



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, 2015

**CAMINO REAL REGIONAL UTILITY AUTHORITY
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For The Year Ended June 30, 2015**

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**CAMINO REAL REGIONAL UTILITY AUTHORITY
OFFICIAL ROSTER
As of June 30, 2015**

Board of Directors

Board Member	Title	Title/Representing
Joshua Orozco	Chair	Member-at-Large
David Garcia	Vice-Chair	Commissioner, Dona Ana County
Susan Yturralde	Member	Proxy for State Senator Cynthia Nava
Bealquin Gomez	Member	State Representative
Benjamin L. Rawson	Member	Commissioner, Dona Ana County
Sergio Carrillo	Member	Councilor, City of Sunland Park
Kenneth Giove	Member	Councilor, City of Sunland Park

Administrative Officials

Name	Title
Gilbert Mesa	Executive Director



INDEPENDENT AUDITOR’S REPORT

Governing Board of
Camino Real Regional Utility Authority
and
Mr. Tim Keller, 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, 2015, 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 for 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, 2015, 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, 2015, 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 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 17 to the financial statements, the 2015 beginning net position has been restated due to a misstatement in capital assets and due to the implementation of GASB 68. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplemental Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America 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 the missing information.

Accounting principles generally accepted in the United States of America require that the Schedules related to PERA and Net Pension Liabilities, listed as "*Required Supplemental Information*" in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on CRRUA's financial statements and the budgetary comparisons. The *other schedules listed as "supplementary and other supplementary information" in the table of contents, required by 2.2.2 NMAC*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *other schedules listed as "other supplementary information (audited)" in the table of contents, required by 2.2.2 NMAC*, 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.

The *other schedules listed as "other supplemental information (unaudited)" in the table of contents*, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2015 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.

The image shows a handwritten signature in black ink that reads "Hinkle & Landers, P.C." in a cursive, professional script.

Hinkle + Landers, P.C.
Albuquerque, NM
November 23, 2015

STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
STATEMENT OF NET POSITION
As of June 30, 2015

	Water System 55110 & 55130	Wastewater System 55120	SZPPA 55140	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,797,318	196,259	-	1,993,577
Receivables, net	588,792	267,067	-	855,859
Total current assets	<u>2,386,110</u>	<u>463,326</u>	-	<u>2,849,436</u>
Non-current assets				
Land and construction in progress	6,613,097	4,249,394	-	10,862,491
Other capital assets, net of accumulated depreciation	19,689,355	17,018,215	-	36,707,570
Total non-current assets	<u>26,302,452</u>	<u>21,267,609</u>	-	<u>47,570,061</u>
Total assets	<u>28,688,562</u>	<u>21,730,935</u>	-	<u>50,419,497</u>
Deferred outflows of resources				
Pension deferral	18,500	18,499	-	36,999
Total deferred outflows of resources	<u>18,500</u>	<u>18,499</u>	-	<u>36,999</u>
Total assets and deferred outflows of resources	<u>\$ 28,707,062</u>	<u>21,749,434</u>	-	<u>50,456,496</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 430,234	217,575	-	647,809
Accrued payroll liabilities	14,380	14,414	-	28,794
Accrued interest	87,006	-	-	87,006
Other liabilities	103,738	8,654	-	112,392
Unearned revenue	550,000	495,200	-	1,045,200
Compensated absences	26,306	26,306	-	52,612
Bonds and notes payable	291,120	-	-	291,120
Total current liabilities	<u>1,502,784</u>	<u>762,149</u>	-	<u>2,264,933</u>
Non-current liabilities				
Bonds and notes payable	8,574,680	-	-	8,574,680
Compensated absences	11,275	11,275	-	22,550
Net pension liability	182,935	182,935	-	365,870
Total non-current liabilities	<u>8,768,890</u>	<u>194,210</u>	-	<u>8,963,100</u>
Total liabilities	<u>10,271,674</u>	<u>956,359</u>	-	<u>11,228,033</u>
Deferred inflows of resources				
Pension deferral	71,691	71,690	-	143,381
Total deferred outflows of resources	<u>71,691</u>	<u>71,690</u>	-	<u>143,381</u>
NET POSITION				
Net investment in capital assets	17,436,652	21,267,609	-	38,704,261
Unrestricted	927,045	(546,224)	-	380,821
Total net position	<u>18,363,697</u>	<u>20,721,385</u>	-	<u>39,085,082</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 28,707,062</u>	<u>21,749,434</u>	-	<u>50,456,496</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, 2015

