

**STATE OF NEW MEXICO
CITY OF LORDSBURG**

FINANCIAL STATEMENTS

FOR THE YEAR-ENDED JUNE 30, 2015



INTRODUCTORY SECTION

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CITY OF LORDSBURG
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**STATE OF NEW MEXICO
CITY OF LORDSBURG
OFFICIAL ROSTER
FOR THE YEAR ENDED JUNE 30, 2015**

City of Lordsburg

<u>Elected Officials</u>	<u>Title</u>
Arthur Clark Smith	Mayor
Alfredo Morelos	Mayor Pro-Tem
Alex DeLaGarza	Councilor
Ernest Gallegos, Sr.	Councilor
Irene Galvan	Councilor
Glenda Greene	Councilor
Manuel Saucedo	Councilor

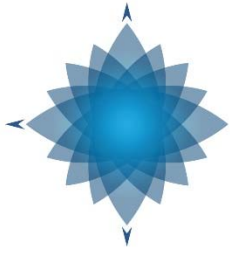
<u>Department Heads</u>	<u>Title</u>
Patricia de Naranjo	Finance Officer
Jeannie Palacios	City Clerk

City of Lordsburg Public Housing Authority

<u>Board of Commissioners</u>	<u>Title</u>
Arthur Clark Smith	Chairman
Alfredo Morelos	Vice Chairman
Alex DeLaGarza	Commissioner
Ernest Gallegos, Sr.	Commissioner
Irene Galvan	Commissioner
Glenda Greene	Commissioner
Manuel Saucedo	Commissioner

<u>Department Heads</u>	<u>Title</u>
Bianca Barella	Executive Director

FINANCIAL SECTION



Independent Auditor's Report

Timothy Keller
New Mexico State Auditor
Mayor and City Councilors
City of Lordsburg
Lordsburg, New Mexico

To the Mayor and City Council

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of the City of Lordsburg, New Mexico, as of and for the year-ended June 30, 2015, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental funds and the budgetary comparisons for the major capital project fund, proprietary funds, and all nonmajor funds presented as supplementary information as defined by the Government Accounting Standards Board, in the accompanying combining and 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund for the year then 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 major capital project fund and all nonmajor governmental funds of the City, as of June 30, 2015, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparisons for the major capital project fund, proprietary fund, and all nonmajor funds for the year then-ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of proportionate share of the net pension liability and the schedule of contributions and notes to the Required Supplementary Information on pages 48-54 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 evidence sufficient to express an opinion or provide any assurance.

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require 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 the City's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules 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 schedule of expenditures of federal awards and other schedules 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 schedule of expenditures of federal awards and other schedules required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2015, on our consideration of the City'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 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 City's internal control over financial reporting and compliance.

