



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY
AUTHORITY**

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

For the Year Ended June 30, 2014

TABLE OF CONTENTS
CAMINO REAL REGIONAL UTILITY AUTHORITY

	Page
INTRODUCTORY SECTION:	
Official roster	ii
FINANCIAL SECTION	
Independent auditor's report	1-2
BASIC FINANCIAL STATEMENTS	
Statement of net position – Proprietary funds	3
Statement of revenues, expenses, and changes in fund net position – proprietary funds	4
Statement of cash flows – Proprietary funds	5
Statement of fiduciary assets and liabilities – Agency funds	6
Notes to the financial statements	7-19
SUPPLEMENTARY INFORMATION	
Statement of revenues, expenditures, and changes in fund net position – budget (non-GAAP budgetary basis) and actual—Water System	20
Statement of revenues, expenditures, and changes in fund net position – budget (non-GAAP budgetary basis) and actual—Wastewater System	21
Statement of revenues, expenditures, and changes in fund net position – budget (non-GAAP budgetary basis) and actual—SZPPA	22
Statement of changes in fiduciary assets and liabilities – Agency Funds	23
OTHER SUPPLEMENTARY INFORMATION	
Schedule of joint powers agreement and memorandums of understandings	24
COMPLIANCE SECTION	
Independent Auditor's Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i> .	25-26
Summary schedule of findings and responses	27
Exit conference	28

**CAMINO REAL REGIONAL UTILITY AUTHORITY
OFFICIAL ROSTER
As of June 30, 2014**

Board of Directors

Board Member	Title	Title/Representing
Mr. Joshua Orozco	Chair	Member-at-Large
Mr. David Garcia	Vice-Chair	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. Benjamin L. Rawson	Member	Commissioner, Dona Ana County
Ms. Isabel Santos	Member	Mayor Pro-tem, City of Sunland Park
Mr. Javier Perea	Member	Counselor, City of Sunland Park



INDEPENDENT AUDITOR’S 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 and aggregate remaining fund information of Camino Real Regional Utility Authority (CRRUA), as of and for the year ended June 30, 2014, 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 and all nonmajor funds 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, 2014, as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 misstatement, 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 and the aggregate remaining fund information of CRRUA, as of June 30, 2014, and the respective changes in financial position and where applicable, 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 financial statements referred to above present fairly, in all

material respects, the respective financial position of each fiduciary fund of CRRUA as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the entity has elected to change the fund type classification for the South Central Solid Waste Authority Fund (50041) and the Sunland Park Solid Waste Fund (55125) from proprietary funds to agency funds as the activities in these funds are fiduciary in nature.

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 and the budgetary comparisons. The "supplementary and other supplementary information" required, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional schedules listed as "supplementary and other supplementary information" in the table of contents are the responsibility of management and were derived from and relate 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional schedules are 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 10, 2014 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRRUA's internal control over financial reporting and compliance.



Hinkle + Landers, P.C.
Albuquerque, NM
November 10, 2014

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
STATEMENT OF NET POSITION
As of June 30, 2014**