	Water System <u>55110 & 55130</u>	Wastewater System <u>55120</u>	SZPPA <u>55140</u>	Total
OPERATING REVENUES				
Charges for services	\$ 254,887	219,255	3,836	477,978
Charges for water services	2,244,752	-	-	2,244,752
Charges for sewage services	-	1,498,962	-	1,498,962
Rents and royalties	1,080	-	-	1,080
Other revenue	78,346	25,133	-	103,479
Total revenues	<u>2,579,065</u>	<u>1,743,350</u>	<u>3,836</u>	<u>4,326,251</u>
OPERATING EXPENSES				
Personnel services -salaries and wages	279,158	279,160	-	558,318
Personnel services -employee benefits	71,774	72,442	-	144,216
Purchased professional and technical services	60,137	30,119	-	90,256
Utilities	382,720	388,735	-	771,455
Other operating expenses	1,297,386	993,428	3,836	2,294,650
Depreciation	900,484	561,679	-	1,462,163
Total operating expenses	<u>2,991,659</u>	<u>2,325,563</u>	<u>3,836</u>	<u>5,321,058</u>
Operating income (loss)	(412,594)	(582,213)	-	(994,807)
NON-OPERATING REVENUES (EXPENSES)				
Debt service	(75,772)	-	-	(75,772)
Grant revenue - State	726,149	121,759	-	847,908
Interest expense - non-operating	(313,487)	-	-	(313,487)
Total non-operating revenues (expenses)	<u>336,890</u>	<u>121,759</u>	<u>-</u>	<u>458,649</u>
Income (loss) before contributions and transfers	(75,704)	(460,454)	-	(536,158)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Change in net position	(75,704)	(460,454)	-	(536,158)
Net position, beginning of year	18,747,460	21,428,833	-	40,176,293
Restatement	(308,059)	(246,994)	-	(555,053)
Net position, beginning of year, restated	<u>18,439,401</u>	<u>21,181,839</u>	<u>-</u>	<u>39,621,240</u>
Net position, end of year	<u>\$ 18,363,697</u>	<u>20,721,385</u>	<u>-</u>	<u>39,085,082</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, 2015

	Water System <u>55110 & 55130</u>	Wastewater System <u>55120</u>	SZPPA <u>55140</u>	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,127,008	1,742,676	3,836	3,873,520
Payments to employees	(331,449)	(352,511)	-	(683,960)
Payments to suppliers	(1,638,391)	(1,419,015)	(3,836)	(3,061,242)
Other receipts/(payments)	<u>79,426</u>	<u>25,133</u>	-	<u>104,559</u>
<i>Net cash provided (used) by operating activities</i>	236,594	(3,717)	-	232,877
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(170,658)	(541,292)	-	(711,950)
Capital grants	726,149	121,759	-	847,908
Debt service payment on behalf of other entities	(75,772)	-	-	(75,772)
Principal payments	(252,000)	-	-	(252,000)
Interest payments	<u>(313,487)</u>	<u>-</u>	<u>-</u>	<u>(313,487)</u>
<i>Net cash provided (used) by capital and related financing activities</i>	(85,768)	(419,533)	-	(505,301)
Net increase (decrease) in cash and cash equivalents	150,826	(423,250)	-	(272,424)
Balances-beginning of year	<u>1,646,492</u>	<u>619,509</u>	<u>-</u>	<u>2,266,001</u>
Balances-end of year	<u>\$ 1,797,318</u>	<u>196,259</u>	<u>-</u>	<u>1,993,577</u>
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:				
Operating income/(loss)	\$ (412,594)	(582,213)	-	(994,807)
Depreciation expense	900,484	561,679	-	1,462,163
Pension expense	(10,868)	(10,868)	-	(21,736)
Change in assets and liabilities:				
Receivables	(372,631)	24,459	-	(348,172)
Accounts payable	101,852	(6,733)	-	95,119
Accrued expenses and other liabilities	23,319	2,927	-	26,246
Compensated absences	<u>7,032</u>	<u>7,032</u>	<u>-</u>	<u>14,064</u>
<i>Net cash provided (used) by operating activities</i>	<u>\$ 236,594</u>	<u>(3,717)</u>	<u>-</u>	<u>232,877</u>

The accompanying notes are integral to these financial statements

**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, 2015**

		<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$	58,349
Receivables, net		<u>105,113</u>
Total Assets	\$	<u><u>163,462</u></u>
LIABILITIES		
Accounts payable	\$	<u>163,462</u>
Total Liabilities	\$	<u><u>163,462</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, 2015**

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, 2015**

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, 2015**

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.

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. If there is no debt related to the capital assets, then the phrase 'net position in capital assets' is used. 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, 2015**

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

Asset Type	Years
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, 2015.

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, 2015**

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, 2015.

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 2015/2014 budget has been legally adopted.