Integrity Accounting + Consulting, LLC

Integrity Accounting & Consulting, LLC
Albuquerque, NM

November 11, 2015

**STATE OF NEW MEXICO
CITY OF LORDSBURG
STATEMENT OF NET POSITION
As of June 30, 2015**

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Assets and deferred inflows of resources:			
Assets:			
Cash and cash equivalents	\$ 1,111,099	642,651	1,753,750
Investments	1,501,338	470,777	1,972,115
Receivables			
Accounts receivable	49,193	394,174	443,367
Taxes receivable	277,417	4,585	282,002
Other receivables	6,515	6,501	13,016
Due from other governments	340,945	244,130	585,075
Total current assets	<u>3,286,507</u>	<u>1,762,818</u>	<u>5,049,325</u>
Non-current assets:			
Restricted cash	-	19,120	19,120
Investments	-	3,131,266	3,131,266
Capital assets	18,380,630	20,648,992	39,029,622
Less: Accumulated depreciation	<u>(6,816,377)</u>	<u>(6,698,616)</u>	<u>(13,514,993)</u>
Total non-current assets	<u>11,564,253</u>	<u>17,100,762</u>	<u>28,665,015</u>
Total assets	<u>14,850,760</u>	<u>18,863,580</u>	<u>33,714,340</u>
Deferred Outflows of Resources:			
Employer contributions subsequent to the meas	106,625	32,327	138,952
Total deferred outflows of resources	<u>106,625</u>	<u>32,327</u>	<u>138,952</u>
Total assets and deferred outflows of resources	<u>\$ 14,957,385</u>	<u>18,895,907</u>	<u>33,853,292</u>
Liabilities, deferred inflows of resources and net position:			
Liabilities:			
Accounts payable	\$ 170,021	105,271	275,292
Accrued payroll liabilities	39,728	10,062	49,790
Customer deposits	-	105,172	105,172
Current portion of compensated absences	36,004	22,519	58,523
Current portion of long-term debt	98,529	50,804	149,333
Total current liabilities	<u>344,282</u>	<u>293,828</u>	<u>638,110</u>
Non-current liabilities			
Compensated absences	9,001	5,630	14,631
Net pension liability	1,034,374	317,011	1,351,385
Notes payable	<u>716,523</u>	<u>376,598</u>	<u>1,093,121</u>
Total non-current liabilities	<u>1,759,898</u>	<u>699,239</u>	<u>2,459,137</u>
Total liabilities	2,104,180	993,067	3,097,247
Deferred inflows of resources:			
Change in proportion	54,325	215	54,540
Investment experience	<u>391,771</u>	<u>124,023</u>	<u>515,794</u>
Total deferred inflows of resources	446,096	124,238	570,334
Net position			
Net Investment in Capital Assets	10,749,201	13,522,974	24,272,175
Unrestricted Net Position	<u>1,657,908</u>	<u>4,255,628</u>	<u>5,913,536</u>
Total net position	<u>12,407,109</u>	<u>17,778,602</u>	<u>30,185,711</u>
Total liabilities, deferred inflows of resources and net position:	<u>\$ 14,957,385</u>	<u>18,895,907</u>	<u>33,853,292</u>

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

STATE OF NEW MEXICO
CITY OF LORDSBURG
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

<u>Functions/programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes In Net</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Primary government:							
Governmental activities							
General government	\$ 3,241,276	28,224	1,284,890	-	(1,928,162)	-	(1,928,162)
Public safety	108,521	10,840	99,982	-	2,301	-	2,301
Public works	152,203	-	-	-	(152,203)	-	(152,203)
Culture and recreation	164,135	15,376	-	-	(148,759)	-	(148,759)
Health and welfare	84,765	9,075	-	-	(75,690)	-	(75,690)
Interest expense	23,160	-	-	-	(23,160)	-	(23,160)
Total governmental activities	<u>3,774,060</u>	<u>63,515</u>	<u>1,384,872</u>	<u>-</u>	<u>(2,325,673)</u>	<u>-</u>	<u>(2,325,673)</u>
Business-type activities:							
Utilities							
Water	724,176	600,305	-	23,569	-	(100,302)	(100,302)
Gas	528,303	563,965	-	-	-	35,662	35,662
Sewer	526,429	344,008	-	-	-	(182,421)	(182,421)
Solid waste	293,693	301,617	-	-	-	7,924	7,924
Public housing	582,289	214,425	367,853	53,714	-	53,703	53,703
Total business-type activities	<u>2,654,890</u>	<u>2,024,320</u>	<u>367,853</u>	<u>77,283</u>	<u>-</u>	<u>(185,434)</u>	<u>(239,137)</u>
Total primary government	<u>6,428,950</u>	<u>2,087,835</u>	<u>1,752,725</u>	<u>77,283</u>	<u>(2,325,673)</u>	<u>(185,434)</u>	<u>(2,564,810)</u>
General revenues:							
Taxes							
Property taxes levied for general purposes					\$ 105,206	-	105,206
Gross receipts taxes					1,474,018	119,672	1,593,690
Other taxes and fees					287,957	-	287,957
Licenses and permits					14,148	-	14,148
Fines, forfeitures, and penalties					54,292	-	54,292
Interest income					2,527	1,026	3,553
Miscellaneous income					571,593	27,636	599,229
Transfers					(145,888)	145,888	-
Total general revenue and transfers					<u>2,363,853</u>	<u>294,222</u>	<u>2,658,075</u>
Changes in net position					38,180	108,788	93,265
Beginning net position					14,238,529	15,183,200	29,421,729
Restatement					(1,869,600)	2,486,614	617,014
Beginning net position, as restated					<u>12,368,929</u>	<u>17,669,814</u>	<u>30,038,743</u>
Net position, end of year					<u>\$ 12,407,109</u>	<u>17,778,602</u>	<u>30,132,008</u>