	Water System <u>55110 & 55130</u>	Wastewater System <u>55120</u>	SZPPA <u>55140</u>	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,646,492	619,509	-	2,266,001
Receivables, net	216,161	291,526	-	507,687
Total current assets	<u>1,862,653</u>	<u>911,035</u>	-	<u>2,773,688</u>
Non-current assets				
Capital assets, net	27,093,343	21,287,996	-	48,381,339
Total assets	<u>\$ 28,955,996</u>	<u>22,199,031</u>	-	<u>51,155,027</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 328,382	224,308	-	552,690
Accrued payroll liabilities	11,310	11,310	-	22,620
Accrued interest	88,480	-	-	88,480
Other liabilities	82,015	8,831	-	90,846
Unearned revenue	550,000	495,200	-	1,045,200
Compensated absences	21,384	21,384	-	42,768
Bonds and notes payable	279,052	-	-	279,052
Total current liabilities	<u>1,360,623</u>	<u>761,033</u>	-	<u>2,121,656</u>
Non-current liabilities				
Bonds and notes payable	8,838,748	-	-	8,838,748
Compensated absences	9,165	9,165	-	18,330
Total non-current liabilities	<u>8,847,913</u>	<u>9,165</u>	-	<u>8,857,078</u>
Total liabilities	<u>10,208,536</u>	<u>770,198</u>	-	<u>10,978,734</u>
NET POSITION				
Net investment in capital assets	17,975,543	21,008,944	-	38,984,487
Unrestricted	771,917	419,889	-	1,191,806
Total net position	<u>18,747,460</u>	<u>21,428,833</u>	-	<u>40,176,293</u>
Total liabilities and net position	<u>\$ 28,955,996</u>	<u>22,199,031</u>	-	<u>51,155,027</u>

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, 2014**

	Water System <u>55110 & 55130</u>	Wastewater System <u>55120</u>	SZPPA <u>55140</u>	Total
OPERATING REVENUES				
Charges for services	\$ 197,031	148,275	188	345,494
Charges for water services	2,197,414	-	-	2,197,414
Charges for sewage services	-	1,491,417	-	1,491,417
Rents and royalties	239,820	-	-	239,820
Other revenue	102,018	22,577	-	124,595
Total revenues	<u>2,736,283</u>	<u>1,662,269</u>	188	<u>4,398,740</u>
OPERATING EXPENSES				
Personnel services -salaries and wages	265,113	265,114	-	530,227
Personnel services -employee benefits	74,030	74,044	-	148,074
Purchased professional and technical services	49,791	27,787	-	77,578
Utilities	429,235	423,220	-	852,455
Other operating expenses	585,041	843,130	188	1,428,359
Depreciation	760,030	543,694	-	1,303,724
Total operating expenses	<u>2,163,240</u>	<u>2,176,989</u>	188	<u>4,340,417</u>
Operating income (loss)	573,043	(514,720)	-	58,323
NON-OPERATING REVENUES (EXPENSES)				
Debt service	(26,839)	-	-	(26,839)
Grant revenue - State	-	729,033	-	729,033
Interest expense -non-operating	(266,154)	-	-	(266,154)
Total non-operating revenues (expenses)	<u>(292,993)</u>	<u>729,033</u>	-	<u>436,040</u>
Income (loss) before contributions and transfers	280,050	214,313	-	494,363
Capital contributions	7,086,668	-	-	7,086,668
Transfers in	47,948	-	-	47,948
Transfers out	-	(47,948)	-	(47,948)
Change in net position	7,414,666	166,365	-	7,581,031
Net position, beginning of year	11,332,794	21,262,468	-	32,595,262
Net position, end of year	<u>\$ 18,747,460</u>	<u>21,428,833</u>	-	<u>40,176,293</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, 2014**