H—Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet for 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. CRRUA has the following deferred outflows of resources during fiscal year 2015 on the government wide financials:

Deferred Outflows of Resources - GW

		<u>2015</u>
Pension deferrals	\$	<u>36,999</u>
Total deferred outflows of resources	\$	<u><u>36,999</u></u>

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. CRRUA has the following deferred inflows of resources during fiscal year 2015 on the government wide financials:

Deferred Inflows of Resources - GW

		<u>2015</u>
Pension deferrals	\$	<u>143,381</u>
Total deferred inflows of resources	\$	<u><u>143,381</u></u>

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I—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 23, 2015, 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, 2015.

<u>Location</u>	<u>Balance Per Depository</u>	<u>Outstand- ing Deposits</u>	<u>Outstand- ing Items</u>	<u>Balance Per Financial Statements</u>
Wells Fargo	\$ 2,282,077	8,750	(439,901)	\$ 1,850,926
Kriegel Trust	200,000	-	-	200,000
Petty cash				1,000
				<u>\$ 2,051,926</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.

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

<u>Location</u>	<u>Per Depositor</u>	<u>Book Balance</u>
Wells Fargo	\$ <u>2,282,077</u>	<u>1,850,926</u>
Total amount of deposit in bank	\$ 2,282,077	
FDIC coverage	<u>(250,000)</u>	
Total uninsured public funds	<u>\$ 2,032,077</u>	
50% Collateral Requirement (Section 6-10-17 NMSA 1978)	<u>\$ 1,016,039</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.

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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:

<u>WELLS FARGO</u>	<u>CUSIP</u>	<u>MARKET VALUE</u>	<u>MATURITY DATE</u>
FG A93786 4.00%	312942F34	\$ 1,977,996	9/1/2040
FN AI1163 4.50%	3138AEJH7	4,064,621	4/1/2041
FN AR9198 3.00%	3138W7GG3	956,125	3/1/2043
FN AR9199 3.00%	3138W7GH1	935,456	9/1/2043
FN AU4152 4.00%	3138X3TJ1	3,862,217	9/1/2043
FN 890311 4.50%	31410LDQ2	83,515	3/1/2041
FN AB7099 3.00%	31417D3H4	2,489,051	11/1/2042
FN AB6396 3.00%	31417DDA8	47,251	10/1/2042
FN AB6498 3.00%	31417DGG2	4,608,119	10/1/2042
FN AB6814 3.00%	31417DSC8	2,321,507	10/1/2042
FN AD1656 4.50%	31418NZW3	761,828	3/1/2040
Total Wells Fargo		<u>\$ 22,107,686</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, 2015, 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>2,032,077</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>Total</u>
Account receivables	\$ 716,562	384,683	1,101,245
Allowance for doubtful accounts	(127,770)	(117,616)	(245,386)
Net receivables	<u>\$ 588,792</u>	<u>267,067</u>	<u>855,859</u>

All receivables are expected to be collected within one year.

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NOTE 5—CAPITAL ASSETS

Property and equipment are summarized as follows:

Business-Type Activities	Balance 2014	Additions	Reclass	Restatement	Balance 2015
Capital assets depreciated					
Land	\$ 9,088,636	-	-	-	9,088,636
Construction in progress	1,312,525	545,182	(22,787)	(61,065)	1,773,855
Total capital assets not being depreciated	10,401,161	545,182	(22,787)	(61,065)	10,862,491
Capital assets being depreciated:					
Land improvements	50,828	-	-	-	50,828
Furniture, fixtures, & equipment	1,037,693	78,881	-	-	1,116,574
Vehicles	427,467	87,887	-	-	515,354
Infrastructure	48,830,706	-	22,787	-	48,853,493
Total capital assets being depreciated	50,346,694	166,768	22,787	-	50,536,249
Less accumulated depreciation					
Land improvements	(30,891)	(2,215)	-	-	(33,106)
Furniture, fixtures, & equipment	(547,751)	(134,284)	-	-	(682,035)
Vehicles	(352,970)	(22,688)	-	-	(375,658)
Infrastructure	(11,434,904)	(1,302,976)	-	-	(12,737,880)
Total accumulated depreciation	(12,366,516)	(1,462,163)	-	-	(13,828,679)
Total capital assets, net	\$ 48,381,339	(750,213)	-	(61,065)	47,570,061

For the year ended June 30, 2015, depreciation expense was \$1,462,163 which is charged by water and wastewater functions as disclosed on the face of the financial statements.

