

**STATE OF NEW MEXICO
GREENTREE SOLID WASTE AUTHORITY**

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
JUNE 30, 2015**

**Dan Austin CPA, PC
Certified Public Accountants**

**STATE OF NEW MEXICO
 GREENTREE SOLID WASTE AUTHORITY
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INTRODUCTORY SECTION

**STATE OF NEW MEXICO
GREENTREE SOLID WASTE AUTHORITY
OFFICIAL ROSTER
June 30, 2015**

Board of Directors:

- Ray DeanChairman
- Sherrill Bradford Vice Chairman
- Gary Williams Secretary/Treasurer
- Jean Coulton Member
- Rifle Salas Member
- Tom Stewart Member

Administration:

- Debra Ingle Operational Supervisor
- Beverly Foote Personnel Manager/
Financial Coordinator

FINANCIAL SECTION

Independent Auditors' Report

The Board of Directors of Greentree Solid Waste Authority and
Tim Keller, New Mexico State Auditor

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities Greentree Solid Waste Authority as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise Greentree Solid Waste Authority's basic financial statements as listed in the table of contents. We did not audit the 2014 Schedule of Employer Allocations and Pension Amounts of the State of New Mexico Public Employee Retirement Association (PERA), the administrator of the cost sharing pension plan for the Authority. The schedules and statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, is based solely on the report of the other auditors.

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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities of Greentree Solid Waste Authority as of June 30, 2015, 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

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 7-9, Schedule of the Proportionate Share of the Net Pension Liability on page 30, the Schedule of Contributions on page 31, the notes to the supplementary information on page 32 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. We have applied certain limited procedures to the required supplementary information in accordance with the 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 our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

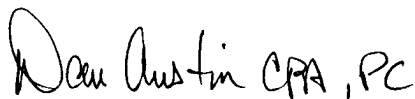
Other Information

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 was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our 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 as a whole.

The Schedule of Vendor Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, We have also issued a report dated December 7, 2015, on my consideration of Greentree 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 Greentree Solid Waste Authority's internal control over financial reporting and compliance.



December 7, 2015

**State of New Mexico
Greentree Solid Waste Authority
Management Discussion and Analysis
June 30, 2015**

As management of the Greentree Solid Waste Authority, we offer readers of the Greentree Solid Waste Authority's financial statements this narrative overview and analysis of the financial activities of the Greentree Solid Waste Authority for the fiscal year ended June 30, 2015. All amounts, unless otherwise indicated, are expressed in dollars.

USING THIS ANNUAL REPORT

The Authority provides the following information in compliance with statutes of the State of New Mexico. The financial report includes the sections described below.

Management's Discussion and Analysis

This section includes information on the use of the annual report, and management's analysis of the financial position and results of operations for the Authority.

Special-Purpose Government

Because the Authority is defined as a Special-Purpose Government engaged only in business-type activities, Government-Wide Financial Statements and individual Fund Financial Statements are not separately presented.

Budgetary Comparisons

GASB 34 requires budgetary comparison schedules for the general fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedules should present both the original and the final appropriated budgets for the reporting period as well as the actual inflows, outflows and balances, stated on the government's budgetary basis. As required by the Office of the State Auditor under 2NMAC2.2, the budgetary comparison statement is presented for the business-type activity. This information is provided at the approved budget level to demonstrate compliance with legal requirements.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 22 of this report.

FINANCIAL HIGHLIGHTS

The fiscal year ended June 30, 2015 Continuing efforts to adjust operations of the Authority due changing economic conditions and continued litigation with the County of Lincoln. The Authority customer base shrank due to the recent fires and thee Alto Lakes Sanitation District area being allowed to withdraw from the collection services with the approval of the Lincoln County. Lincoln County is an original member of the Joint Powers agreement which formed the Authority in 1991. The Authority has entered into litigation to resolve issues with Lincoln County. See note 4-F on page 24 for more information.

As a result of the adjustments to operational overhead, current assets of the Greentree Solid Waste Authority cash position increased from \$652,952, at June 30, 2015 for \$398,163 in 2014. At the close of the fiscal year, the net position of the Authority increased \$69,636 to \$3,004,485. Total assets amounted to \$6,848,558 while total liabilities were \$3,487,253. The Authority adopted new accounting standards relating to pension liabilities and recorded and adjustment to net position of \$619,308.