	Water System <u>55110 & 55130</u>	Wastewater System <u>55120</u>	SZPPA <u>55140</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,547,017	1,784,611	188	4,331,816
Payments to employees	(323,964)	(349,058)	-	(673,022)
Payments to suppliers	(913,162)	(1,243,327)	(188)	(2,156,677)
Other receipts/(payments)	<u>341,838</u>	<u>22,577</u>	-	<u>364,415</u>
<i>Net cash provided (used) by operating activities</i>	1,651,729	214,803	-	1,866,532
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers from other funds	47,948	-	-	
Transfers to other funds	-	(47,948)	-	(47,948)
<i>Net cash provided (used) by non-capital and related financing activities</i>	47,948	(47,948)	-	(47,948)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(1,063,644)	(1,068,914)	-	(2,132,558)
Capital grants	-	729,033	-	729,033
Debt service payment on behalf of other entities	(26,839)	-	-	(26,839)
Principal payments	(268,814)	-	-	(268,814)
Interest payments	<u>(266,154)</u>	<u>-</u>	<u>-</u>	<u>(266,154)</u>
<i>Net cash provided (used) by capital and related financing activities</i>	(1,625,451)	(339,881)	-	(1,965,332)
CASH FLOWS FROM INVESTING ACTIVITIES				
Repayment of bonds and notes payable	-	-	-	-
Net increase (decrease) in cash and cash equivalents	74,226	(173,026)	-	(98,800)
Balances-beginning of year	<u>1,572,266</u>	<u>792,535</u>	<u>-</u>	<u>2,364,801</u>
Balances-end of year	<u>\$ 1,646,492</u>	<u>619,509</u>	<u>-</u>	<u>2,266,001</u>
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:				
Operating income/(loss)	\$ 573,043	(514,720)	-	58,323
Depreciation expense	760,030	543,694	-	1,303,724
Change in assets and liabilities:				
Receivables	152,572	144,919	-	297,491
Accounts payable	150,905	50,810	-	201,715
Accrued expenses and other liabilities	16,501	(8,578)	-	7,923
Compensated absences	<u>(1,322)</u>	<u>(1,322)</u>	<u>-</u>	<u>(2,644)</u>
<i>Net cash provided by (used for) operating activities</i>	<u>\$ 1,651,729</u>	<u>214,803</u>	<u>-</u>	<u>1,866,532</u>

Supplementary Disclosures

Transfers of assets and capital contributions in the amount of \$7,086,668 from Dona Ana County were added by the organization for the year ended June 30, 2014.

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
STATEMENT OF FIDUCIARY ASSETS
AND LIABILITIES - AGENCY FUNDS
FIDUCIARY FUNDS
For The Year Ended June 30, 2014**

		<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$	46,910
Receivables, net		<u>89,090</u>
Total Assets	\$	<u><u>136,000</u></u>
LIABILITIES		
Accounts payable	\$	135,920
Non-sufficient funds checks		<u>80</u>
Total Liabilities	\$	<u><u>136,000</u></u>

The accompanying notes are integral to these financial statements

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2014**

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, 2014**

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 and fiduciary activities. As a result, the financial statements are comprised of proprietary fund financial statements and fiduciary/agency fund financials. 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. Fiduciary/agency fund financials include a Statement of Fiduciary Assets and Liabilities – Agency Funds and a Combining Statement of Changes in Assets and Liabilities.

Proprietary Funds

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.

All proprietary funds are considered major funds. The following are the Authority's proprietary 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, 2014**

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.

CRRUA elected to change the fund type classification for the South Central Solid Waste Authority Fund (50041) and the Sunland Park Solid Waste Fund (55125) from proprietary funds to agency funds as the activities in these funds are fiduciary in nature.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support CRRUA's own programs.

The following are the Authority's fiduciary funds:

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

The *Sunland Park Solid Waste* fund accounts for the activities of the solid waste utility, which provided service to residents of Sunland Park, until October 2012.

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—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.

E—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.

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2014**

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

<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, 2014.

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.

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2014**

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, 2014.

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 2014/2013 budget has been legally adopted.

H—Evaluation of Subsequent Events

Subsequent events are events or transactions that occur after the statement of net position date but before the financial statements are issued. CRRUA recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of net position, including the estimates inherent in the process of preparing the financial statements. CRRUA's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of net position but arose after the statement of net position date and before financial statements are available to be issued. The organization has evaluated subsequent events through November 10, 2014, which is the date the financial statements were available to be issued.

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, 2014.

<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 \$	2,321,647	522	(10,258)	-	2,311,911
Petty cash					1,000
					<u>2,312,911</u>

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.