NOTE 6—CHANGES IN LONG-TERM DEBT

A summary of changes in long-term debt for the year ended June 30, 2015 is as follows:

Obligation	Balance 2014	Additions	Deletions	Restatement	Balance 2015	Due Within One Year
Compensated absences	\$ 61,098	56,807	(42,743)	-	75,162	52,612
Bonds	9,117,800	-	(252,000)	-	8,865,800	291,120
Net pension liability	-	34,841	(162,958)	493,987	365,870	-
Total business-type activities	\$ 9,178,898	91,648	(457,701)	493,987	9,306,832	343,732

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

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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	464,100	5.5%
RUS Series 1992B-Revenue Bonds	12/1992	12/2032	177,700	125,700	5.5%
RUS Series 2002-Water System	07/2002	07/2042	500,000	427,000	4.5%
RUS Series 2004-Water System	12/2004	12/2045	2,156,000	1,909,000	4.5%
RUS Series 2008-Water System	12/2008	12/2033	7,765,000	5,940,000	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>8,865,800</u>	

The annual principal and interest requirements on long-term debt outstanding as of June 30, 2015 are as follows:

Bonds

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 264,000	230,031	494,031
2017	277,000	249,828	526,828
2018	290,000	242,449	532,449
2019	303,000	234,682	537,682
2020	315,000	226,615	541,615
2021-2025	1,821,000	988,938	2,809,938
2026-2030	2,276,000	719,335	2,995,335
2031-2035	2,212,800	391,806	2,604,606
2036-2040	517,000	204,660	721,660
2041-2045	590,000	78,570	668,570
	<u>\$ 8,865,800</u>	<u>3,566,914</u>	<u>12,432,714</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.

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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, 2015, 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>
2016	\$ 27,120	1,247	28,367
2017	27,187	1,179	28,366
2018	27,255	1,111	28,366
2019	27,324	1,043	28,367
2020	27,392	975	28,367
2020-2024	137,990	3,840	141,830
2025-2029	139,722	2,108	141,830
2030-2034	84,676	422	85,098
\$	<u>498,666</u>	<u>11,925</u>	<u>510,591</u>

NOTE 7—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 8—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

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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, 2015, 2014, and five months from 2013 were \$36,999, \$35,090, and \$33,578 respectively, which equals the amount of the required contributions for the year.

NOTE 9— PENSION PLAN AND POST EMPLOYMENT BENEFITS

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C- 1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

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

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Contributions. The contribution requirements of defined benefit plan members and CRRUA are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements

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may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at [http://osanm.org/media/audits/366 Public Employees Retirement Association 2014.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf). The PERA coverage option that applies to CRRUA is: Municipal General Division. Statutorily required contributions to the pension plan from CRRUA were \$36,999 and employer paid member benefits that were “picked up” by the employer were \$0 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014. The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. CRRUA’s proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division; Municipal General Division, at June 30, 2015, CRRUA reported a liability of \$365,870 for its proportionate share of the net pension liability. At June 30, 2014, CRRUA’s proportion was 0.05 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, CRRUA recognized PERA Fund Division; Municipal General Division pension expense of \$36,999.

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At June 30, 2015, CRRUA reported PERA Fund Division; Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

<u>Municipal General Division</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	-
Changes of assumptions	-	248
Net difference between projected and actual earnings on pension plan investments	-	143,133
Change in proportion and differences between CRRUA contributions and proportionate share of contributions	-	-
CRRUA contributions subsequent to the measurement date	<u>36,999</u>	<u>-</u>
Total	<u>\$ 36,999</u>	<u>143,381</u>

\$36,999 reported as deferred outflows of resources related to pensions resulting from CRRUA contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Amount
2016	\$ 35,846
2017	35,846
2018	35,846
2019	35,846
2020	1
Thereafter	-

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

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Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions	
Investment rate of return	7.75% annual rate, net of investment expense
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity of CRRUA’s proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present CRRUA’s net pension liability in each Page 7 PERA Fund Division that CRRUA participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Fund Division - Municipal General Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
CRRUA's proportionate share of the net pension liability	\$ 689,748	\$ 365,870	\$ 115,659

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

Payables to the pension plan. Employers should disclose the amount of payables to the Plan with a description of what gave rise to the payable per GASBS 68, paragraphs 122 and 124.

NOTE 10 – NOTES TO REQUIRED PERA SUPPLEMENTARY INFORMATION

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at [www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report%20Report%20FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report%20FINAL.pdf). The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

NOTE 11—POST-EMPLOYMENT BENEFITS—STATE RETIREE HEALTH CARE PLAN

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

NOTE 12 – OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. No funds that maintained a deficit fund balance as of June 30, 2015.
- B. No funds exceeded approved budgetary authority for the year ended June 30, 2015.