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

**STATE OF NEW MEXICO
CITY OF LORDSBURG
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2015**

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>Cap Project Water Project Fund</u>	<u>Total Non- Major Funds</u>	<u>Total Funds</u>
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ 281,660	60	840,345	1,122,065
Investments	801,338	-	700,000	1,501,338
Receivables				
Accounts receivable	49,193	-	-	49,193
Taxes receivable	218,111	-	59,306	277,417
Other receivables	6,515	-	-	6,515
Due from other funds	1,071	-	-	1,071
Due from other governments	340,945	-	-	340,945
Total assets	<u>1,698,833</u>	<u>60</u>	<u>1,599,651</u>	<u>3,298,544</u>
Deferred Outflows of Resources:				
Total deferred outflows of resource	-	-	-	-
Total assests and deferred outflows of resources	<u>\$ 1,698,833</u>	<u>60</u>	<u>1,599,651</u>	<u>3,298,544</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	\$ 162,582	-	4,968	167,550
Accrued payroll liabilities	46,385	-	6,781	53,166
Due to other fund	-	-	1,071	1,071
Total liabilities	<u>208,967</u>	<u>-</u>	<u>12,820</u>	<u>221,787</u>
Deferred Inflows of Resources:				
"Unavailable" revenues	<u>8,373</u>	<u>-</u>	<u>-</u>	<u>8,373</u>
Total deferred inflows of resource:	<u>8,373</u>	<u>-</u>	<u>-</u>	<u>8,373</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	60	1,496,897	1,496,957
Committed	-	-	89,934	89,934
Assigned	-	-	-	-
Unassigned	<u>1,481,493</u>	<u>-</u>	<u>-</u>	<u>1,481,493</u>
Total fund balances	<u>1,481,493</u>	<u>60</u>	<u>1,586,831</u>	<u>3,068,384</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 1,698,833</u>	<u>60</u>	<u>1,599,651</u>	<u>3,298,544</u>

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

**STATE OF NEW MEXICO
CITY OF LORDSBURG
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE
TO THE STATEMENT OF NET POSITION
As of June 30, 2015**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - Governmental funds	\$	3,068,384
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		11,564,253
Delinquent property tax not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred inflows of resources in the fund financial statements, but are considered revenue in the statement of activities.		8,373
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds:		
Deferred outflows of resources related to employer contribution subsequent to the measurement date		106,625
Deferred inflows of resources related to change in proportion		(54,325)
Deferred inflows of resources related to investment experience		(391,771)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of:		
Net pension liability	\$	(1,034,374)
Current compensated absences		(36,004)
Noncurrent compensated absences		(9,001)
Current notes payable		(98,529)
Noncurrent notes payable	\$	<u>(716,523)</u>
		(1,894,431)
Rounding		<u>1</u>
Net position for governmental activities	\$	<u><u>12,407,109</u></u>