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, 2015 & 2014. 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 11 and 12 and the notes to the financial statements for a more detailed look at the Statement of Net Position of the Greentree Solid Waste Authority

	Business Type Activities	
	<u>2015</u>	<u>2014</u>
Current Assets	\$ 844,786	\$ 841,288
Capital Assets	5,702,347	5,950,186
Other Non-current Assets	44,012	-
Other Assets	<u>57,084</u>	<u>57,084</u>
Total Assets	\$ 6,648,229	\$ 6,848,558
Current Liabilities	\$ 369,419	\$ 121,445
Pensions Payable	458,703	-
Deferred Outflows	179,768	-
Long-term Liabilities	<u>2,635,854</u>	<u>3,172,956</u>
Total Liabilities	\$ 3,643,744	\$ 3,294,401
Net Position:		
Invested in Capital Assets	\$ 2,922,693	\$ 2,777,230
Restricted Capital Projects	203,048	202,306
Restricted Debt Service	43,660	288
Restricted for Landfill Closure	21,178	18,649
Unrestricted	<u>(186,094)</u>	<u>555,684</u>
Total Net Position	\$ 3,004,485	\$ 3,554,157

Statement of Revenues, Expenses and Changes in Net Positions: The following represents the revenues and expenses for fiscal years ended June 30, 2015 & 2014 See page 13 for a more detailed look at the Statement of Revenues, Expenses, and Changes in Net Position.

Business Type Activities

Revenues:	<u>2015</u>	<u>2014</u>
Operating Revenues	\$ 2,401,298	\$ 2,575,032
Capital Grants	125,515	124,349
Environmental Gross Receipts	235,480	222,779
Other	<u>17,435</u>	<u>173,278</u>
Total Revenues	\$ 2,779,728	\$ 3,095,438
Expenses:		
Operating Expense	2,566,597	2,773,015
Interest Expense	134,493	167,566
Landfill closures	<u>9,002</u>	<u>9,143</u>
Total Expenses	2,710,092	2,949,724
Increase in Net Assets	69,636	145,714
Net Position:		
Net Position-beginning	3,554,157	<u>3,408,443</u>
Restatement for Pension Liabilities	<u>(619,308)</u>	
Net Position-beginning restated	<u>2,934,849</u>	
Net Position-ending	\$ 3,004,485	\$ 3,554,157

Net Position was restated to reflect pension liabilities per accounting standards. See Note I on page 27 for more information.

BUDGETARY HIGHLIGHTS

The actual cash basis budgetary revenues totaled \$3,031,366 which was \$58,597 less than budgeted revenues of \$3,089,963. Actual Expenditures of \$2,776,577 were less than budgeted expenses of \$3,159,640 by \$383,063, resulting in net revenue for the fiscal of \$ 254,789. See page 28 for additional information.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Authority's investment in capital assets for its business-type activity as of June 30, 2015 amounts to \$5,702,347 (net of accumulated depreciation). This investment in capital assets consists mainly of land, heavy trucks and other equipment. The Authority completed the various final construction issues on of its operational facility. The facility is fully functional at the end of the current year.

Additional information on the Authority's capital assets can be found in Note 4B on page 20 of this report.

Long-Term Debt: At the end of the current fiscal year, the Authority had total debt including capital leases outstanding less the current portion of debt outstanding as of June 30, 2015 was \$2,903,962 including current portion.

The Authority's total long-term debt as decreased as the result of debt service requirements during the current fiscal year. Principal debt paid during the current year was \$268,993.

Additional information on the Authority's long-term debt can be found in Note 4C and 4D on pages 21-22 of this report. No new debt was incurred during the current fiscal year.

ANALYSIS OF FINANCIAL POSITION

As a result of an increase in net position from current year operations of \$69,636, Net Position increased to \$3,004,485 or 45% of total assets of \$6,648,229 after a restatement of net position to record pension liabilities..

Current assets increased by \$3,498. The increase was the result of an increase in cash of \$258,287 and decrease in operational receivables at year end by \$251,291.

Total operational revenues decreased \$171,734 or 7% as a result of continuing destabilization of the customer base of the Authority. Operational expenditures decreased by \$183,051 or 7% primarily related to the decrease in overhead cost cutting measures relating to litigation mitigated the activities.

The Authority received capital grants of \$125,515 from various agencies of the State of New Mexico for expenditures relating to the operations of the Authority.

Future Trends

The Greentree Solid Waste Authority Board of Directors and staff will continue to provide quality service to its customer base. Economic trends have stabilized, however the Authority litigation issues will make future planning difficult until all issues are resolved with Lincoln County and the Joint Powers Agreement.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Greentree 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 Greentree Solid Waste Authority, PO Box 2405, Ruidoso Downs, New Mexico 88346.

Basic Financial Statements

STATE OF NEW MEXICO
 GREENTREE SOLID WASTE AUTHORITY
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS
 June 30, 2015

ASSETS

CURRENT ASSETS

Cash-unrestricted	\$	406,244	
Cash-restricted for construction		203,048	
Cash-restricted for debt service		<u>43,660</u>	652,952
Customer Accounts Receivable		902,140	
Allowance For Doubtful Accounts		<u>(710,306)</u>	<u>191,834</u>
Total Current Assets			<u>844,786</u>

NON CURRENT ASSETS

Investment in Regional Landfill			57,084
Capital Assets	\$	10,216,656	
Less: Accumulated Depreciation		<u>(4,514,309)</u>	<u>5,702,347</u>
Total Noncurrent Assets			<u>5,759,431</u>