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NOTE 13 – 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, 2015</u>	<u>Percentage Complete</u>	<u>Estimated Date of Completion</u>
Life Station #7	\$ 643,311	353,832	55%	6/30/2017
North Treatment WW Plant	992,216	954,925	96%	8/30/2015
Total Commitments	<u>\$ 1,635,527</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, 2015</u>	<u>Total Paid in During Fiscal Year 2015</u>
NMFA - Loan #190-WTB	Dona Ana County	\$ 823,400	100,631
NMFA - 2430-DW	City of Sunland Park	\$ 457,310	23,084

NOTE 14 – OPERATING LEASES

The reporting entity has entered into an operating lease, which includes an option to buy. The rent expenditures for this lease was paid from the Wastewater System Fund. Future minimum lease payment are:

<u>Fiscal Year</u>	<u>Amount</u>
<u>Ending June 30,</u>	
2016	\$ 30,315
2017	-
2018	-
2019	-
2020	-
Total	<u>\$ 30,315</u>

Lease payments charged to current operations for the year ended June 30, 2015 totaled \$90,946.

NOTE 15 – 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

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2015**

were considered routine and were consistent with the general characteristics of CRRUA's transfer policy.

CRRUA did not record any interfund transfers in 2015.

NOTE 16 – 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 17 – RESTATEMENT

Restatements were made as follows:

Business-Type Activities	
Purpose/Reason	Amount
<i>Water System (55110 & 55130)</i>	
To remove Water Master Plan from capital assets, which was incorrectly capitalized in the prior year.	\$ (30,815)
To remove Well #5 Disinfection system from capital assets, which was incorrectly capitalized in the prior year.	(30,250)
To record restatement due to GASB 68 implementation and related net pension liability.	(246,994)
Total Water System Fund	<u>\$ (308,059)</u>
<i>Waste Water System (55120)</i>	
To record restatement due to GASB 68 implementation and related net pension liability.	\$ (246,994)
Total Waste Water System Fund	<u>\$ (246,994)</u>
Total Business-Type Restatements	<u>\$ (555,053)</u>

CRRUA implemented Governmental Accounting Standards Board (GASB) statement 68, Accounting and Financial Reporting for Pensions (as amendment of GASB Statement No. 27), in the fiscal year June 30, 2015. The implementation of the statement required CRRUA to record beginning net pension liability and the effects on net position of contributions made by CRRUA during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the business-type activities was restated by the amount noted in the above schedule.

STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
SCHEDULE 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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
REVENUES				
Charges for services	\$ 173,000	173,000	266,186	93,186
Charges for water services	2,500,000	2,500,000	2,244,752	(255,248)
Rents and royalties	15,000	15,000	1,080	(13,920)
Other revenue	7,283,060	9,033,060	377,242	(8,655,818)
Total revenues	<u>9,971,060</u>	<u>11,721,060</u>	<u>2,889,260</u>	<u>(8,831,800)</u>
EXPENDITURES				
Operating Expenses				
Personnel services -salaries and wages	416,562	416,562	269,610	146,952
Personnel services -employee benefits	139,071	139,071	82,642	56,429
Purchased professional and technical services	65,000	65,000	37,476	27,524
Utilities	430,000	430,000	382,720	47,280
Capital outlay	8,252,000	10,002,000	1,164,410	8,837,590
Other operating expenses	1,223,573	1,223,573	920,203	303,370
Total operating expenses	<u>10,526,206</u>	<u>12,276,206</u>	<u>2,857,061</u>	<u>9,419,145</u>
Non-Current (non-operating)				
Debt service-interest expense	120,750	120,750	120,586	164
Total expenditures	<u>10,646,956</u>	<u>12,396,956</u>	<u>2,977,647</u>	<u>9,419,309</u>
Excess (deficiency) of revenues over expenditures	(675,896)	(675,896)	(88,387)	587,509
Cash reserve, beginning	1,298,969	1,296,844	1,188,803	
Cash reserve, ending	<u>\$ 623,073</u>	<u>620,948</u>	1,100,416	
Net change in net position (non-GAAP budget basis)			\$ (88,387)	
Adjustments to revenue for accrual presentation			26,695	
Adjustments to expenditures for accrual presentation			<u>(14,012)</u>	
Net change in net position before contributions (GAAP basis)			<u>\$ (75,704)</u>	

STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
SCHEDULE 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, 2015