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

**STATE OF NEW MEXICO
CITY OF LORDSBURG
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015**

	<u>Major Funds</u>			<u>Total Funds</u>
	<u>General Fund</u>	<u>Cap Project Water Project Fund</u>	<u>Total Non- Major Funds</u>	
Revenues:				
Taxes				
Property	\$ 101,594	-	-	101,594
Gross receipts/State shared	1,232,474	-	241,544	1,474,018
Other	72,545	-	215,411	287,956
Licenses and permits	8,348	-	5,800	14,148
Charges for services	28,225	-	35,291	63,516
Fines and forfeitures	54,292	-	-	54,292
Intergovernmental revenue				
Federal grants	670,245	-	-	670,245
State grants	640,181	-	99,982	740,163
Interest income	2,520	-	7	2,527
Miscellaneous income	<u>473,457</u>	<u>-</u>	<u>98,135</u>	<u>571,592</u>
Total revenues	<u>3,283,881</u>	<u>-</u>	<u>696,170</u>	<u>3,980,051</u>
Expenditures:				
Current:				
General government	2,941,230	-	-	2,941,230
Public safety	-	-	108,521	108,521
Public works	-	-	152,203	152,203
Culture and recreation	-	-	164,135	164,135
Health and welfare	-	-	84,765	84,765
Capital outlay	597,178	-	300,793	897,971
Debt service				
Principal	-	-	92,514	92,514
Interest	<u>-</u>	<u>-</u>	<u>23,160</u>	<u>23,160</u>
Total expenditures	<u>3,538,408</u>	<u>-</u>	<u>926,091</u>	<u>4,464,499</u>
Excess (deficiency) of revenues over (under) expenditures	(254,527)	-	(229,921)	(484,448)
Other financing sources (uses):				
Transfers in	120,182	-	359,943	480,125
Transfers out	<u>(642,943)</u>	<u>-</u>	<u>16,930</u>	<u>(626,013)</u>
Total other financing sources (uses):	<u>(522,761)</u>	<u>-</u>	<u>376,873</u>	<u>(145,888)</u>
Net change in fund balances	(777,288)	-	146,952	(630,336)
Beginning fund balance	2,258,781	60	<u>1,439,879</u>	3,698,720
Beginning fund balance, as restated	<u>2,258,781</u>	<u>60</u>	<u>1,439,879</u>	<u>3,698,720</u>
Ending fund balance	<u>\$ 1,481,493</u>	<u>60</u>	<u>1,586,831</u>	<u>3,068,384</u>

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

**STATE OF NEW MEXICO
CITY OF LORDSBURG
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
As of June 30, 2015**

Amounts reported for governmental activities in the statement of activities are different because:

Total net change in fund balances-governmental funds	\$	(630,336)
--	----	-----------

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimates useful lives and reported as depreciation expense.

Capital expenditures recorded as capital outlay or other expenses		1,104,346
---	--	-----------

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore depreciation expense is not reported as an expenditure in the governmental funds.

		(530,219)
--	--	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in deferred inflows of resources related to property taxes receivable		(21,924)
--	--	----------

The issuance of long-term debt (e.g. bonds, notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

(Increase)/decrease in compensated absences		(22,768)
Principal payments on long-term debt		92,514

Expenditures in the statement of activities that do not provide current financial resources are not reported as expenditures in the funds

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

Employer contributions subsequent to the measurement date		106,625
Pension expense		(60,061)

Rounding		<u>3</u>
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Change in net position of governmental activities	\$	<u><u>38,180</u></u>
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**STATE OF NEW MEXICO
CITY OF LORDSBURG
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes				
Property	\$ 73,863	73,863	104,877	31,014
Gross receipts	1,204,224	1,204,224	1,273,010	68,786
Other	69,197	69,197	73,427	4,230
Licenses and permits	6,384	6,384	8,348	1,964
Charges for services	12,000	12,000	28,225	16,225
Fines and forfeitures	200,187	200,187	54,292	(145,895)
Intergovernmental revenue				
Federal grants	275,271	275,271	629,147	353,876
State grants	245,757	153,757	337,380	183,623
Interest income	345	345	2,520	2,175
Miscellaneous income	369,308	369,308	671,835	302,527
Total revenues	2,456,536	2,364,536	3,183,061	818,525
Expenditures:				
Current:				
General government	2,798,358	2,962,558	2,934,625	27,933
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	420,642	560,642	597,178	(36,536)
Total expenditures	3,219,000	3,523,200	3,531,803	(8,603)
Excess (deficiency) of revenues over (under) expenditures	(762,464)	(1,158,664)	(348,742)	827,128
Other financing sources (uses):				
Transfers in	81,112	81,112	120,182	39,070
Transfers out	(715,819)	(715,819)	(642,943)	72,876
Total other financing sources (uses):	(634,707)	(634,707)	(522,761)	111,946
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(1,397,171)	(1,793,371)	(871,503)	939,074
Budgeted cash carryover	1,397,171	1,793,371	871,503	
Net change in fund balance	\$ -	-	-	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ (871,503)	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			100,821	
Adjustments to expenditures for accrued wages and expenditures			(6,606)	
Net change in fund balance (GAAP)			\$ (777,288)	

