



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**State of New Mexico
Camino Real
Regional Utility Authority
Financial Statements
For The Year Ended
June 30, 2013**

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CAMINO REAL REGIONAL UTILITY AUTHORITY

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**CAMINO REAL REGIONAL UTILITY AUTHORITY
OFFICIAL ROSTER
As of June 30, 2013**

Board of Directors

| Board Member | Title | Title/Representing |
|-------------------------------|--------------------|--|
| Ms. Karen Perez | Chair | Commissioner, Dona Ana County |
| Mr. David Garcia | Member | Commissioner, Dona Ana County |
| Ms. Susan Yturralde | Member | Proxy for State Senator Cynthia Nava |
| Mr. Brent Westmoreland | Member | Proxy for State Representative Mary Helen Garcia |
| Mr. Joshua Orozco | Member | Member-at-Large |
| Ms. Isabel Santos | Member | Mayor Pro-tem, City of Sunland Park |
| Mr. Javier Perea | Member | Counselor, City of Sunland Park |
| Administrative Officer | | |
| Ms. Sue Padilla | Executive Director | Camino Real Regional Utility Authority |



INDEPENDENT AUDITORS' REPORT

Governing Board of
Camino Real Regional Utility Authority
and
Mr. Hector Balderas, New Mexico State Auditor

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of Camino Real Regional Utility Authority (CRRUA), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise CRRUA's basic financial statements as listed in the table of contents. We have also audited the budgetary comparisons presented as supplementary information, as defined by the *Government Accounting Standards Board*, in the accompanying individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' 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 auditors' 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 CRRUA, as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budgetary comparisons as listed as supplementary information present fairly, in all material respects for the for the year ended as of June 30, 2013, in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Required Supplemental Information**

Management has omitted the Management and Discussion and Analysis that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on CRRUA's financial statements, The schedule identified in the table of contents as "other supplementary information" is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule identified in the table as "other supplementary information" 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 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 basic financial themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America.. In our opinion, the schedules identified in the table as "other supplementary information" is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2013 on our consideration of the CRRUA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CRRUA's internal control over financial reporting and compliance.



Hinkle + Landers, P.C.
Albuquerque, NM
November 13, 2013

STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
STATEMENT OF NET POSITION
As of June 30, 2013

| ASSETS | Water System | Wastewater System | South Central Solid Waste | Sunland Park Solid Waste | Total |
|--------------------------------------|-------------------------|------------------------------|--|---|-------------------|
| Current assets | | | | | |
| Cash and cash equivalents | \$ 1,572,266 | 792,535 | 42,853 | 13,745 | 2,421,399 |
| Receivables, net | 368,733 | 436,445 | 89,973 | 13,565 | 908,716 |
| Total current assets | 1,940,999 | 1,228,980 | 132,826 | 27,310 | 3,330,115 |
| Non-current assets | | | | | |
| Restricted cash and cash equivalents | - | - | - | - | - |
| Capital assets, net | 19,703,061 | 20,762,766 | - | - | 40,465,827 |
| Total assets | \$ 21,644,060 | 21,991,746 | 132,826 | 27,310 | 43,795,942 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable | \$ 177,478 | 173,486 | 132,826 | 27,310 | 511,100 |
| Accrued payroll liabilities | 17,957 | 17,957 | - | - | 35,914 |
| Accrued interest | 90,308 | - | - | - | 90,308 |
| Other liabilities | 57,038 | 10,764 | - | - | 67,802 |
| Unearned revenue | 550,000 | 495,200 | - | - | 1,045,200 |
| Compensated absences | 22,310 | 22,310 | - | - | 44,620 |
| Bonds and notes payable | 268,814 | - | - | - | 268,814 |
| Total current liabilities | 1,183,905 | 719,717 | 132,826 | 27,310 | 2,063,758 |
| Non-current liabilities | | | | | |
| Bonds and notes payable | 9,117,800 | - | - | - | 9,117,800 |
| Compensated absences | 9,561 | 9,561 | - | - | 19,122 |
| Total non-current liabilities | 9,127,361 | 9,561 | - | - | 9,136,922 |
| Total liabilities | 10,311,266 | 729,278 | 132,826 | 27,310 | 11,200,680 |
| NET POSITION | | | | | |
| Net investment in capital assets | 10,316,447 | 20,493,952 | - | - | 30,810,399 |
| Unrestricted | 1,016,347 | 768,516 | - | - | 1,784,863 |
| Total net position | 11,332,794 | 21,262,468 | - | - | 32,595,262 |
| Total liabilities and net position | \$ 21,644,060 | 21,991,746 | 132,826 | 27,310 | 43,795,942 |

The accompanying notes are integral to these financial statements

STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
For The Year Ended June 30, 2013