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2014**

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

Location	Per Depositor	Book Balance
Wells Fargo	\$ <u>2,321,647</u>	<u>2,311,911</u>
Total amount of deposit in bank	\$ 2,321,647	
FDIC coverage	<u>(250,000)</u>	
Total uninsured public funds	<u>\$ 2,071,647</u>	
50% Collateral Requirement (Section 6-10-17 NMSA 1978)	<u>\$ 1,035,824</u>	

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.

Please see the pledged collateralization schedule below:

Security	CUSIP	MARKET VALUE	MATURITY DATE
FN AS0416 4.000%	3138W9PA2	\$ 7,967,131	9/1/2043
FN AB6498 3.000%	31417DGG2	<u>21,091,332</u>	10/1/2042
Total Wells Fargo		<u>\$ 29,058,463</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, 2014, 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>2,071,647</u>

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2014**

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>Total</u>
Account receivables \$	342,632	411,437	754,069
Allowance for doubtful accounts	(126,471)	(119,911)	(246,382)
Net receivables \$	<u>216,161</u>	<u>291,526</u>	<u>507,687</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 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 <http://www.pera.state.nm.us>.

Funding Policy: Plan members are required to contribute 8.5% of their gross salary. CRRUA is required to contribute 7.4% 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 years ending June 30, 2014, 2013, and five months from 2012 were \$35,090, \$33,578, and \$8,134 respectively, 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.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2014**

NOTE 7—CAPITAL ASSETS

Property and equipment are summarized as follows:

Business-Type Activities	Balance 2013	Additions	Reclass	Capital Contribution from Dona Ana County	Balance 2014
Capital assets depreciated					
Land	\$ 9,088,636	-	-	-	9,088,636
Construction in progress	1,382,917	2,034,956	(2,105,348)	-	1,312,525
Total capital assets not being depreciated	10,471,553	2,034,956	(2,105,348)	-	10,401,161
Capital assets being depreciated:					
Land improvements	50,828	-	-	-	50,828
Buildings and improvements	-	-	-	-	-
Furniture, fixtures, & equipment	950,363	50,332	36,998	-	1,037,693
Vehicles	380,187	47,280	-	-	427,467
Infrastructure	39,675,688	-	2,068,350	7,086,668	48,830,706
Total capital assets being depreciated	41,057,066	97,612	2,105,348	7,086,668	50,346,694
Less accumulated depreciation					
Land improvements	(28,511)	(2,380)	-	-	(30,891)
Buildings and improvements	-	-	-	-	-
Furniture, fixtures, & equipment	(428,401)	(119,350)	-	-	(547,751)
Vehicles	(326,903)	(26,067)	-	-	(352,970)
Infrastructure	(10,278,977)	(1,155,927)	-	-	(11,434,904)
Total accumulated depreciation	(11,062,792)	(1,303,724)	-	-	(12,366,516)
Total capital assets, net	\$ 40,465,827	828,844	-	7,086,668	48,381,339

For the year ended June 30, 2014, depreciation expense was \$1,303,724 which is charged by water and wastewater functions as disclosed on the face of the financial statements.

NOTE 8—CHANGES IN LONG-TERM DEBT

A summary of changes in long-term debt for the year ended June 30, 2014 is as follows:

Obligation	Balance 2013	Additions	Deletions	Balance 2014	Due Within One Year
Compensated absences	\$ 63,742	60,111	(62,755)	61,098	42,768
Notes payable	29,814	-	(29,814)	-	-
Bonds	9,356,800	-	(239,000)	9,117,800	279,052
Total business-type activities	\$ 9,450,356	60,111	(331,569)	9,178,898	321,820

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

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2014**

CRRUA has the following debt to service. Details are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Original Issue</u>	<u>Out-standing</u>	<u>Rate</u>
RUS Series 1992A-Revenue Bonds	12/1992	12/2032	661,000	479,100	5.5%
RUS Series 1992B-Revenue Bonds	12/1992	12/2032	177,700	129,700	5.5%
RUS Series 2002-Water System	07/2002	07/2042	500,000	435,000	4.5%
RUS Series 2004-Water System	12/2004	12/2045	2,156,000	1,939,000	4.5%
RUS Series 2008-Water System	12/2008	12/2033	7,765,000	6,135,000	2.0%
Bond Debt Service - NM Water Trust Board - Water System	04/2014	06/2033	530,000	-	0.25%
Totals			<u>\$ 11,789,700</u>	<u>9,117,800</u>	