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

**STATE OF NEW MEXICO
CITY OF LORDSBURG
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2015**

	<u>Joint Utility Fund</u>	<u>Housing Authority</u>	<u>Total</u>
Assets and deferred inflows of resources:			
Assets:			
Cash and cash equivalents	\$ 498,447	144,204	642,651
Investments	218,734	252,043	470,777
Receivables			
Accounts receivable, net	390,724	3,450	394,174
Taxes receivable	4,585	-	4,585
Other receivables	-	6,501	6,501
Due from other governments	-	244,130	244,130
Total current assets	<u>1,112,490</u>	<u>650,328</u>	<u>1,762,818</u>
Non-current assets:			
Restricted cash:			
Cash and cash equivalents - tenant security deposits	-	19,120	19,120
Long-term Investments	3,131,266	-	3,131,266
Capital assets, net	<u>12,003,854</u>	<u>1,946,522</u>	<u>13,950,376</u>
Total non-current assets	<u>15,135,120</u>	<u>1,965,642</u>	<u>17,100,762</u>
Total assets	<u>16,247,610</u>	<u>2,615,970</u>	<u>18,863,580</u>
Deferred Outflows of Resources:			
Employer contributions subsequent to the measurement date	22,829	9,498	32,327
Total deferred outflows of resources	<u>22,829</u>	<u>9,498</u>	<u>32,327</u>
Total assets and deferred outflows of resources	<u>\$ 16,270,439</u>	<u>2,625,468</u>	<u>18,895,907</u>
Liabilities, deferred inflows of resources and net position:			
Liabilities:			
Accounts payable	\$ 25,963	79,308	105,271
Accrued payroll liabilities	10,062	-	10,062
Customer deposits	91,072	14,100	105,172
Current portion of compensated absences	18,356	4,163	22,519
Current portion of long-term debt	<u>50,804</u>	<u>-</u>	<u>50,804</u>
Total current liabilities	196,257	97,571	293,828
Non-current liabilities			
Compensated absences	4,589	1,041	5,630
Total pension liability	217,937	99,074	317,011
Notes payable	<u>376,598</u>	<u>-</u>	<u>376,598</u>
Total non-current liabilities	<u>599,124</u>	<u>100,115</u>	<u>699,239</u>
Total liabilities	795,381	197,686	993,067
Deferred inflows of resources:			
Change in proportion	148	67	215
Investment experience	<u>85,263</u>	<u>38,760</u>	<u>124,023</u>
Total deferred inflows of resources	<u>85,411</u>	<u>38,827</u>	<u>124,238</u>
Net position			
Net Investment in Capital Assets	14,707,718	1,965,642	16,673,360
Unrestricted Net Position	<u>681,929</u>	<u>423,313</u>	<u>1,105,242</u>
Total net position	<u>15,389,647</u>	<u>2,388,955</u>	<u>17,778,602</u>
Total liabilities, deferred inflows of resources and net position:	<u>\$ 16,270,439</u>	<u>2,625,468</u>	<u>18,895,907</u>