| | Water System | Wastewater System | South Central Solid Waste | Sunland Park Solid Waste | Total |
|--|-------------------------|------------------------------|--|---|--------------------------|
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 176,612 | 160,877 | - | - | 337,489 |
| Charges for water services | 2,218,749 | - | - | - | 2,218,749 |
| Charges for sewage services | - | 1,649,461 | - | - | 1,649,461 |
| Rents and royalties | 309,100 | - | - | - | 309,100 |
| Other revenue | 134,859 | 29,501 | - | - | 164,360 |
| Total revenues | <u>2,839,320</u> | <u>1,839,839</u> | <u>-</u> | <u>-</u> | <u>4,679,159</u> |
| OPERATING EXPENSES | | | | | |
| Personnel services -salaries and wages | 264,293 | 264,294 | - | - | 528,587 |
| Personnel services -employee benefits | 63,439 | 63,440 | - | - | 126,879 |
| Purchased professional and technical services | 75,967 | 18,498 | - | - | 94,465 |
| Utilities | 417,872 | 406,507 | - | - | 824,379 |
| Other operating expenses | 925,934 | 905,716 | - | - | 1,831,650 |
| Depreciation | 387,680 | 565,298 | - | - | 952,978 |
| Total operating expenses | <u>2,135,185</u> | <u>2,223,753</u> | <u>-</u> | <u>-</u> | <u>4,358,938</u> |
| Operating income (loss) | 704,135 | (383,914) | - | - | 320,221 |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Bond principal | (191,926) | - | - | - | (191,926) |
| Grant revenue - State | 294,126 | 206,989 | - | - | 501,115 |
| Interest expense -non-operating | (179,443) | - | - | - | (179,443) |
| Total non-operating revenues (expenses) before contributions | <u>(77,243)</u> | <u>206,989</u> | <u>-</u> | <u>-</u> | <u>129,746</u> |
| Change in net assets before contributions | 626,892 | (176,925) | - | - | 449,967 |
| Capital contributions | - | - | - | - | - |
| Change in net position | 626,892 | (176,925) | - | - | 449,967 |
| Net position, beginning of year | 7,724,427 | 447,021 | - | - | 8,171,448 |
| Restatement | 2,981,475 | 20,992,372 | - | - | 23,973,847 |
| Net position, end of year | <u>\$ 11,332,794</u> | <u>21,262,468</u> | <u>-</u> | <u>-</u> | <u>32,595,262</u> |

The accompanying notes are integral to these financial statements

STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2013

| | <u>Water System</u> | <u>Wastewater System</u> | <u>South Central Solid Waste</u> | <u>Sunland Park Solid Waste</u> | <u>Total</u> |
|---|-------------------------|------------------------------|--|---|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers | \$ 3,191,493 | 1,753,187 | (89,973) | 62,061 | 4,916,768 |
| Payments to employees | (317,281) | (317,282) | - | - | (634,563) |
| Payments to suppliers | (1,365,702) | (1,206,963) | 132,826 | (78,836) | (2,518,675) |
| Other receipts/(payments) | <u>443,959</u> | <u>29,501</u> | <u>-</u> | <u>-</u> | 473,460 |
| Net cash provided (used) by operating activities | 1,952,469 | 258,443 | 42,853 | (16,775) | 2,236,990 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | | |
| None | - | - | - | - | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Purchase of capital assets | (727,063) | (241,810) | - | - | (968,873) |
| Capital grants | 294,126 | 206,989 | - | - | 501,115 |
| Principal payments | (255,519) | - | - | - | (255,519) |
| Interest payments | <u>(281,061)</u> | <u>-</u> | <u>-</u> | <u>-</u> | (281,061) |
| Net cash provided (used) by capital and related financing activities | <u>(969,517)</u> | <u>(34,821)</u> | <u>-</u> | <u>-</u> | (1,004,338) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Repayment of bonds and notes payable | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | 982,952 | 223,622 | 42,853 | (16,775) | 1,232,652 |
| Balances-beginning of year | <u>589,314</u> | <u>568,913</u> | <u>-</u> | <u>30,520</u> | 1,188,747 |
| Balances-end of year | <u>\$ 1,572,266</u> | <u>792,535</u> | <u>42,853</u> | <u>13,745</u> | 2,421,399 |
| Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities: | | | | | |
| Operating income/(loss) | 704,135 | (383,914) | - | - | 320,221 |
| Adjustments | | | | | |
| Depreciation expense | 387,680 | 565,298 | - | - | 952,978 |
| Changes in fund balance | 96,213 | - | - | - | 96,213 |
| Change in assets and liabilities: | | | | | |
| Receivables | 699,919 | (57,151) | (89,973) | 62,061 | 614,856 |
| Accounts payable | 27,053 | 134,184 | 132,826 | (78,836) | 215,227 |
| Accrued expenses and other liabilities | 31,853 | (5,590) | - | - | 26,263 |
| Compensated absences | 5,616 | 5,616 | - | - | 11,232 |
| Net cash provided by (used for) operating activities | <u>\$ 1,952,469</u> | <u>258,443</u> | <u>42,853</u> | <u>(16,775)</u> | 2,236,990 |

Supplementary Disclosures

Non-cash transfers of assets and liabilities in the amount of \$23,877,637 for prior year additions to capital assets were added by the organization for the year ended June 30, 2013.

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2013**

NOTE 1—NATURE OF BUSINESS AND REPORTING ENTITY

The Camino Real Regional Utility Authority (CRRUA or the Authority) was originally established under a joint power's agreement dated February 24, 2009 by and between the City of Sunland Park and the County of Dona Ana. The City of Sunland Park's water and wastewater facilities and operations have been combined with certain defined County of Dona Ana water and wastewater facilities and operations to create an independent water and wastewater utility authority.

On February 1, 2012, the County of Dona Ana began providing fiscal management and administrative services and functions to the Camino Real Regional Utility Authority and CRRUA officially began its operations as an independent organization on February 1, 2012.

The Authority was created to:

- Establish and empower an independent Water and Wastewater Utility Authority to provide municipal water and wastewater utility services to present and future development within a designated service area that encompasses the City of Sunland Park and a certain area within the unincorporated territory of Southern Dona Ana County and to,
- provide for and administer subdivision, zoning, planning and platting regulations for present and future development within a designated service area within a certain area within Southern Dona Ana County.

