricia Kaufman, Partner

McGilloway, Ray, Brown & Kaufman, Accountants & Consultants
Management is responsible for the selection and use of appropriate accounting policies. –

○ We noted no transactions entered into by the Organization during the year for which there is lack of authoritative guidance or consensus.

All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates –

○ Evaluated the underlying assumptions in estimates and found them to be appropriate.

We encountered no difficulties in working with management in performing the audit and found that staff was well prepared and provided us all of the documentation requested.

Timing of the audit – Timing went according to schedule and we found no delays, and we had no disagreements with management.
None noted!
Upcoming Accounting Standards

• Statement 65 – Items Previously Reported as Assets and Liabilities **Implemented this year ended 6/30/14.**

• Statement 68 – Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 **Will be implemented next year.**
GASB 65

- GASB 65 requires certain items previously reported as an Asset to be charged to Expense and certain items reported as a Liability to be included in Revenues
- Specific transactions identified by the GASB include:
  - Debt issuance costs – was expensed in current year.
  - Deferred inflow of resources – gain on refunding
Under GASB 68

- Pension liability will be reported as employees earn their pension benefits in providing services

- Changes in Pension Liability will be immediately recognized in Pension Expense or reported as Deferred Outflows/Deferred Inflows of resources depending upon the nature of the change
Employer liability (cost-sharing)

- **Now:**
  - Liability only if employer contribution is less than the contractually required amount

- **Future:**
  - Liability equal to the employer’s proportionate share of the total Net Pension Liability (NPL) of all participating employers

- **Implementation first required**
  - Fiscal year ending 6/30/15