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

**STATE OF NEW MEXICO
CITY OF LORDSBURG
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015**

	<u>Joint Utility Fund</u>	<u>Housing Authority</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 1,809,895	214,425	2,024,320
Federal grants - operating	-	367,853	367,853
Total operating revenues	<u>1,809,895</u>	<u>582,278</u>	<u>2,392,173</u>
Operating expenses:			
Personnel services	406,968	163,626	570,594
Operating expenses	1,226,226	332,155	1,558,381
Depreciation and amortization	<u>432,319</u>	<u>86,509</u>	<u>518,828</u>
Total operating expenses	2,065,513	582,290	2,647,803
Operating income (loss)	(255,618)	(12)	(255,630)
Non-operating revenues (expenses):			
Federal grants - capital	23,569	53,714	77,283
Gross receipts and other taxes	119,672	-	119,672
Miscellaneous	24,960	2,677	27,637
Interest income	135	891	1,026
Interest expense	<u>(7,088)</u>	<u>-</u>	<u>(7,088)</u>
Total non-operating revenues (expenses)	<u>161,248</u>	<u>57,282</u>	<u>218,530</u>
Income (loss) before transfers	(94,370)	57,270	(37,100)
Other financing sources/(uses)			
Transfers in	410,761	-	410,761
Transfers out	<u>(264,873)</u>	<u>-</u>	<u>(264,873)</u>
Total other financing sources/(uses)	145,888	-	145,888
Change in net position	51,518	57,270	108,788
Net position, beginning of year	15,183,200	2,465,484	17,648,684
Restatement	154,929	(133,799)	21,130
Beginning net position, as restated	<u>15,338,129</u>	<u>2,331,685</u>	<u>17,669,814</u>
Net position, end of year	<u>\$ 15,389,647</u>	<u>2,388,955</u>	<u>17,778,602</u>

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

**STATE OF NEW MEXICO
CITY OF LORDSBURG
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015**

	<u>Joint Utility Fund</u>	<u>Housing Authority</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,751,358	214,425	1,965,783
Receipts from subsidy grants	-	203,359	203,359
Payments to suppliers and employees	(1,238,367)	(273,041)	(1,511,408)
Payments to employees	<u>(408,522)</u>	<u>(167,575)</u>	<u>(576,097)</u>
Net cash provided (used) for operating activities	104,469	(22,832)	81,637
Cash flows from noncapital financing activities:			
Transfers from other funds	410,761	-	410,761
Transfers to other funds	(264,873)	-	(264,873)
Tax receipts	119,672	-	119,672
Miscellaneous income	<u>24,960</u>	<u>2,677</u>	<u>27,637</u>
Net cash provided (used) for noncapital financing activities	290,520	2,677	293,197
Cash flows from capital and related financing activities:			
Intergovernmental receipts-capital	23,569	53,714	77,283
Acquisition and construction of capital assets	(63,242)	-	(63,242)
Principal paid on long-term debt	(47,175)	-	(47,175)
Interest paid on long-term debt	(7,088)	-	(7,088)
Long-term debt proceeds.	<u>80,701</u>	<u>-</u>	<u>80,701</u>
Net cash provided (used) for capital and related financing activities.	(13,235)	53,714	40,479
Cash flows from investing activities:			
Purchase of investments	(3,350,000)	(847)	(3,350,847)
Interest and dividends	<u>135</u>	<u>892</u>	<u>1,027</u>
Net cash provided (used) for investing activities.	(3,349,865)	45	(3,349,820)
Net increase (decrease) in cash and cash equivalents	(2,968,111)	33,604	(2,934,507)
Cash and cash equivalents – beginning of year	<u>3,466,558</u>	<u>129,720</u>	<u>3,596,278</u>
Cash and cash equivalents – end of year	\$ <u><u>498,447</u></u>	<u><u>163,324</u></u>	<u><u>661,771</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (255,618)	(12)	(255,630)
Adjustments			
Depreciation and amortization	432,319	86,509	518,828
Pension expense	(13,743)	(5,396)	(19,139)
Bad debt expense	17,723	-	17,723
Changes in assets and liabilities:			
Receivables	(58,537)	(164,494)	(223,031)
Accounts payable	(29,864)	59,064	29,200
Accrued expenses and other liabilities	(714)	-	(714)
Deposits	-	50	50
Compensated absences	<u>12,903</u>	<u>1,447</u>	<u>14,350</u>
Net cash provided by operating activities	\$ <u><u>104,469</u></u>	<u><u>(22,832)</u></u>	<u><u>81,637</u></u>