Deferred Outflows of Resources

Post Measurement Date Contributions			<u>44,012</u>
Total Deferred Outflows of Resources			<u>44,012</u>

Total Assets and Deferred Outflows \$ 6,648,229

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

STATE OF NEW MEXICO
GREENTREE SOLID WASTE AUTHORITY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2015

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 32,393
Accrued Payroll Tax	9,702
Accrued Interest	11,309
Accrued Payroll Expense	16,281
Accrued Compensated Absences	31,626
Current Portion of Long-Term Debt	<u>268,108</u>

Total Current Liabilities 369,419

NONCURRENT LIABILITIES

Net Pension Liability	458,703
Notes Payable	2,582,197
Capital Leases Payable	<u>53,657</u>

Total Noncurrent Liabilities 3,094,557

Total Liabilities 3,463,976

Deferred Inflows Resources

Investment Experience-Net Pension Liability	179,457
Change in Assumptions - Net Pension Liability	<u>311</u>
Total Deferred Inflows of Resources	179,768

NET POSITION

Net Investment in Capital Assets	2,922,693
Restricted for Capital Projects	203,048
Restricted for Landfill Closure	21,178
Restricted for Debt Service	43,660
Unrestricted	<u>(186,094)</u>

Total Net Position 3,004,485

Total Liabilities, Deferred Inflows and Net Position \$ 6,648,229

The accompanying notes are an integral part of these financial Statements

State of New Mexico
Greentree Solid Waste Authority
Statement of Revenues, Expenses and Changes
In Net Position-Proprietary Fund
June 30, 2015

Operating Revenues

Sales and Services	\$ 2,401,298
Total Operating Revenues	<u>2,401,298</u>

Operating Expenses

Personnel and Related Expense	1,179,631
Contractual Services	187,428
Repairs and Maintenance	181,179
Gross Receipts Tax	99,697
Fuel and Oil	211,130
Insurance	88,782
Utilities	39,889
Office	33,326
Equipment Rentals	18,583
Professional Services	115,867
Other Operating Expenses	59,380
Depreciation	<u>351,705</u>
Total Operating Expenditures	<u>2,566,597</u>

Total Operating Income (Loss)	<u>(165,299)</u>
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Non-Operating Revenues (Expenses)

NMED Grants	125,515
Environmental Gross Receipts Tax	235,480
Gain on Sale of Equipment	15,126
Landfill Closure Costs	(9,002)
Interest Income	2,309
Interest Expense	<u>(134,493)</u>
Total Non-operating Revenue (Expense)	<u>234,935</u>

Change in Net Assets	<u>69,636</u>
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Net Position at Beginning of Year	3,554,157
Restatement	<u>(619,308)</u>
Net Position at Beginning of Year, Restated	<u>2,934,849</u>
Net Position at End of Year	<u>\$ 3,004,485</u>

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

**State of New Mexico
Greentree Solid Waste Authority
Statement of Cash Flows
For The Year Ended June 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received From Customers	\$ 2,652,589
Cash Paid To Suppliers	(1,050,826)
Cash Paid To Employees	<u>(1,209,049)</u>
Net Cash Provided By Operating Activities	<u>392,714</u>

CASH FLOWS FROM NONCAPITAL

FINANCING ACTIVITIES

Other Non-Operating Items	(9,002)
Receipts of Environmental Gross Receipts Tax	235,480
Receipts of Grants	<u>125,515</u>
Net Cash Provided From Noncapital Financing Activities	<u>351,993</u>

CASH FLOWS FROM CAPITAL AND RELATED

FINANCING ACTIVITIES

Principal Paid on Capital Debt	(189,262)
Interest Paid on Capital Debt	(134,493)
Principal Paid on Capital Leases	<u>(79,732)</u>
Net Cash Used For Capital And Related Financing Activities	<u>(403,487)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of Capital Assets	15,126
Interest Income	2,309
Payments For Capital Acquisitions	<u>(103,866)</u>
Net Cash Provided From Investing Activities	<u>(86,431)</u>

Net Increase In Cash	254,789
Cash - Beginning Of Year	<u>398,163</u>
Cash - End Of Year	<u>\$ 652,952</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH

PROVIDED (USED) BY OPERATING ACTIVITIES

Operating Income (Loss)	\$ (165,299)
Noncash Items in Net Income-Depreciation	
Depreciation	351,705
(Increase) Decrease In:	
Accounts Receivable	251,291
Deferred Outflows	(44,012)
Deferred Inflows	179,768
Increase (Decrease) In:	
Accounts Payable	(12,992)
Pensions Payable	(160,605)
Accrued Interest	(1,091)
Accrued Payroll Tax	6,224
Accrued Payroll Expense	(5,128)
Accrued Compensated Absences	<u>(7,147)</u>
Net Cash Provided From Noncapital Financing Activities	<u>\$ 392,714</u>

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

**State of New Mexico
Greentree Solid Waste Authority
Notes to the Financial Statements
June 30, 2015**

NOTE 1. Summary of Significant Accounting Policies

The Greentree Solid Waste Authority (the Authority) was formed on May 20, 1991 by a Joint Powers Agreement entered into by the County of Lincoln, Village of Ruidoso, Village of Ruidoso Downs, Village of Capitan, Village of Corona and the Town of Carrizozo. The Village of Ruidoso elected not to participate in the joint powers agreement on November 1, 1998. The purpose of the inter-governmental cooperative agreement is to acquire, construct and operate a comprehensive solid waste collection, transportation and disposal system for the citizenry of the County of Lincoln. An appointed Board of Directors governs the operations of the Authority.