	<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>
REVENUES				
Charges for services	\$ 150,000	150,000	216,960	66,960
Charges for sewage services	1,700,000	1,700,000	1,500,800	(199,200)
Other revenue	<u>3,268,754</u>	<u>6,968,754</u>	<u>86,787</u>	<u>(6,881,967)</u>
Total revenues	5,118,754	8,818,754	1,804,547	(7,014,207)
EXPENDITURES				
Operating Expenses				
Personnel services -salaries and wages	390,562	390,562	269,611	120,951
Personnel services -employee benefits	137,082	137,082	83,310	53,772
Purchased professional and technical services	35,000	35,000	30,119	4,881
Utilities	427,000	427,000	388,735	38,265
Capital outlay	3,631,754	7,331,754	339,451	6,992,303
Other operating expenses	<u>858,930</u>	<u>858,930</u>	<u>893,574</u>	<u>(34,644)</u>
Total operating expenses	<u>5,480,328</u>	<u>9,180,328</u>	<u>2,004,800</u>	<u>7,175,528</u>
Non-Current (non-operating)				
Debt service-interest expense	-	-	-	-
Total expenditures	<u>5,480,328</u>	<u>9,180,328</u>	<u>2,004,800</u>	<u>7,175,528</u>
Excess (deficiency) of revenues over expenditures	(361,574)	(361,574)	(200,253)	161,321
Cash reserve, beginning	<u>1,354,514</u>	<u>1,354,514</u>	<u>1,144,507</u>	
Cash reserve, ending	\$ <u>992,940</u>	<u>992,940</u>	944,254	
Net change in net position (non-GAAP budget basis)			\$ (200,253)	
Adjustments to revenue for accrual presentation			60,562	
Adjustments to expenditures for accrual presentation			<u>(320,763)</u>	
Net change in net position before contributions (GAAP basis)			\$ <u>(460,454)</u>	

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
SZPPA (55140)
Budget (Non-GAAP Budgetary Basis) and Actual
For The Year Ended June 30, 2015**

	<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	\$ 7,500	7,500	3,836	(3,664)
Total revenues	7,500	7,500	3,836	(3,664)
EXPENDITURES				
Operating Expenses				
Other operating expenses	7,500	7,500	3,836	3,664
Total operating expenses	7,500	7,500	3,836	3,664
Total expenditures	7,500	7,500	3,836	3,664
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, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
SOUTH CENTRAL SOLID WASTE AUTHORITY				
50041				
Assets				
Cash and cash equivalents	\$ 46,903	612,564	(601,131)	58,336
Receivables, net	78,380	636,374	(619,437)	95,317
Total assets	<u>\$ 125,283</u>	<u>1,248,938</u>	<u>(1,220,568)</u>	<u>153,653</u>
Liabilities				
Accounts payable	\$ 125,204	1,248,196	(1,219,747)	153,653
Non-sufficient funds checks	79	742	(821)	-
Total liabilities	<u>\$ 125,283</u>	<u>1,248,938</u>	<u>(1,220,568)</u>	<u>153,653</u>
SUNLAND PARK SOLID WASTE				
55125				
Assets				
Cash and cash equivalents	\$ 7	653	(647)	13
Receivables, net	10,710	383	(1,297)	9,796
Total assets	<u>\$ 10,717</u>	<u>1,036</u>	<u>(1,944)</u>	<u>9,809</u>
Liabilities				
Accounts payable	\$ 10,717	1,036	(1,944)	9,809
TOTALS - ALL AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 46,910	613,217	(601,778)	58,349
Receivables, net	89,090	636,757	(620,734)	105,113
Total assets	<u>\$ 136,000</u>	<u>1,249,974</u>	<u>(1,222,512)</u>	<u>163,462</u>
Liabilities				
Accounts payable	\$ 135,921	1,249,232	(1,221,691)	163,462
Non-sufficient funds checks	79	742	(821)	-
Total liabilities	<u>\$ 136,000</u>	<u>1,249,974</u>	<u>(1,222,512)</u>	<u>163,462</u>

The accompanying notes are integral to these financial statements

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CAMINO REAL REGIONAL UTILITY AUTHORITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY OF PERA FUND DIVISION;
MUNICIPAL GENERAL DIVISION
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
LAST 10 FISCAL YEARS***

		2015
The CRRUA's proportion of the net pension liability (asset) (%)		0.05%
The CRRUA's proportionate share of the net pension liability (asset) (\$)	\$	365,870
The CRRUA's covered-employee payroll	\$	501,940
The CRRUA's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		73%
Plan fiduciary net position as a percentage of the total pension liability		81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the CRRUA will present information for those years for which information is available.

See Note 10 for Notes to Required Supplementary Information

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CAMINO REAL REGIONAL UTILITY AUTHORITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA FUND DIVISION; MUNICIPAL GENERAL DIVISION
LAST 10 FISCAL YEARS***

		2015
Contractually required contribution	\$	36,999
Contributions in relation to the contractually required contribution		36,999
Contribution deficiency (excess)	\$	-
CRRUA's covered-employee payroll	\$	501,940
Contributions as a percentage of covered-employee payroll		7.37%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, CRRUA will present information for those years for which information is available.