The annual principal and interest requirements on long-term debt outstanding as of June 30, 2014 are as follows:

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 be derived from the operation of CRRUA. These debt obligations were transferred to CRRUA as of February 1, 2012. As of June 30, 2014 this debt was fully paid.

Bonds

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 252,000	263,148	515,148
2016	264,000	256,380	520,380
2017	277,000	249,313	526,313
2018	290,000	241,901	531,901
2019	303,000	234,086	537,086
2020-2024	1,736,000	1,041,397	2,777,397
2025-2029	2,176,000	785,504	2,961,504
2030-2034	2,622,800	467,083	3,089,883
2034-2039	494,000	226,890	720,890
2040-2044	589,000	105,075	694,075
2045-2046	114,000	5,130	119,130
	<u>\$ 9,117,800</u>	<u>3,875,907</u>	<u>12,993,707</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.

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2014**

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.

NM Water Trust Board Bond - NMFA

On April 4, 2014, CRRUA entered into a loan/grant agreement with the New Mexico Water Trust Board and the New Mexico Finance Authority for water conservation, treatment and reuse of water consisting of the construction of an arsenic treatment facility. The terms of the agreement call for a grant of \$4,770,000 along with a loan totaling \$530,000. The interest/administrative fee on the bond is 0.25% with a maturity date of June 1, 2033. The bond principal, interest, and administrative fees will be paid for with pledged revenues from net system revenues. As of June 30, 2014, no amount was drawn down on the bond. Principal payments began June 1, 2014. The following is the schedule of future payments for the NM Water Trust Board Bond:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 27,052	1,314	28,366
2016	27,120	1,246	28,366
2017	27,187	1,179	28,366
2018	27,255	1,111	28,366
2019	27,324	1,042	28,366
2020-2024	137,646	4,184	141,830
2025-2029	139,374	2,456	141,830
2030-2034	112,760	704	113,464
	<u>\$ 525,718</u>	<u>13,236</u>	<u>538,954</u>

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2014**

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 – 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>Total Cost</u>	<u>Amount Expended as of June 30, 2014</u>	<u>Percentage Complete</u>	<u>Estimated Date of Completion</u>
CRRUA Water Master Plan Update	\$ 49,977	13,117	26.25%	12/31/2014
Well 5 Disinfection System	190,190	-	0.00%	12/31/2014
Total Commitments	<u>\$ 240,167</u>			

CRRUA is currently making payments on loans that are held at different entities. Prior to the formation of CRRUA, debt was incurred by Dona Ana County and the City of Sunland Park in order to build the Santa Teresa Arsenic Treatment Plant. Once the treatment plant was completed and CRRUA was formed, CRRUA agreed to take over payments of the debt related to the treatment plant that was incurred by the County and City. Both loans are paid out of the Water System Fund. Below is a list of the loans:

<u>Loan</u>	<u>Paid on Behalf of</u>	<u>Balance Outstanding at June 30, 2014</u>	<u>Total Paid in June 30, 2014</u>
NMFA - Loan #190-WTB	Dona Ana County	\$ 873,778	(payment starting 9/12/14)
NMFA - 2430-DW	City of Sunland Park	\$ 476,547	23,240

NOTE 11 – INTERFUND BALANCES AND TRANSFERS

CRRUA recorded interfund transfers to reflect activity occurring between funds. Transfers and payments within CRRUA are related to transfers of capital assets and for the purpose of subsidizing operating functions and funding various projects within CRRUA. All transfers made during the year were considered routine and were consistent with the general characteristics of CRRUA's transfer policy.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2014**