The Board Membership of the Authority is composed of:

- Two elected officials from Sunland Park. These appointees shall each serve two year terms.
- Two County Commissioners (which includes one Commissioner whose district includes Sunland Park). These appointees shall each serve a two-year term.
- The New Mexico Senator (or delegate) whose district includes the Sunland Park/Santa Teresa area.
- The New Mexico Representative (or delegate) whose district includes the Sunland Park/Santa Teresa area.
- One member to be selected by majority of the aforementioned six members who is a professional with real property development or engineering experience or a background in economic development. This appointee shall serve a two-year term.

Reporting Entity

The financial statements of CRRUA encompass the activities of the CRRUA and any applicable component units.

In evaluating how to define the CRRUA, 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 No. 14 and No. 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2013**

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, there were no component units identified as needing to be disclosed or presented as part of the reporting entity.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units.

A—Measurement focus, basis of accounting, and financial statement presentation

CRRUA's activities are reported as business-type activities. As a result, the financial statements are comprised solely of proprietary fund financial statements. Proprietary statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of CRRUA are user fees generated from water and wastewater services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is CRRUA's policy to use applicable restricted resources first, then unrestricted resources as they are needed.

The following is a description of the Authority proprietary funds. All funds are considered major funds.

The *Water System* fund accounts for water system activities for residents of the City of Sunland Park and a portion of the southern part of Dona Ana County.

The *Wastewater System* fund accounts for wastewater system activities for the residents of the City of Sunland Park in a portion of the southern part of Dona Ana County.

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2013**

The *South Central Solid Waste* fund accounts for the activities of the solid waste utility, which provides service to the residents in Vado/Del Cerro, Chamberino, Berino and south central areas of the County.

The *Sunland Park Solid Waste* fund accounts for the activities of the solid waste utility, which provides service to residents of Sunland Park.

B—Use of Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the financial statement date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C—Net Position

Net position is the difference between assets, deferred outflows of resources, liabilities and deferred inflow of resources. Net investment in capital assets – net of related debt, are capital assets, less accumulated depreciation and any debt related to the acquisition or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by external restrictions by other governments, creditors or grantors.

D—Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet for the governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position/fund balance that applies to a future period and so will not be recognized as an expense or expenditure until then. The CRRUA has no deferred outflows of resources during fiscal year 2013.

In addition to liabilities, the statement of net position and/or the balance sheet for the governmental funds 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/fund balance that applied to a future period and so will not be recognized until then. The CRRUA has no deferred outflows of resources during fiscal year 2013.

E—Cash and Cash Equivalents

For purposes of the statement of cash flows, the CRRUA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents

F—Capital Assets

Capital assets are defined by the CRRUA as assets with an initial, individual cost of more than \$5,000 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 capital assets are recorded at estimated fair market value at the date of donation. 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property and equipment of CRRUA are depreciated using the straight line method over the following estimated useful lives:

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2013**

| <u>Asset Type</u> | <u>Years</u> |
|------------------------------------|--------------|
| Land | Perpetuity |
| Construction in progress | Perpetuity |
| Land Improvements | 10 - 40 |
| Buildings and Improvements | 10 - 40 |
| Furniture, fixtures, and equipment | 3 - 10 |
| Vehicles | 5 - 10 |
| Infrastructure | 10 - 25 |

F—Compensated Absences

CRRUA’s policy permits employees to accumulate earned but unused vacation, compensatory hours, and sick pay benefits. Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and overtime. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of CRRUA and its employees is accrued as employees earn the right to the benefits. Compensated absences that related to future services or that are contingent on a special event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or when such events take place. Compensated absences liability includes annual leave which has been accrued but not taken.

The maximum accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is lost. When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination, up to the aforementioned maximums at their current hourly rate. See the “changes in long term debt” note in this report for the accrued compensated absences payable outstanding as of June 30, 2013.

G—Budgets

CRRUA’s budgets are not prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), using an estimate of anticipated revenues and expenses. The budget is presented on a cash basis method of accounting, which does not include capitalizing fixed capital assets over \$5,000, instead these expenditures are presented as capital outlay.

Management prepares a budget by individual fund for CRRUA which is tentatively adopted by the Board. After tentative approval at the organizational level, the budget is submitted to the New Mexico Department of Finance and Administration (DFA) for approval of a temporary operational budget beginning July 1. This budget includes expected receipts and expenditures of its individual funds. CRRUA prepares budgets as needed for certain projects for submission directly to that project’s funding source.

Formal budgetary integration is employed as a management control device during the year. The difference between non-GAAP budgetary basis financial statements and the GAAP basis financial statements is the following: the GAAP basis financial statements are on the accrual basis and capital outlay amounts greater than \$5,000 are capitalized on the Statement of Net Position and the non-GAAP budget basis financial statements record capital outlay greater than \$5,000 as expenditures.

The time, at which appropriations lapse, depends on the funding source and related legal requirements. Unexpended appropriations funded by any grants received do not lapse at the fiscal year-end and may be carried forward. There were no appropriations received by CRRUA as of June 30, 2013.

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2013**

The legal level of budgetary control is at the individual fund level. The legally permissible methods for amending the initially approved budget may vary depending on the funding source. The presented budgetary information has been properly amended during the year.