A. Reporting Entity

In evaluating how to define the Authority, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB-14. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organization if its officials appoint a voting majority of an organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government:

1. Is entitled to the organization's resources;
2. Is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to the organization; or
3. Is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government.

Greentree Solid Waste Authority did not have any component units during the fiscal year ended June 30, 2015.

B. Business-Type Activities

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities and Changes in Net Position) report information on all of the non-fiduciary activities of the primary government. Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Property taxes are recognized as revenues in the year for which they are levied.

The proprietary fund is accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and the expenses are recognized when they are incurred. Billed water and sanitation services receivable are recorded at year-end once operations begin.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue items and are considered to be measurable and available only when cash is received by the government.

Amounts reported as program revenues are charges to customers who purchase or use or directly benefit from the goods or services provided by the Authority.

The proprietary fund is accounted for on a cost of services of "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and Net Position components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Private-sector standards of accounting and financial reporting under FASB and AICPA guidance are now included in GASB guidance by GASB 62.

The Authority reports its proprietary fund as a major governmental fund.

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.

Proprietary fund distinguishes 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 enterprise fund is charged for waste disposal services. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities and Net Position or Equity

Cash and Temporary 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 three months or less from the date of acquisition.

State statutes authorize the Authority to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the Authority are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The Authority does not invest in the State Treasurer's Pool.

Encumbrances: Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures in order to reserve that portion of the applicable appropriation, is not employed.

Accounts Receivable: All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The receivables due at June 30, 2015 consist of customer sales for various services related to the disposal of various types of solid waste disposal. Allowances for delinquent accounts are reported on the face of the basic financial statements. The Authority has the option to collect delinquent accounts by filing liens against various properties associated with the services provided or filing civil actions against property owners.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary financial statements.

Capital Assets: Capital assets, which include property, plant, computer software, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or contributed capital assets are recorded at estimated fair market value at the date of donation or contribution.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Permanent Buildings	40
Land Improvements	15
Furniture & Equipment	7-10

Deferred Inflow/Outflows of Resources: GASB 63 amended previous guidance on Unearned Revenues in financial statements to include 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.

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statements of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Net Position: In the fund financial statements, governmental funds report reservations of Net Position that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of Net Position represent tentative management plans that are subject to change.

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 affecting the Authority's financial statements include management's estimate of the useful lives of capital assets and the collectible amount of accounts receivable.

E 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 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. DETAIL NOTES ON ACCOUNTS AND TRANSACTION CLASSES

A. CASH

The Authority's policy is to limit cash deposits to insured and/or collateralized demand deposit accounts and certificates of deposit. The carrying amount of the Authority's deposits with financial institutions was \$404,745 and the balances per the banks were \$492,547 shown as follows. As a result of the requirements of various loan agreements with the New Mexico Finance Authority, The New Mexico State Treasurer holds funds in a trust account in the name of the Authority which is restricted for construction and debt service requirements of the Authority and depository requirements is not required. The total funds held in these trust accounts as of June 30, 2015 was \$246,707. These funds are not subject to deposit security requirements. The following is summary of the cash deposits of the Authority:

Depository	Account Type	Fund Type	Balance Per Depository	Reconciling Items		Balance Per Financial Statements
				Outstanding Checks	Deposits	
Unrestricted Cash:						
City Bank	Checking	Recycling	\$ 4,769	\$ (2,113)	\$ -	\$ 2,656
City Bank	Checking	Reserve	127,256	-	-	127,256
City Bank	Checking	Landfill Closure	21,178	-	-	21,178
City Bank	Checking	EGRT	71,164	-	-	71,164
City Bank	Checking	Direct Deposit	16	-	-	16
City Bank	Checking	Operating	268,164	(85,689)	-	182,475
Total unrestricted cash			<u>492,547</u>	<u>(87,802)</u>	<u>-</u>	<u>404,745</u>
Restricted Cash:						
NMFA/NMSTO	Trust	Debt Service	43,659	-	-	43,659
NMFA/NMSTO	Investment	Construction Res.	203,048	-	-	203,048
Total restricted cash			<u>246,707</u>	<u>-</u>	<u>-</u>	<u>246,707</u>
Total cash on deposit			<u>\$ 739,254</u>	<u>\$ (87,802)</u>	<u>\$ -</u>	<u>651,452</u>
Petty cash						1,500
Total cash on hand and on deposit						<u>\$ 652,952</u>
Total Deposits in Bank						\$ 404,745
Less FDIC Insurance						(250,000)
Total Uninsured Deposits						154,745
Less: 50% required Pledge						77,372
Required Pledge						<u>77,373</u>
Pledged Assets:						
	<u>Custodian</u>	<u>Cusip #</u>	<u>Face</u>	<u>Book</u>	<u>Fair Value</u>	
FNMA	FHLB Dallas	3135G0VX8	125,000	123,816	124,754	
FFCB	FHLB Dallas	3133EDEB4	150,000	150,000	150,063	<u>274,817</u>
(Over) Under Pledged						<u>\$ (197,444)</u>