The composition of interfund transfers during the year ended June 30, 2014 was as follows:

	Transfers In	
Transfers Out	Water System	Total
	55110 & 55130	
Wastewater System	\$ 47,948	47,948
Total	\$ 47,948	47,948

NOTE 12 – RELATED PARTIES

Doña Ana County (the County) is currently acting as CRRUA’s fiscal agent. They are contracted to provide multiple fiscal services, enterprise information systems management services, risk management services, and human resources management services. The contract term is for a period of 10 years from February 24, 2009, and can be renewed for an additional 5 years. CRRUA is required to pay the County \$135,000 per year, plus additional variable costs.

Due to the relationship CRRUA has with the County there are related parties between the two entities. The related parties are as follows:

- 2 of CRRUA’s Board of Directors are Doña Ana County Commissioners
- The County’s Utility Manager also serves in the capacity of CRRUA’s Utility Manager, per the contract noted previously.

NOTE 13 – IMPLEMENTATION OF NEW GASB STANDARDS

In June 2012, The Governmental Accounting Standards Board (GASB) approved Statement No. 67, Financial Reporting for Pension Plans, which applies to pension plans that administer pension benefits. The Public Employees Retirement Association (PERA) administers the pension for CRRUA. Statement No. 68, Accounting and Financial Reporting for Pensions, which applies to governments that provide pension benefits to their employees.

GASB 67 Financial Reporting for Pension Plans

Requires changes to presentation in financial statements, notes to the financial statements, and required supplementary information in PERA’s financial report. GASB 67 will be implemented in FY 2014 by PERA.

GASB 68 Accounting and Financial Reporting for Pensions

Applies the changes implemented at the pension plan level (PERA) under GASB 67 and segregates and divides, or allocates, the pension liability to each participating employer (state, municipal, judicial, magistrate, volunteer firefighters, and legislative). The statement implementation date is FY 2015.

PERA’s Current Implementation and Timeline

Implement GASB 67

GASB 67 will require the net pension liability to be disclosed in PERA’s FY 2014 financial report. The total “collective” pension liability will then be allocated to the participant employers for FY 2015 financial reporting.

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2014**

PERA plans to separately issue an audited report, referred to as the “Schedule of Employer Allocations” that will allocate the total pension liability *by employer*. The report will also include other required information that will be used by each employer participant for disclosure in each employer’s FY 2015 financial reports.

Anticipated process and timeline is as follows:

1. The “Schedule of Employer Allocations” is provided to PERA’s external auditor in January of 2015.
2. PERA’s external auditor’s will audit the “Schedule of Employer Allocations” in February of 2015 and submit that report to the State Auditor’s Office for review in March of 2015. *(See also 2.2.2.10 NMAC Sections CC and DD)*
3. The “Schedule of Employer Allocations” will be provided to employers in April of 2015, allowing enough time for incorporation into financial reports as required by GASB 68, after the June 30, 2015 year end.

In FY 15, CRRUA will report a net pension liability based on its proportion of the collective net pension liability of all of the governments participating.

STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
WATER SYSTEM (55110 & 55130)
Budget (Non-GAAP Budgetary Basis) and Actual
For The Five Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Budgetary Basis)</u>	<u>Favorable (Unfavorable)</u>
				<u>Final to Actual</u>
REVENUES				
Charges for services	\$ 60,000	60,000	193,525	133,525
Charges for water services	2,250,000	2,250,000	2,197,414	(52,586)
Rents and royalties	10,000	104,370	239,820	135,450
Income on investments	4,000	4,000	-	(4,000)
Other revenue	<u>625,514</u>	<u>625,514</u>	<u>102,020</u>	<u>(523,494)</u>
Total revenues	2,949,514	3,043,884	2,732,779	(311,105)
EXPENDITURES				
Operating Expenses				
Personnel services -salaries and wages	397,498	349,998	267,876	82,122
Personnel services -employee benefits	123,980	123,980	74,030	49,950
Purchased professional and technical services	50,000	87,563	49,791	37,772
Utilities	385,000	403,000	429,235	(26,235)
Other operating expenses	<u>890,849</u>	<u>979,281</u>	<u>731,555</u>	<u>247,726</u>
Total operating expenses	1,847,327	1,943,822	1,552,487	391,335
Non-Current (non-operating)				
Debt service-interest expense	<u>124,550</u>	<u>124,550</u>	<u>266,154</u>	<u>(141,604)</u>
Total expenditures	1,971,877	2,068,372	1,818,641	249,731
Excess (deficiency) of revenues over expenditures	977,637	975,512	914,138	
Cash reserve, beginning	<u>321,332</u>	<u>321,332</u>	<u>274,665</u>	
Cash reserve, ending	\$ <u><u>1,298,969</u></u>	<u><u>1,296,844</u></u>	1,188,803	
Net change in net position (non-GAAP budget basis)			\$ 914,138	
Adjustments to revenue for accrual presentation			(289,489)	
Adjustments to expenditures for accrual presentation			<u>(344,599)</u>	
Net change in net position before contributions (GAAP basis)			\$ <u><u>280,050</u></u>	

STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
WASTEWATER SYSTEM (55120)
Budget (Non-GAAP Budgetary Basis) and Actual
For The Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Budgetary Basis)</u>	<u>Favorable (Unfavorable)</u>
				<u>Final to Actual</u>
REVENUES				
Charges for services	\$ 100,000	100,000	153,646	53,646
Charges for sewage services	1,900,000	1,900,000	1,489,579	(410,421)
Income on investment	5,000	5,000	-	(5,000)
Other revenue	<u>884,279</u>	<u>884,279</u>	<u>827,719</u>	<u>(56,560)</u>
Total revenues	2,889,279	2,889,279	2,470,944	(418,335)
EXPENDITURES				
Operating Expenses				
Personnel services -salaries and wages	371,498	371,498	267,877	103,621
Personnel services -employee benefits	123,980	123,980	74,044	49,936
Purchased professional and technical services	35,000	35,000	27,787	7,213
Utilities	395,000	395,000	423,220	(28,220)
Other operating expenses	<u>838,889</u>	<u>838,889</u>	<u>792,402</u>	<u>46,487</u>
Total operating expenses	1,764,367	1,764,367	1,585,330	179,037
Non-Current (non-operating)				
Debt service-interest expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	1,764,367	1,764,367	1,585,330	179,037
Excess (deficiency) of revenues over expenditures	1,124,912	1,124,912	885,614	
Cash reserve, beginning	<u>229,602</u>	<u>229,602</u>	<u>258,893</u>	
Cash reserve, ending	\$ <u>1,354,514</u>	\$ <u>1,354,514</u>	1,144,507	
Net change in net position (non-GAAP budget basis)			\$ 885,614	
Adjustments to revenue for accrual presentation			(79,642)	
Adjustments to expenditures for accrual presentation			<u>(591,659)</u>	
Net change in net position before contributions (GAAP basis)			\$ <u>214,313</u>	

STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
SZPPA (55140)
Budget (Non-GAAP Budgetary Basis) and Actual
For The Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Budgetary Basis)</u>	<u>Favorable (Unfavorable) Final to Actual</u>
REVENUES				
Charges for services	\$ -	188	188	-
Total revenues	-	188	188	-
EXPENDITURES				
Operating Expenses				
Other operating expenses	-	188	188	-
Total operating expenses	-	188	188	-
Non-Current (non-operating)				
Debt service-interest expense	-	-	-	-
Total expenditures	-	188	188	-
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
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended June 30, 2014