New Mexico State law prohibits CRRUA from making expenditures in excess of approved appropriations. If a fund is not overspent, it is in compliance with state law. The 2013/2012 budget has been legally adopted.

NOTE 3—CASH AND CASH EQUIVALENTS

CRRUA's cash balances consist of a non-interest bearing demand deposit account. The following is a summary of CRRUA's cash balances as of June 30, 2013.

| <u>Location</u> | <u>Balance Per Depository</u> | <u>Outstand- ing Deposits</u> | <u>Outstand- ing Items</u> | <u>Less: Dona Ana County Pooled Cash Allocation</u> | <u>Balance Per Financial Statements</u> |
|-----------------|-----------------------------------|-----------------------------------|--------------------------------|---|---|
| Wells Fargo \$ | 2,231,652 | 709,000 | (497,090) | (22,163) | 2,421,399 |

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, CRRUA's deposits may not be returned to it. State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit be collateralized by the depository thrift or banking institution. At present, state statutes require that a minimum of fifty percent of uninsured balances on deposit with anyone institution must be collateralized, with higher requirements up to 100% for financially troubled institutions.

Below is a summary of CRRUA's FDIC coverage and collateral requirement.

| <u>Location</u> | <u>Per Depository</u> | <u>Book Balance</u> |
|--|---------------------------|-------------------------|
| Wells Fargo | \$ 2,231,652 | 2,421,399 |
| Total amount of deposit in bank | \$ 2,231,652 | |
| FDIC coverage | (250,000) | |
| Total uninsured public funds | \$ 1,981,652 | |
| 50% Collateral Requirement (Section 6-10-17 NMSA 1978) | \$ 990,826 | |

Pledged collateralization of CRRUA's bank deposits are comingled with those of Dona Ana County and are in the name of the County. Below is the total collateral associated with Wells Fargo for the County. The amount associated individually for CRRUA deposits are not individually identifiable, but the County and CRRUA in aggregate are in compliance with Section 6-10-17 NMSA 1978.

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2013**

Please see the pledged collateralization schedule below:

| <u>WELLS FARGO</u> | <u>CUSIP</u> | <u>MARKET VALUE</u> | <u>MATURITY DATE</u> |
|--------------------|--------------|-------------------------|--------------------------|
| FNMA AH1516 | 3138A2VJ5 | \$ 739,643 | 12/1/2025 |
| FNMA AH1560 | 3138A2WW5 | 134,553 | 1/1/2041 |
| FNMA AH3394 | 3138A4XY6 | 18,220 | 1/1/2041 |
| FNMA AH6783 | 3138A8RDO | 2,495,831 | 3/1/2041 |
| FNMA AH7905 | 3138A9YB4 | 3,228,301 | 7/1/2041 |
| FNMA AH9937 | 3138ACBF3 | 219,085 | 5/1/2041 |
| FNMA AI1163 | 3138AEJH7 | 10,480 | 4/1/2041 |
| FNMA AI6900 | 3138ALU21 | 17,693 | 10/1/2026 |
| FNMA AJ1625 | 3138ASYX4 | 12,262,806 | 10/1/2026 |
| FNMA AEO981 | 31419BCT0 | <u>2,269,593</u> | 3/1/2041 |
| Total Wells Fargo | | <u>\$ 21,396,205</u> | |

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, County, or political subdivision of the State of New Mexico.

As of June 30, 2013, all of CRRUA's uninsured deposits were collateralized with securities held by pledging financial institution's trust department or agent in the Dona Ana County's name. Custodial credit risk is as follows:

| | |
|---|---------------------|
| Uninsured and uncollateralized | \$ - |
| Uninsured, collateral held by the pledging banks, but not in the name of CRRUA or the County. | <u>\$ 1,981,652</u> |

NOTE 4—RECEIVABLES

Receivables at year-end including the applicable allowances for uncollectible accounts are as follows:

| <u>Type</u> | <u>Water System</u> | <u>Wastewater System</u> | <u>South Central Solid Waste</u> | <u>Sunland Park Solid Waste</u> | <u>Total</u> |
|---------------------------------|-------------------------|------------------------------|--|---|----------------|
| Account receivables | \$ 491,351 | 554,045 | 89,973 | 13,565 | 1,148,934 |
| Allowance for doubtful accounts | (122,618) | (117,600) | - | - | (240,218) |
| Net receivables | <u>\$ 368,733</u> | <u>436,445</u> | <u>89,973</u> | <u>13,565</u> | <u>908,716</u> |

All receivables are expected to be collected within one year.

NOTE 5—PENSION PLAN—PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description: Substantially all of CRRUA's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2013**

financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy: Plan members are required to contribute 9.15% of their gross salary. CRRUA is required to contribute 16.3% of the gross covered salary. The contribution requirements of plan members and CRRUA are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. CRRUA's contributions to PERA for the year ending June 30, 2013 were \$33,578, and the prior five months PERA contributions were \$8,134, which equals the amount of the required contributions for the year.

NOTE 6—POST-EMPLOYMENT BENEFITS—STATE RETIREE HEALTH CARE PLAN

CRRUA is not a participant under the Retiree Health Care Act.