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does not have deposit policy for custodial credit risk. As a result of the FDIC Insurance and Pledged Assets the Authority has no credit risk at June 30, 2015.

B. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 869,940	\$ -	\$ -	\$ 869,940
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>869,940</u>	<u>-</u>	<u>-</u>	<u>869,940</u>
Capital assets being depreciated:				
Buildings and improvements	5,503,876	-	-	5,503,876
Furniture and equipment	43,736	-	-	43,736
Dumpsters and polycarts	433,546	-	-	433,546
Machinery and Equipment	3,321,497	103,866	59,804	3,365,559
Total capital assets being depreciated	<u>9,302,655</u>	<u>103,866</u>	<u>59,804</u>	<u>9,346,717</u>
Less accumulated depreciation for:				
Buildings and improvements	893,537	-	-	893,537
Furniture and equipment	16,322	-	-	16,322
Dumpsters and polycarts	331,231	-	-	331,231
Machinery and Equipment	2,981,319	351,705	59,804	3,273,220
Total accumulated depreciation	<u>4,222,409</u>	<u>351,705</u>	<u>59,804</u>	<u>4,514,310</u>
Total capital assets being depreciated, net	<u>5,080,246</u>	<u>(247,839)</u>	<u>-</u>	<u>4,832,407</u>
Business-type activity capital assets, net	<u>\$ 5,950,186</u>	<u>\$ (247,839)</u>	<u>\$ -</u>	<u>\$ 5,702,347</u>

C. LONG-TERM OBLIGATIONS

Long-term obligations of the Authority are as follows:

	Balance 6/30/14	Additions	(Reductions)	Balance 6/30/15	Due Within One Year
6.0% Note Payable, payable to City Bank in monthly installments of \$4,774.94, secured by real estate, matures September 5, 2018	\$ 497,006	\$ -	\$ (30,337)	\$ 466,669	\$ 38,222
3.00% Note Payable, payable to NM Environment Consturction Bureau in annual installments beginning October 2013 and matures on October, 2032.	715,638	-	(28,492)	687,146	29,347
2.53 to 4.01% Note Payable, payable to New Mexico Finance Authority in annual variable installments, secured by real estate, matures May 1, 2025	1,756,272	-	(130,433)	1,625,839	129,888
Total Long-Term Obligations	<u>\$ 2,968,916</u>	<u>\$ -</u>	<u>\$ (189,262)</u>	<u>\$ 2,779,654</u>	<u>\$ 197,457</u>

The annual requirements to amortize principal on all debt outstanding as of June 30, 2015, are as follows:

Fiscal Year	Principal	Interest	Total
2015	\$ 197,457	\$ 95,831	\$ 293,288
2016	218,646	88,694	307,340
2017	563,499	80,360	643,859
2018	184,024	63,837	247,861
2019	191,080	57,148	248,228
2020-2024	1,074,232	172,960	1,247,192
2025-2029	209,392	34,135	243,527
2030-2033	141,324	7,166	148,490
	<u>\$ 2,779,654</u>	<u>\$ 600,131</u>	<u>\$ 3,379,785</u>

D. CAPITAL LEASES

The following is a summary of lease commitments of the Authority:

	Acquisition Date	Cost	Leases Payable 06/30/14	Lease Payments	New Leases Acquired	Leases Payable 06/30/15	Due Within One Year
Refuse Containers	3/11/07	87,163	13,509	(13,509)	-	-	-
Truck & Grappler	1/15/07	356,458	190,531	(66,223)	-	124,308	70,651
TOTAL CAPITAL LEASES		<u>\$ 443,621</u>	<u>\$ 204,040</u>	<u>\$ (79,732)</u>	<u>\$ -</u>	<u>\$ 124,308</u>	<u>\$ 70,651</u>

These leases are accounted for as capital leases. The asset values under the capital leases totaled \$443,621. The following is a schedule of future minimum lease payments under the capital leases, together with the net present value of the minimum lease payments as of June 30, 2015.