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
SOUTH CENTRAL SOLID WASTE AUTHORITY				
50041				
Assets				
Cash and cash equivalents	\$ 42,853	580,587	(576,537)	46,903
Receivables, net	89,973	576,904	(588,497)	78,380
Total assets	<u>\$ 132,826</u>	<u>1,157,491</u>	<u>(1,165,034)</u>	<u>125,283</u>
Liabilities				
Accounts payable	\$ 132,826	1,156,411	(1,164,034)	125,203
Non-sufficient funds checks	-	1,080	(1,000)	80
Total liabilities	<u>\$ 132,826</u>	<u>1,157,491</u>	<u>(1,165,034)</u>	<u>125,283</u>
SUNLAND PARK SOLID WASTE				
55125				
Assets				
Cash and cash equivalents	\$ 13,745	2,849	(16,587)	7
Receivables, net	13,565	936	(3,791)	10,710
Total assets	<u>\$ 27,310</u>	<u>3,785</u>	<u>(20,378)</u>	<u>10,717</u>
Liabilities				
Accounts payable	<u>\$ 27,310</u>	<u>3,785</u>	<u>(20,378)</u>	<u>10,717</u>
TOTALS - ALL AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 56,598	583,436	(593,124)	46,910
Receivables, net	103,538	577,840	(592,288)	89,090
Total assets	<u>\$ 160,136</u>	<u>1,161,276</u>	<u>(1,185,412)</u>	<u>136,000</u>
Liabilities				
Accounts payable	\$ 160,136	1,160,196	(1,184,412)	135,920
Non-sufficient funds checks	-	1,080	(1,000)	80
Total liabilities	<u>\$ 160,136</u>	<u>1,161,276</u>	<u>(1,185,412)</u>	<u>136,000</u>

The accompanying notes are integral to these financial statements

CAMINO REAL REGIONAL UTILITY AUTHORITY
SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING
For The Year Ended June 30, 2014

#	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	\$135,000 per year. Increase annually based on Consumer Price Index (CPI). Increase after the second year.	CRRUA	CRRUA/Dona Ana County
3	Fiscal Management and Administrative Services	City of Las Cruces	SCSWA	Establish a joint City/County Solid Waste Authority	10/29/12 Ongoing	Ongoing project costs vary from year to year	\$850 per month. One time set-up fee of \$10,000.	CLC	CLC Component Unit



INDEPENDENT AUDITOR'S 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 and the aggregate remaining fund information of Camino Real Regional Utility Authority (CRRUA) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise CRRUA's basic financial statements, and the related budgetary comparisons of CRRUA, presented as supplementary information, and have issued our report thereon dated November 10, 2014.

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 were not 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 10, 2014

INDEPENDENT AUDITOR'S 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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hinkle + Landers, PC
Albuquerque, NM
November 10, 2014

**STATE OF NEW MEXICO
 CAMINO REAL REGIONAL UTILITY AUTHORITY
 SCHEDULE OF FINDINGS AND RESPONSES
 For The Year Ended June 30, 2014**

SUMMARY OF FINDINGS AND RESPONSES

<u>Reference</u>	<u>Findings</u>	<u>Status of Prior Year and Current</u>	<u>Financial Statement Finding</u>	<u>State Auditor Finding</u>
Prior Year	None			
Current Year	None			

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
EXIT CONFERENCE
For The Year Ended June 30, 2014**

An exit conference was held in a closed session on November 10, 2014, 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
Julia Brown, Esq.	Doña Ana County Manager
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
Mireya Moreno	Accountant III—Finance of Dona Ana County
Lorraine Cisneros	Office Manager - CRRUA

Hinkle + Landers, PC

Farley Vener, CPA, CFE	President & Managing Shareholder
Katelyn Constantin	Audit Manager

FINANCIAL STATEMENTS

The financial statements of CRRUA as of June 30, 2014, were substantially prepared by Hinkle + Landers, PC, however, the financial statements are the responsibility of management.