See Note 10 for Notes to Required Supplementary Information

CAMINO REAL REGIONAL UTILITY AUTHORITY
SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING
For The Year Ended June 30, 2015

#	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 DAC #09-191	Dona Ana County, City of Sunland Park, CRRUA	CRRUA	To create the Camino Real Regional Utility Authority	2/24/09 to 3/11/2029 (20 years from DFA Approval)	N/A	\$ -	CRRUA	CRRUA/Dona Ana County
2	Fiscal Management and Administrative Services DAC #15-106	Dona Ana County, CRRUA	CRRUA	To Provide Fiscal Management and Administrative Services	02/01/12 until 10/12/2021 (5 yr increments)	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	04/1/1993 Ongoing	Ongoing project costs vary from year to year	\$ -	CLC	CLC Component Unit

**CAMINO REAL REGIONAL UTILITY AUTHORITY
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
For The Year Ended June 30, 2015**

#	RFB#/RFP# / State-Wide Price Agreement #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address of ALL Vendor(s) that responded	In-State/ Out-of State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor instate and chose Veteran's preference (Y or N)	Brief Description of the Scope of Work
1	RFP # 11-0017 - Contract No. 11-180	Request for Proposals	AON RISK INSURANCE SERVICES WEST, INC	\$60,739.84	None	Daniels Insurance - 320 Gold Ave. Ste 700 ABQ, NM 87102; Manuel Lujan 4801 Indian School, ABQ, NM 27110; AON 6000 Uptown Blvd NE, Suite 400, ABQ, NM 87110	In-State	N	Insurance Broker & Consulting
2	State - 41-000-13-0007	State of NM Contract	BAKER UTILITY SUPPLY CORP	\$390,702.52	N/A	N/A	N/A	N/A	Water Meter Replacement Project
3	State - 40-000-13-00013	State of NM Contract	BOB TURNER'S FORD COUNTRY, INC. DBA POWER FORD	\$87,886.00	N/A	N/A	N/A	N/A	3 Pickup Trucks
4	RFP # 14-0035 - Contract No. 15-082	Request for Proposals	BURN CONSTRUCTION COMPANY INC	Indefinite Quantity Contract	N/A	Triple J Excavation 5005 Del Rey Blvd. Las Cruces, NM 88012; Burn Construction 311 Southgate Court, LC, NM 88004	In-State	N	Water and WW Systems Maint. And Repair
5	RFP # 12-0009 - Contract No. 12-132	Request for Proposals	CDM SMITH	Indefinite Quantity Contract	N/A	PSC 115 W Griggs Avenue, Las Cruces, NM 88001; Molzen Corbin 2701 Miles Road SE, ABQ, NM 87106; MCI 2505 E. Missouri Ave, El Paso, TX 79903; Huitt-Zollars 333 Rio Rancho Drive, NE, Suite 10, Rio Rancho, NM 87124;HDR 2155 Louisiana Blvd. NE Suite 9500, ABQ, NM 87110; Smith Engineering 201 N. Church St, Suite 300, Las Cruces, NM 88001; SMA 401 Seventeenth Street, Suite 4, Las Cruces, NM 88005; CDM 6000 Uptown Blvd, NE, Suite 200, ABQ, NM 87110	In-State	N	Engineering Services for Border Region W & WW Improvements
6	ITB # 14-0023 - Contract No. 14-168	Invitation to Bid	CENTURY CLUB CONSTRUCTION	\$188,660.58	None	Century Club B201 Golf Course Rd. NW, Suite D3-295 ABQ, NM 87120; Burn Construction 311 Southgate Court, LC, NM 88004; Morrow Enterprises P.O. Box 1747, Las Cruces, NM 88004	In-State	N	Well 5 Disinfection System
7	Contract No. 12-084	Exempt 13-1-98A	DONA ANA COUNTY FLEET DEPT	\$67,645.41	N/A	N/A	N/A	N/A	DAC Fleet Dept - Vehicle Repair Services

**CAMINO REAL REGIONAL UTILITY AUTHORITY
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
For The Year Ended June 30, 2015**