Fiscal Year	Principal	Interest	Total
2016	70,651	9,265	79,916
2017	53,657	5,824	59,481
	<u>\$ 124,308</u>	<u>\$ 15,089</u>	<u>\$ 139,397</u>

E. 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, 2015 was \$38,773

A summary of changes in this liability are as follows:

	Balance 6/30/2014	Adds	Deletions	Balance 6/30/2015	Due Within One Year
Compensated Absences	\$ 38,773	\$ 42,520	\$ 49,665	\$ 31,628	\$ 31,628

NOTE 4. OTHER NOTES

A. RELATED PARTY TRANSACTIONS

Each of the participants in the joint powers agreement which forms the Authority, submit Environmental Gross Receipts Tax collections to the Authority. The taxes collected for the year ending June 30, 2015, were \$222,779. The amount of Environmental Gross Receipts Tax collected by the participants prior to year end for remission to the Authority is unknown until received. Therefore, no receivable is recorded. In addition, selected participants financed the transfers of assets to the Authority.

The Villages of Capitan and Corona and the Cities of Carrizozo and Ruidoso Downs bill their utility customers for sanitation services provided by the Authority. Collections for these services are remitted monthly to the Authority. The four municipalities owed the Authority \$53,580 at June 30, 2015.

The Lincoln/Otero County Solid Waste Authority began operations in January of 1994. As a user of the landfill, the Authority paid user fees to the Otero County – Greentree Regional Landfill in the amount of \$158,880.

B. JOINT POWERS AGREEMENTS

The Greentree Solid Waste Authority is party to a Joint Powers Agreement which is material in nature. The Otero County-Greentree Regional Landfill has an agreement between the Authority and the Otero County Solid Waste Authority for the purpose of providing an inter-governmental cooperative agreement for the financial, operation, and ownership of the Otero County-Greentree Regional Landfill. The budgetary and financial accountability for the operation of the landfill lies with the City of Alamogordo and is included in their audit as an agency fund. All future landfill closure costs are the responsibility of the Otero County-Greentree Regional Landfill.

The Lincoln/Otero County Solid Waste Authority elected to return excess funds form operations for prior years. The total amount distributed amounted to \$200,000. Greentree Solid Waster Authority agreed to return \$62,395 as an adjustment based on a percentage of operations utilized by the City of Alamogordo.

Effective December 1, 1993, the Environmental Gross Receipts Tax, which had been pledged to the Authority, was further pledged to Lincoln/Otero County Landfill Authority to fund beginning operations of the landfill. The Otero County-Greentree Regional Landfill notified the Authority that all requirements of their debt had been met and released the pledge of the EGRT revenues to the landfill. The Greentree Solid Waste Authority recorded \$235,480 in tax collections for the year ended June 30, 2015.

C. 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.

General Information about the Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. 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 PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11 A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, 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.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits provided for a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at:

[http://vAww.pera.state.nm.us/pdf/AuditFinancialStatements/366 Public Employees Retirement Association 2014.pdf](http://vAww.pera.state.nm.us/pdf/AuditFinancialStatements/366%20Public%20Employees%20Retirement%20Association%202014.pdf).

Contributions. The contribution requirements of defined benefit plan members and the Greentree Solid Waste 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 FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY 14 annual audit report at [http://osanm.org/media/audits/366 Public Employees Retirement Association 2014.pdf](http://osanm.org/media/audits/366%20Public%20Employees%20Retirement%20Association%202014.pdf). The PERA coverage options that apply to Greentree Solid Waste Authority are State General. Statutorily required contributions to the pension plan from the Greentree Solid Waste Authority were \$44,012 and employer paid member benefits that were "picked up" by the employer were \$0 for the year ended June 30, 2015.

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, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014.

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 performed 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 (name of employee'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, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 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 State General Division at June 30, 2015, the Greentree Solid Waste Authority reported a liability of \$458,703 for its proportionate share of the net pension liability. At June 30, 2014, the Greentree Solid Waste Authority's proportion was .0588 %, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Greentree Solid Waste recognized PERA Fund Division State General pension expense of \$44,012. At June 30, 2015, the Greentree Solid Waste Authority reported PERA Fund Division-State General deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Change of assumptions	\$ -	\$ 311
Net Difference between projected and actual earnings on pension investments	-	179,457
Changes in proportion and differences between Greentree Solid Waste Authority contributions and proportionate share of contributions	-	-
Greentree Solid Waste Authority contributions subsequent to the measurement date	<u>44,012</u>	<u>-</u>
Total	<u>\$ 44,012</u>	<u>\$ 179,768</u>

\$44,012 reported as deferred outflows of resources related to pensions resulting from Greentree Solid Waste Authority contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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

2016	\$ 44,942
2017	44,942
2018	44,942
2019	44,942
2020	-

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, 2013 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, 2014 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, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	30-Jun-13
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage pay
Amortization period	Solved for based on statutory rebates
Asset Valuation method	Fair Value
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of expense
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25 % annual rate
Includes inflation at	3.00% annual rate