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

**STATE OF NEW MEXICO
CITY OF LORDSBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lordsburg (the "City") was established by the laws of the State of New Mexico in 1881. The City operates under the Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), public works (highways and streets), health and social services, culture and recreation, public improvements, planning and zoning, and general administration services. Other services include utilities and public housing.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City's most significant accounting policies are described below.

A. Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

In evaluating how to define the City, 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-14. The first 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

**STATE OF NEW MEXICO
CITY OF LORDSBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the City does not have any component units. Additionally, the City is not considered a component unit of another governmental agency during the fiscal year ended June 30, 2015.

B. Basis of Accounting/Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in 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, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the City include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated.

**STATE OF NEW MEXICO
CITY OF LORDSBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements.

The City reports the general fund as a major governmental fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the City except for items included in other funds.

In addition, the City reports the following other major funds:

Capital Projects Fund – Water Project Fund -To account for the construction of the water treatment plant and waterline improvements.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

**STATE OF NEW MEXICO
CITY OF LORDSBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. The City reports the following proprietary funds, all of which are considered major funds.

Joint Utility Fund – To account for the City’s utility operations which include water, wastewater, solid waste, and gas services.

Lordsburg Housing Authority – Provides financial assistance to low income families for low rent housing in city owned facilities.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents 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, regardless of the timing of related cash flows.

Operating revenues, such as charges for services and tenant rent payments, in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues, such as subsidies/grants and investment earnings, are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

C. Assets, Liabilities and Equity

Cash Equivalents

The City’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The City pools idle cash from all funds for the purpose of increasing income through investment activities. A "Pooled Cash" concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in pooled cash and investments are considered to be cash equivalents for the purposes of the statement of cash flows, except for certificates of deposit or other investments that have original maturities of more than 90 days.

**STATE OF NEW MEXICO
CITY OF LORDSBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Investments

The City's investments are regulated by state law as well as by guidelines and rules promulgated by the State Investment Council and the State Treasurer. All investments are generally highly liquid in nature and are integrated with cash on the financial statements with appropriate disclosure. Investments are stated at fair value, which is determined using selected bases. Certificates of deposit are reported at carrying amount, which reasonably estimates fair value. Investments in a U.S. Treasury Fund and repurchase agreements are valued at the last reported sales price at current exchange rates.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." In governmental fund financial statements, advances between funds are offset by an amount reported as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectible accounts.

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

Inventories and Prepaid Items

Inventories in governmental funds consist of expendable supplies held for consumption, and are valued at cost using a first-in, first-out (FIFO) method. Expendable supplies are accounted for using the consumption method. Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis, and consist of operating supplies held for use in operations and are recorded as expenditures when consumed rather than when purchased. The City current does not hold any items in inventory.

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or

**STATE OF NEW MEXICO
CITY OF LORDSBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 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. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information technology equipment including software is being capitalized and included in machinery and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets that have been disposed of are recorded as deletions on the government-wide financial statements. Accumulated depreciation is adjusted for all deletions.

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. The total interest expense capitalized by the City during the current fiscal year was \$0. No interest was included as part of the cost of capital assets under construction.

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

<u>Asset Type</u>	<u>Years</u>
Land	Perpetuity
Construction in progress	Perpetuity
Buildings	15 - 50
Other improvements	15 - 40
Infrastructure	10 - 80
Utility system	5 - 80
Machinery and equipment	3 - 10

Analysis of Impairment

Management reviews long-lived assets and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In management's opinion, there is no impairment of such City assets at June 30, 2015.