NOTE 7—CAPITAL ASSETS

Property and equipment are summarized as follows:

| <u>Business-Type Activities</u> | <u>Balance 2012</u> | <u>Additions</u> | <u>Reclass/ Adjustments</u> | <u>Balance 2013</u> |
|---|-------------------------|------------------|---------------------------------|-------------------------|
| Capital assets depreciated | | | | |
| Land | \$ 6,873,259 | - | 2,215,377 | 9,088,636 |
| Construction in progress | 773,178 | 648,268 | (38,528) | 1,382,918 |
| Total capital assets not being depreciated | 7,646,437 | 648,268 | 2,176,849 | 10,471,554 |
| Capital assets being depreciated: | | | | |
| Land improvements | - | - | 50,828 | 50,828 |
| Buildings and improvements | - | - | - | - |
| Furniture, fixtures, & equipment | 32,075 | 267,263 | 651,026 | 950,364 |
| Vehicles | - | 49,062 | 331,124 | 380,186 |
| Infrastructure | 11,662,927 | 4,281 | 28,008,479 | 39,675,687 |
| Total capital assets being depreciated | 11,695,002 | 320,606 | 29,041,457 | 41,057,065 |
| Less accumulated depreciation | | | | |
| Land improvements | - | (28,511) | - | (28,511) |
| Buildings and improvements | - | - | - | - |
| Furniture, fixtures, & equipment | (3,188) | (425,212) | - | (428,400) |
| Vehicles | - | (326,903) | - | (326,903) |
| Infrastructure | (2,765,956) | (172,353) | (7,340,669) | (10,278,978) |
| Total accumulated depreciation | (2,769,144) | (952,979) | (7,340,669) | (11,062,792) |
| Total capital assets, net | \$ 16,572,295 | 15,895 | 23,877,637 | 40,465,827 |

For the year ended June 30, 2013, depreciation expense was \$952,979 which is charged by water and wastewater functions as disclosed on the face of the financial statements.

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2013**

NOTE 8—CHANGES IN LONG-TERM DEBT

A summary of changes in long-term debt for the five month period ended June 30, 2013 is as follows:

| Obligation | Balance 2012 | Additions | Deletions | Balance 2013 | Due Within One Year |
|--------------------------------|-------------------------|------------------|------------------|-------------------------|------------------------------------|
| Compensated absences | \$ 52,509 | 52,430 | (41,197) | 63,742 | 44,619 |
| Notes payable | 59,333 | - | (29,519) | 29,814 | 29,814 |
| Revenue bonds | 9,582,800 | - | (226,000) | 9,356,800 | 239,000 |
| Total business-type activities | \$ <u>9,694,642</u> | <u>52,430</u> | <u>(296,716)</u> | <u>9,450,356</u> | <u>313,433</u> |

Prior year compensated absences have been liquidated by the by their respective utility fund as presented in the financial statements.

CRRUA has one notes payable and five series of revenue bonds to service. Details are as follows:

| Description | Date of Issue | Due Date | Original Issue | Out- standing | Rate |
|---|--------------------------|-----------------|---------------------------|--------------------------|-------------|
| Guy Keeting Loan-NMED | 01/2001 | 08/2013 | \$ 356,645 | 29,814 | 1.0% |
| RUS Series 1992A-Revenue Bonds | 12/1992 | 12/2032 | 661,000 | 493,100 | 5.5% |
| RUS Series 1992B-Revenue Bonds | 12/1992 | 12/2032 | 177,700 | 133,700 | 5.5% |
| RUS Series 2002-Water/Wastewater System | 07/2002 | 07/2042 | 500,000 | 442,000 | 4.5% |
| RUS Series 2004-Water/Wastewater System | 12/2004 | 12/2045 | 2,156,000 | 1,968,000 | 4.5% |
| RUS Series 2008-Water/Wastewater System | 12/2008 | 12/2033 | 7,765,000 | 6,320,000 | 2.0% |
| Totals | | | \$ <u>11,616,345</u> | <u>9,386,614</u> | |

The annual principal and interest requirements on long-term debt outstanding as of June 30, 2013 are as follows:

Notes Payable

| June 30, | Principal | Interest | Total |
|-----------------|------------------|-----------------|---------------|
| 2014 | \$ 29,814 | 298 | 30,112 |
| Total | \$ <u>29,814</u> | <u>298</u> | <u>30,112</u> |

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**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2013**

Revenue Bonds

| <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------|---------------------|------------------|-------------------|
| 2014 | \$ 239,000 | 267,474 | 506,474 |
| 2015 | 252,000 | 261,065 | 513,065 |
| 2016 | 264,000 | 254,308 | 518,308 |
| 2017 | 277,000 | 247,255 | 524,255 |
| 2018 | 290,000 | 239,855 | 529,855 |
| 2019-2023 | 1,659,000 | 1,075,526 | 2,734,526 |
| 2024-2028 | 2,083,000 | 831,551 | 2,914,551 |
| 2029-2033 | 2,573,800 | 539,316 | 3,113,116 |
| 2034-2038 | 908,000 | 252,525 | 1,160,525 |
| 2039-2043 | 590,000 | 131,625 | 721,625 |
| 2044-2046 | 221,000 | 15,075 | 236,075 |
| | <u>\$ 9,356,800</u> | <u>4,115,575</u> | <u>13,472,375</u> |

1992 Series A and Series B Revenue Bonds

The City of Sunland Park authorized the issuance of 1992 Series A, \$661,100 and Series B, \$177,700, Water System Improvement Revenue Bonds for the purpose of securing funds for construction improvements to the water system for the City. The bonds are payable and collectible solely from net revenues to be derived from the operation of CRRUA. These debt obligations were transferred to CRRUA as of February 1, 2012.