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	Long-term Expected	
	Target Allocation	Real Rate of Return
US Equity	21.1%	5.00%
International Equity	24.8%	5.20%
Private Equity	7.0%	8.20%
Core and Global Fixed Income	26.1%	1.85%
Fixed Income Sectors	5.0%	4.80%
Real Estate	5.0%	5.30%
Real Assets	7.0%	5.70%
Absolute Return	4.0%	4.15%
Total	<u>100.0%</u>	

Discount rate: The discount rate used to measure the total pension liability was 7.75 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 7.75% 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 Greentree Solid Waste'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 Greentree Solid Waste Authority's employee's net pension liability in each PERA Fund Division that Greentree Solid Waste Authority participates in, under the current single rate assumption; as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA State General Fund Division

	1% Decrease	Current Discount	1% Increase
	<u>6.75%</u>	<u>Rate 7.75%</u>	<u>8.75%</u>
Greentree Solid Waste proportionate share of the net pension liability	\$ 864,758	\$ 458,703	\$ 145,006

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at: <http://www.pera.state.nm.us/publications.html>.

D. 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.

E. CONTINGENT LIABILITIES

The Authority closed its only municipal solid waste landfill on June 30, 1996 at which time the Authority filed closure proposals with the New Mexico Environmental Department (NMED). This landfill was owned jointly with the Village of Capitan. Costs for closure are allocated between the owners based on acreage, 61% to the Authority and 39% to the Village of Capitan as outlined in the original purchase agreement. The Authority received grant monies from NMED totaling \$200,000 from 1996 to June 30,

2003. As of August 11, 2003, \$91,885 had been spent in addition to the expended grant monies. Post-closure monitoring is required for up to 30 years with total costs estimated at \$13,000 per year. The Village of Capitan reimburses the Authority for their 39% share of these costs. The current year actual closure costs for this landfill were \$3,605. The Authority has restricted an amount of \$21,178 of its Net Position for the purpose of future closure costs.

F. PENDING LITIGATION

The nature of the litigation: *Greentree Solid Waste Authority v. County of Lincoln, Alto Lakes Water & Sanitation District, and New Mexico Finance Authority*. This case was filed as a declaratory judgment action in which Greentree has asked the court to interpret the Joint Powers Agreement and other governing documents of the Authority to determine whether or not customers in the Alto Lakes Water & Sanitation District can withdraw from Joint Powers Agreement and Greentree Solid Waste Authority service. Approximately 1,100 customers in the Alto Lakes Water and Sanitation District withdrew from the Joint Powers Agreement with approval of Lincoln County. Greentree Solid Waste Authority contends that the Lincoln County violated the agreement and has harmed the authority financially. The Case is currently pending with the Supreme Court of New Mexico..

The nature of the litigation: *Greentree Solid Waste Authority v. County of Lincoln*. The Authority filed suit on May 1, 2014 requesting and injunction to prevent the County of Lincoln for withdrawing from the Joint Powers Agreement until the terms of such withdrawal are determined so that the Authority and its members will not be harmed. Litigations are continuing.

G. SUBSEQUENT ACCOUNTING STANDARDS PRONOUNCEMENTS

Other accounting standards that Greentree Solid Waste Authority is currently reviewing for applicability and potential impact on the financial statements include:

GASB 72, Fair Value Measurement and Application, This Statement addresses accounting and financial reporting issues related to fair value measurements. This definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. 'This Statement will be effective for the year ended June 30, 2016.

GASB 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68, this Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. This Statement will be effective for the year ended June 30, 2016.

GASB 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, 'This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPKB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. This Statement will be effective for the year ended June 30, 2017.

GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, this Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by 1 employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPKB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other 'Than Pension Plans establishes new accounting and financial reporting requirements for OPKB plans. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPKB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPF'B also are addressed. This Statement will be effective for the year ended June 30, 2018.

GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement will be effective for the year ended June 30, 2016.

H. 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.

I. EQUITY RESTATEMENT

The Authority restated its prior year Net position to record unrecorded pension liabilities in the amount \$630.849.