#	RFB#/RFP# / State-Wide Price Agreement #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address of ALL Vendor(s) that responded	In-State/ Out-of State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor instate and chose Veteran's preference (Y or N)	Brief Description of the Scope of Work
8	RFP # 15-0020 - Contract No. 15-190	Invitation to Bid	DUCROSS CONSTRUCTION LLC	\$544,720.91	None	Smith & Aguirre Const. P.O. Drawer 2276, Las Cruces, NM 88004; DuCross Construction 240 So. Crawford Blvd. Las Cruces NM 88013; CMD Endeavors 1510 N. Zaragosa, Ste. B1 El Paso, TX 79936; Morrow Enterprises P.O. Box 1747, Las Cruces, NM 88004; Smithco Construction, Inc. 6 King Canyon Loop, Caballo, NM 87931; Total Mechanical, Inc 1900 Victory Lane, Sunland Park, NM 88063	In-State	N	Wastewater Collection System Lift Station #7 Replacement
9	N/A	Exempt 13-1-98D	EL PASO ELECTRIC CO.	\$723,768.51	N/A	N/A	N/A	N/A	Electrical Service
10	RFP # 15-0011 - Contract No. 15-144	Invitation to Bid	FILE CONSTRUCTION	\$119,762.98	None	File Construction 119 Industrial Ave. NE ABQ, NM 87107; Smith & Aguirre Const. Co PO Drawer 2276, Las Cruces NM 88004	In-State	N	Water Meter Replacement Project
11	RFP # 15-0001 Contract No. 15-105	Request for Proposals	JAMES, COOKE & HOBSON, INC.	Indefinite Quantity Contract	N/A	James, Cooke & Hobson, Inc. 3800 Donipahn Dr. El Paso, TX 79922	Out-of-State	N	Wastewater Life Station Maint. and Repair
12	RFP # 14-0020 - Contract No. 14-132	Request for Proposals	MSPADILLA CONSULTING	Indefinite Quantity Contract	N/A	MS Padilla Consulting 2615 W. Union Las Cruces NM 88005	In-State	N	Professional Management Consulting
13	N/A	Exempt 13-1-98A	NEW MEXICO FINANCE AUTHORITY	\$156,720.85	N/A	N/A	N/A	N/A	Loan Payment
14	Contract No. 14-117	Exempt 13-1-98A	SOUTH CENTRAL SOLID WASTE AUTHORITY	\$600,292.78	N/A	N/A	N/A	N/A	Sludge removal Mesquite Liquid Waste Facility
15	RFP # 11-0017 - Contract No. 11-180 - AON Contract	Request for Proposals	THE TRAVELERS INDEMNITY COMPANY	\$76,073.50	N/A	Daniels Insurance - 320 Gold Ave. Ste 700 ABQ, NM 87102; Manuel Lujan 4801 Indian School, ABQ, NM 27110; AON 6000 Uptown Blvd NE, Suite 400, ABQ, NM 87110	In-State	N	Insurance Coverage Brokered by AON
16	State Contract No. 30-000-13-00054	State of NM Contract	TITAN MACHINERY INC	\$78,880.82	N/A	N/A	N/A	N/A	Case 580SN Loader Backhoe
17	RFP # 14-0044 - Contract No. 15-011	Request for Proposals	WESTERN OILFIELDS SUPPLY COMPANY DBA RAIN FOR RENT	Indefinite Quantity Contract	N/A	Rain for Rent 5051 e. Canada Street, Tucson, AZ 85711	Out-of-State	N/A	Bypass Pumping for WW Maint. And Repairs



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. Tim Keller, 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 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 the Camino Real Regional Utility Authority (CRRUA) as of and for the year ended June 30, 2015, 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 23, 2015.

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 23, 2015

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 23, 2015

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2015**

SUMMARY OF FINDINGS AND RESPONSES

Reference #	Finding	Status of Prior Year Findings	Type of Finding
Prior Year Findings			
None			
Current Year Findings			
None			

* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Other Matters Involving Internal Control Over Financial Reporting
- D. Material Weakness in Internal Control Over Compliance of Federal Awards
- E. Significant Deficiency in Internal Control Over Compliance of Federal Awards
- F. Instance of Noncompliance to Federal Awards
- G. Compliance with State Audit Rule

**STATE OF NEW MEXICO
CAMINO REAL REGIONAL UTILITY AUTHORITY
EXIT CONFERENCE
For The Year Ended June 30, 2015**

An exit conference was held in a closed session on November 23, 2015, at CRRUA's Offices in Las Cruces, New Mexico. In attendance were the following:

Camino Real Regional Utility Authority

Dr. David J. Garcia	Commissioner District 2
Julia Brown, Esq.	Doña Ana County Manager
Bill Noland	Finance Director of Doña Ana County
Nasreen Nelson, CPA, CGFM	Controller of Doña Ana County
Sue Padilla	Consultant - CRRUA
Mireya Moreno	Accountant III—Finance of Doña Ana County
Rima Perez	Accountant II – Finance of Doña Ana County
Pat Dillaway	Accountant III—Finance of Doña Ana County
Lorraine Cisneros	Office Manager - CRRUA

Hinkle + Landers, PC

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

FINANCIAL STATEMENTS

The financial statements of CRRUA as of June 30, 2015, were substantially prepared by Hinkle + Landers, PC, however, the financial statements are the responsibility of management.