Series 2002 Revenue Bonds

In 2003, the City adopted an amended loan resolution authorizing the issuance of the City of Sunland

Park Joint Water and Wastewater System Improvement Revenue Bonds, Series 2002, to FMHA in the amount of \$500,000 for the purpose of financing improvements to the City's Joint Water and Wastewater System. The bonds are payable and collectible solely from net revenues to be derived from the operation of CRRUA. These debt obligations were transferred to CRRUA as of February 1, 2012.

Series 2004 Revenue Bond

In December 2004, the City issued Water and Wastewater System Revenue Bonds, Series 2004, in the amount of \$2,156,000 to finance certain costs incurred by the City in connection with the acquisition by the City of Santa Teresa Service Company ("STSC") assets of the water and wastewater system. The bonds are payable and collectible solely from net revenues to be derived from the operation of the CRRUA. These debt obligations were transferred to CRRUA as of February 1, 2012.

Series 2008 Revenue Bond

In December 2008, the County issued refunding bonds to defease the Water System/Gross Receipts Tax Revenue Bonds, Series 1999 and payoff the Verde Group Liability with the issuance of \$7,765,000 in Bonds to mature December 15, 2033. The 2008 bonds were purchased by the County with Doña Ana Hospital Lease Funds and are shown as an investment in the County's financials. The bonds are payable and collectible solely from net revenues to be derived from the operation of the CRRUA. These debt obligations were transferred to CRRUA as of February 1, 2012.

Notes Payable-Guy Keeting Loan—NMED

On January 1, 1994, the City of Sunland Park borrowed \$483,604 from the New Mexico Environment Improvement Division. The proceeds of the note were used to add transmission lines for the wastewater collection system. The notes payable is payable and collectible solely from net revenues to

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2013**

be derived from the operation of CRRUA. These debt obligations were transferred to CRRUA as of February 1, 2012.

NOTE 9—RISK MANAGEMENT

CRRUA is insured through purchase of commercial insurance policies for general liability and purchases Worker's Compensation Insurance from the New Mexico Self Insurer's Fund. Worker's Compensation claims are handled by the New Mexico Self Insurer's Fund.

NOTE 10 – OPERATING LEASES

The reporting entity has entered into an operating lease, which contain cancellation provisions and are subject to annual appropriations. The rent expenditures for these leases were from the Water and Wastewater system funds. Future minimum lease payments are:

| <u>Year</u> | <u>Lease Payments</u> |
|-------------|---------------------------|
| 2014 | 90,946 |
| 2015 | 90,946 |
| 2016 | 30,315 |
| | <u>\$ 212,207</u> |

Rental payments charged to current operations for the year ended June 30, 2013 totaled to \$90,946.

NOTE 11 - COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

CRRUA has several projects under construction related to water and wastewater utilities. Below is a summary list of projects.

| <u>Project</u> | <u>Contract Type</u> | <u>Contract Price</u> | <u>% of Completion</u> |
|--|----------------------|---------------------------|--------------------------|
| Arsenic Treatment Plant | Construction | \$ 6,705,715 | 99.00% |
| Sunland Park AMR System & Water Meter Replacement | Professional Service | 76,106 | 20.00% |
| Water Improvements Phase 1 Design | Professional Service | 166,943 | Engineering not complete |
| Sunland Park Water Well | Professional Service | 172,487 | Engineering not complete |
| Santa Teresa Booster Station | Professional Service | 161,444 | Engineering not complete |
| CRRUA Sub Motor | Professional Service | 17,483 | 99.00% |
| NPDES Permit | Professional Service | 4,318 | Engineering Permit |
| CRRUA Lift Station Flow Redirect | Professional Service | 15,672 | Engineering not complete |
| North Treatment Waste Water Plant | Professional Service | 126,497 | Engineering not complete |
| ST Booster Station | Construction | 1,255,225 | 0.00% |
| Automatic Meter Install | Construction | 350,384 | 0.00% |
| Chaparral Phase 3A | Construction | 978,220 | 12.00% |
| | | <u>\$ 10,030,494</u> | |

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2013**

NOTE 12 - RESTATEMENTS

CRRUA restated \$23,973,847 of prior year related to business activities.

The restatements were made for prior year capital asset additions from the City of Sunland Park, Union Pacific Railroad and Dona Ana County of \$27,969,929 along with accumulated depreciation of \$7,340,669. Also there was a \$96,213 restatement to cash related to prior year revenue. Beginning net position was increased by \$2,981,475 in the Water System Fund and \$20,992,372 in the Wastewater fund. Restatements were made to the Sunland Park Solid Waste Fund for additions of cash of \$30,520, accounts receivable of \$75,626 and accounts payable of \$106,146. There was no change in beginning net position as a result of the addition of this fund.

STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
WATER SYSTEM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
Budget (Non-GAAP Budgetary Basis) and Actual
For The Five Year Ended June 30, 2013

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|--|------------------|------------------|-------------------------------|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| REVENUES | | | | |
| Charges for services | \$ 20,000 | 24,525 | 157,969 | 133,444 |
| Charges for water services | 2,200,000 | 2,200,000 | 2,218,749 | 18,749 |
| Charges for sewage services | - | - | - | - |
| Rents and royalties | - | 269,500 | 309,100 | 39,600 |
| Income on investments | 4,000 | 4,000 | - | (4,000) |
| Other revenue | <u>15,500</u> | <u>1,224,367</u> | <u>416,077</u> | <u>(808,290)</u> |
| Total revenues | 2,239,500 | 3,722,392 | 3,101,895 | (620,497) |
| EXPENDITURES | | | | |
| Operating Expenses | | | | |
| Personnel services -salaries and wages | 363,915 | 316,415 | 255,893 | 60,522 |
| Personnel services -employee benefits | 101,046 | 101,046 | 63,439 | 37,607 |
| Purchased professional and technical services | 65,000 | 100,000 | 68,170 | 31,830 |
| Utilities | 521,700 | 522,200 | 416,108 | 106,092 |
| Other operating expenses | <u>1,339,412</u> | <u>2,580,859</u> | <u>1,987,311</u> | <u>593,548</u> |
| Total operating expenses | 2,391,073 | 3,620,520 | 2,790,921 | 829,599 |
| Non-Current (non-operating) | | | | |
| Debt service-interest expense | <u>128,150</u> | <u>128,150</u> | <u>155,877</u> | <u>(27,727)</u> |
| Total expenditures | <u>2,519,223</u> | <u>3,748,670</u> | <u>2,946,798</u> | <u>801,872</u> |
| Excess (deficiency) of revenues over expenditures | (279,723) | (26,278) | 155,097 | |
| Cash reserve, beginning | <u>321,332</u> | <u>321,332</u> | <u>274,665</u> | |
| Cash reserve, ending | <u>\$ 41,609</u> | <u>295,054</u> | <u>429,762</u> | |
| Net change in net position (non-GAAP budget basis) | | | \$ 155,097 | |
| Adjustments to revenue for accrual presentation | | | (339,818) | |
| Adjustments to expenditures for accrual presentation | | | <u>811,613</u> | |
| Net change in net position before contributions (GAAP basis) | | | <u>\$ 626,892</u> | |

STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
WASTEWATER SYSTEM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
Budget (Non-GAAP Budgetary Basis) and Actual
For The Year Ended June 30, 2013

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|--|------------------|-----------|-------------------------------|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| REVENUES | | | | |
| Charges for services | \$ 31,000 | 69,520 | 149,064 | 79,544 |
| Charges for water services | - | - | - | - |
| Charges for sewage services | 1,710,245 | 1,710,245 | 1,649,461 | (60,784) |
| Income on investment | 5,000 | 5,000 | - | (5,000) |
| Rents and royalties | - | - | - | - |
| Other revenue | - | 1,059,026 | 155,998 | (903,028) |
| | | | | |
| Total revenues | 1,746,245 | 2,843,791 | 1,954,523 | (889,268) |
| EXPENDITURES | | | | |
| Operating Expenses | | | | |
| Personnel services -salaries and wages | 380,415 | 380,415 | 255,894 | 124,521 |
| Personnel services -employee benefits | 101,046 | 101,046 | 63,440 | 37,606 |
| Purchased professional and technical services | 30,000 | 30,000 | 18,498 | 11,502 |
| Utilities | 378,000 | 378,000 | 406,507 | (28,507) |
| Other operating expenses | 785,081 | 1,997,657 | 1,012,943 | 984,714 |
| Total operating expenses | 1,674,542 | 2,887,118 | 1,757,282 | 1,129,836 |
| Non-Current (non-operating) | | | | |
| Debt service-interest expense | - | - | - | - |
| Total expenditures | 1,674,542 | 2,887,118 | 1,757,282 | 1,129,836 |
| | | | | |
| Excess (deficiency) of revenues over expenditures | 71,703 | (43,327) | 197,241 | |
| Cash reserve, beginning | 229,602 | 229,602 | 258,893 | |
| Cash reserve, ending | \$ 301,305 | 186,275 | 456,134 | |
| | | | | |
| Net change in net position (non-GAAP budget basis) | | | \$ 197,241 | |
| Adjustments to revenue for accrual presentation | | | 92,305 | |
| Adjustments to expenditures for accrual presentation | | | (466,471) | |
| | | | | |
| Net change in net position before contributions (GAAP basis) | | | \$ (176,925) | |

STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
SOUTH CENTRAL SOLID WASTE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
Budget (Non-GAAP Budgetary Basis) and Actual
For The Year Ended June 30, 2013

| | Budgeted Amounts | | Actual | Variances |
|--|------------------|-------|----------------------------------|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Favorable (Unfavorable) Final to Actual |
| REVENUES | | | | |
| Charges for services | \$ - | - | - | - |
| Charges for water services | - | - | - | - |
| Charges for sewage services | - | - | - | - |
| Income on investment | - | - | - | - |
| Rents and royalties | - | - | - | - |
| Other revenue | - | - | - | - |
| Total revenues | - | - | - | - |
| EXPENDITURES | | | | |
| Operating Expenses | | | | |
| Personnel services -salaries and wages | - | - | - | - |
| Personnel services -employee benefits | - | - | - | - |
| Purchased professional and technical services | - | - | - | - |
| Utilities | - | - | - | - |
| Other operating expenses | - | - | - | - |
| Total operating expenses | - | - | - | - |
| Non-Current (non-operating) | | | | |
| Debt service-interest expense | - | - | - | - |
| Total expenditures | - | - | - | - |
| Excess (deficiency) of revenues over expenditures | - | - | - | |
| Cash reserve, beginning | - | - | - | |
| Cash reserve, ending | - | - | - | |
| Net change in net position (non-GAAP budget basis) | | | \$ - | |
| Adjustments to revenue for accrual presentation | | | - | |
| Adjustments to expenditures for accrual presentation | | | - | |
| Net change in net position before contributions (GAAP basis) | | | \$ - | |

STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
SUNLAND PARK SOLID WASTE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
Budget (Non-GAAP Budgetary Basis) and Actual
For The Year Ended June 30, 2013

| | Budgeted Amounts | | Actual | Variances |
|--|------------------|-------|----------------------------------|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Favorable (Unfavorable) Final to Actual |
| REVENUES | | | | |
| Charges for services | \$ - | - | - | - |
| Charges for water services | - | - | - | - |
| Charges for sewage services | - | - | - | - |
| Income on investment | - | - | - | - |
| Rents and royalties | - | - | - | - |
| Other revenue | - | - | - | - |
| Total revenues | - | - | - | - |
| EXPENDITURES | | | | |
| Operating Expenses | | | | |
| Personnel services -salaries and wages | - | - | - | - |
| Personnel services -employee benefits | - | - | - | - |
| Purchased professional and technical services | - | - | - | - |
| Utilities | - | - | - | - |
| Other operating expenses | - | - | - | - |
| Total operating expenses | - | - | - | - |
| Non-Current (non-operating) | | | | |
| Debt service-interest expense | - | - | - | - |
| Total expenditures | - | - | - | - |
| Excess (deficiency) of revenues over expenditures | - | - | - | - |
| Cash reserve, beginning | - | - | - | - |
| Cash reserve, ending | \$ - | - | - | - |
| Net change in net position (non-GAAP budget basis) | | | \$ - | |
| Adjustments to revenue for accrual presentation | | | - | |
| Adjustments to expenditures for accrual presentation | | | - | |
| Net change in net position before contributions (GAAP basis) | | | \$ - | |

CAMINO REAL REGIONAL UTILITY AUTHORITY
SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING
For The Year Ended June 30, 2013

| # | Joint Powers Agreements/MOU | Participants | Responsible Party | Description | Beginning and Ending Dates | Total estimated project amount and amount applicable to Agency | Amount contributed by CRRUA during current fiscal year | Audit Responsibility | Fiscal agent and responsible reporting entity |
|---|--|--|-------------------|--|----------------------------|--|--|----------------------|---|
| 1 | Creation of the Camino Real Regional Utility Authority | Dona Ana County, City of Sunland Park, CRRUA | CRRUA | To create the Camino Real Regional Utility Authority | 2/24/09 to Perpetuity | N/A | \$ - | CRRUA | CRRUA/Dona Ana County |
| 2 | Fiscal Management and Administrative Services | Dona Ana County, CRRUA | CRRUA | To Provide Fiscal Management and Administrative Services | 02/01/12 until changed | N/A | \$ - | CRRUA | CRRUA/Dona Ana County |
| 3 | Fiscal Management and Administrative Services | City of Las Cruces | SCSWA | Establish a joint City/County Solid Waste Authority | 04/1/1993 Ongoing | Ongoing project costs vary from year to year | \$ - | CLC | CLC Component Unit |



INDEPENDENT AUDITORS' 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

Governing Board of
Camino Real Regional Utility Authority
and
Mr. Hector Balderas, New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities of Camino Real Regional Utility Authority(CRRUA) as of and for the year ended June 30, 2013, and the related notes to the financial statements, and related budgetary comparisons of CRRUA, presented as supplementary information, and have issued our report thereon dated November 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered CRRUA's internal control over financial reporting (internal control) to determine the audit 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 CRRUA's internal control. Accordingly, we do not express an opinion on the effectiveness of CRRUA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CRRUA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws,

November 13, 2013

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS, continued

regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests no disclosed 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 an compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hinkle + Landers, PC
Albuquerque, NM
November 13, 2013

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2013**

SUMMARY OF FINDINGS AND RESPONSES

| <u>Reference</u> | <u>Findings</u> | <u>Status of Prior Year and Current Year</u> | <u>Financial Statement Finding</u> | <u>State Auditor Finding</u> |
|---------------------|--|--|--|--------------------------------------|
| 12-01 | Unsubstantiated Beginning Balances, Missing Documentation—Resulting In Disclaimer Of Opinion | Resolved | Yes | No |
| 12-02 | Capital Assets Certification | Resolved | Yes | Yes |
| Current Year | None | | | |

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
EXIT CONFERENCE
For The Year Ended June 30, 2013**

An exit conference was held in a closed session on November 13, 2013, at CRRUA's Offices in Las Cruces, New Mexico. In attendance were the following:

Camino Real Regional Utility Authority

| | |
|---------------------------|---|
| Benjamin L. Rawson | Commissioner District 3 |
| Sue Padilla | Interim County Manager/Executive Director |
| Bill Noland | Finance Director of Dona Ana County |
| Nasreen Nelson, CPA, CGFM | Controller of Dona Ana County |
| Raquel Quiroga | Accountant III—Finance of Dona Ana County |
| Pat Dillaway | Accountant III—Finance of Dona Ana County |
| Ellie Sanchez | Accountant—Finance of Dona Ana County |
| Marisol Richardson | Accountant I—Finance of Dona Ana County |
| Mireya Moreno | Accountant III—Finance of Dona Ana County |

Hinkle + Landers, PC

| | |
|------------------------|---------------------|
| Farley Vener, CPA, CFE | Independent Auditor |
| Katelyn Constantin | Independent Auditor |

FINANCIAL STATEMENTS

The financial statements of CRRUA as of June 30, 2013, were substantially prepared by Hinkle + Landers, PC, however, the financial statements are the responsibility of management.