Other Reports and Disclosures

State of New Mexico
 Greentree Solid Waste Authority
 Statement of Revenues, Expenses and Changes in Cash Balance
 Budget (Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges for services	\$ 2,649,528	\$ 2,651,578	\$ 2,667,935	\$ 16,357
State Grants	159,963	159,963	110,515	(49,448)
Environmental Gross Receipts	214,545	236,116	235,480	(636)
Sale of Equipment	40,000	40,000	15,126	(24,874)
Interest Income	863	2,306	2,310	4
Total Revenues	<u>3,064,899</u>	<u>3,089,963</u>	<u>3,031,366</u>	<u>(58,597)</u>
Operating Expenditures				
Personnel and related expense	1,325,199	1,296,553	1,211,581	84,972
Operating expense	1,290,976	1,373,938	1,157,116	216,822
Capital outlay	8,731	9,731	3,301	6,430
Debt Service	509,669	479,418	404,579	74,839
Total Operating Expense	<u>3,134,575</u>	<u>3,159,640</u>	<u>2,776,577</u>	<u>383,063</u>
Net Revenue (Expense)	<u>\$ (69,676)</u>	<u>\$ (69,677)</u>	254,789	<u>\$ 324,466</u>
Cash, Beginning			<u>398,163</u>	
Cash, Ending			<u>\$ 652,952</u>	
Reconciliation Budgetary Basis to GAAP				
Revenues Budgetary Basis			\$ 3,031,366	
Change in accounts receivable			(251,291)	
Change in other Receivables			(347)	
Revenues GAAP			<u>2,779,728</u>	
Expenditures Budgetary Basis			2,776,577	
Reclassification of loan principal			(189,262)	
Reclassification of capital lease			(79,732)	
Pension Payable			(160,605)	
Pension Outflow and Inflows			135,756	
Depreciation			351,705	
Capital Outlay			(103,866)	
Change in accounts payable			(12,992)	
Change in other payables and accruals			(7,489)	
Expenditures GAAP			<u>2,710,092</u>	
Change in Net Position			<u>\$ 69,636</u>	

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

State of New Mexico
Greentree Solid Waste Authority
(For Purchases Exceeding \$60,000 Excluding GRT)
Schedule of Vendor Information
June 30, 2015

Prepared By: Beverly Foote

Title: Financial Coordinator

Date: December 1, 2015

<u>RFP #</u>	<u>Type of Procurement</u>	<u>Awarded Vendor</u>	<u>Amount Of Awarded Contract</u>	<u>Amount Of Awarded Contract</u>	<u>Name and Physical Address of All Respondents</u>	<u>Instate Out of State Vendor</u>	<u>Veteran's Preference N/A For Fed Funds</u>	<u>Scope of Work</u>
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There were no purchases exceeding \$60,000

State of New Mexico
Greentree Solid Waste Authority
Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
Of Fund Division – State General
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years
June 30, 2015

	<u>2015</u>
Greentree Solid Waste Authority portion of net pension liability (asset)	0.05880%
Greentree Solid Waste Authority proportionate share of the net pension liability (asset)	\$ 458,703
Greentree Solid Waste Authority covered-employee payroll	\$ 574,798
Greentree Solid Waste Authority proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	80%
Plan fiduciary net position as a percentage of total pension liability	81.29%

**** The amounts presented were determined as of June 30, 2015. The Schedule is presented to illustrate the requirement to show information for 10 years. However, until all full 10 trend is compiled the Greentree Solid Waste Authority will present information for those years for information which is available.**

State of New Mexico
Greentree Solid Waste Authority
Required Supplementary Information
Schedule of Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Division – State General
Last 10 Fiscal Years
June 30, 2015

	<u>2015</u>
Contractually required contribution	\$ 44,012
Contributions in relation to the contractually required contribution	<u>(44,012)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Greentree Solid Waste Authority covered-employee payroll	\$ 574,798
Contributions as a percentage of covered payroll	7.66%

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

**State of New Mexico
Greentree Solid Waste Authority
Notes to Required Supplemental Information
June 30, 2015**

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 14 audit available at:

[http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366 Public Employees Retirement Association 2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366%20Public%20Employees%20Retirement%20Association%202014.pdf).

Changes in assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuations June 30 2014 report is available at:

http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf

The Summary of Key findings for the PERA Fund (on page 2 of the report) states based on a recent experience study for the five year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to fund liabilities and an increase of .13% to the funded ratio. For details about changes in the actuarial assumptions see Appendix B on page 60 of the report.

Dan Austin CPA, PC
700 Mechem Drive Ste 15
Ruidoso, NM 88345

**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**

Tim Keller, New Mexico State Auditor
State Auditor of the State of New Mexico
Board Members of the Greentree 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 Greentree Solid Waste Authority as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and related budgetary comparisons of the Authority presented as other supplemental information, and have issued our report thereon dated December 7, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial Statements, we considered the Greentree Solid Waste Authority internal control over financial reporting to determine the auditing procedures that are appropriate in the circumstances 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 Greentree Solid Waste Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Greentree 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.

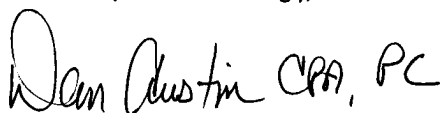
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies that might be material weakness or significant deficiencies and therefore, material weakness 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 Greentree 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 test 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 Greentree Solid Waste Authority internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



December 7, 2015
Ruidoso, New Mexico

**STATE OF NEW MEXICO
GREENTREE SOLID WASTE AUTHORITY
SCHEDULE OF FINDINGS AND OTHER DISCLOSURES
YEAR ENDED JUNE 30, 2015**

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 14, 2015 an exit conference was held at the Authority's offices. Present at the Authority's offices were, Board Chairman Ray Dean, Board Member Gary Williams, Operational Supervisor Debra Ingle, Financial Coordinator Beverly Foote 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.