

Docket TG-152228,
Application
Bobby Wolford Trucking and Salvage, Inc.
Review by Mike Young 5/12/2016

Conclusion

Staff has reviewed the company's financial information submitted in Docket TG-152228 and concludes the company has made reasonable efforts to estimate its finances under the proposed operations. This application is for solid waste hauling. Based on the company's financial records provided, the additional operations would not adversely impact the company's financial position and as presented would generate a net profit. The company has demonstrated it has adequate resources and therefore staff concludes the company is financially fit to provide the applied for service.

The balance sheet review:

- Assets, \$3,165,000;
- Liabilities, \$495,000;
- Net Worth, \$2,670,000

Applicant has a positive net worth. \$290,000 of assets is cash and very liquid. The company also listed notes payable of \$348,000 indicating potential access to additional capital. The company currently owns several vehicles and is currently providing non-regulated hauling services. The company appears to have adequate resources to provide the applied for service.

The Pro forma Income Statement:

- The company based projections on 161 loads at \$90/ton hauled over a 12 month period which generated \$413,000 in revenue. The projected income for the applied for service is \$527,560.
- The company currently realized a loss of \$79,000, but projects a profit of \$23,000 based on the projected revenues and expenses.

The company recorded depreciation expenses only for vehicles and utilized an accelerated cost recovery method over five years. Regulatory accounting would require straight-line depreciation over seven years for vehicles. This change in depreciation methods would result in a lower depreciation expense, which would present a better financial position than indicated by the filed Income Statement. The company allocated overhead costs to the applied for service based on the percentage of projected revenue generated compared to total company revenue. This is an acceptable allocation method for providing estimates. The company has made reasonable estimates of revenue and expenses resulting from the applied for service.