Restricted Assets

Certain long-term assets are classified as restricted assets on the balance sheet because their use is limited to payments for debt service or other purposes such as deposits held in trust for others.

**STATE OF NEW MEXICO
CITY OF LORDSBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Compensated Absences

Full-time permanent employees are granted vacation benefits in varying amounts to specified maximums depending on their tenure with the City. Accumulated unused vacation may be carried from one calendar year to another but the amount of annual leave carry over cannot exceed 40 hours. Accumulated unused vacation is payable upon retirement or termination from employment. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is not reported in the governmental fund balance sheet unless it was actually due and payable at year end for payments due to retired or terminated employees.

The City allows full-time employees to accumulate unused sick leave. Accumulated unused sick leave is not paid upon termination from employment or retirement. Sick leave is only paid upon illness while in the employment of the City. Accordingly, no provision for accumulated sick leave has been made in the accompanying financial statements.

Short-Term Obligations

No short-term debt occurred during the current fiscal year.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of fund net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The City has one type of item that qualifies for reporting in this category. Accordingly, the item, employer contributions subsequent to measurement date, is reported in the Statement of Net Position. This amount is deferred and recognized as an outflow of resources in the period the amount becomes

**STATE OF NEW MEXICO
CITY OF LORDSBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

available. The City has recorded \$138,953 related to employer contributions subsequent to measurement date.

Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized.

If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources.

The City has two types of items which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the items, unavailable revenue – property taxes and unavailable revenue - grants, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City has recorded \$8,373 related to property taxes and \$0 related to grants that are considered “unavailable”.

In addition, the City has two types of items present on the Statement of Net Position which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, net difference between expected and actual earnings and change in assumptions, are reported on the Statement of Net Position. The City has recorded \$54,540 related to change in assumptions and \$515,794 related to the net difference between expected and actual earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent.

Governmental Fund Financial Statements. In accordance with GASBS No. 54, the City classifies fund balances in the governmental funds as follows:

Nonspendable Fund Balance includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal/contractual requirements. Examples are Prepaid Expenses and Inventory.

Spendable Fund Balance includes Restricted, Committed, Assigned, and Unassigned designations:

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Restricted includes fund balance amounts that are limited for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed includes fund balance amounts that are obligated to a specific purpose which are internally imposed by the government through formal action (Ordinances and Resolutions) at the highest level of decision making authority (City Council). These commitments can only be overturned by a like action.

Assigned includes spendable fund balance amounts that are intended to be used for specific purposes that are considered neither restricted nor committed. Undesignated excess Fund Balances may be assigned by the City Council, Mayor, or City Clerk/Finance Director for specific purposes through the budget process or agenda items. The assigned designation may be reversed by the City Council at any public meeting.

Unassigned includes residual positive fund balances within the General Fund, which have not been classified within the other above mentioned categories. Unassigned Fund Balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

See the Schedule of Fund Balances on page 81 for additional information about fund balances.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in the General Fund, it is the City's policy to use unassigned resources first, then assigned, and then committed as needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any other governmental fund, it is the City's policy to use committed resources first, then assigned, and then unassigned as needed.

The City does not have a formal minimum fund balance requirement.

Net Position

Government-wide and Proprietary Fund Financial Statements. The City classifies net position in the government-wide and proprietary fund financial statements as follows:

Net Investment in Capital Assets includes the City's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The City typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted Net Position typically includes unrestricted liquid assets. The City Council has the authority to revisit or alter this designation.

D. 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.

E. Inter-Fund Transactions

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

F. Income Taxes

As a local government entity, the City is not subject to federal or state income taxes. The City is generally no longer subject to examination by federal and state taxing authorities for years prior to 2012. For the year ended June 30, 2015, no interest or penalties were recorded or included in the financial statements.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results

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could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The City adopts budgets for each individual fund (governmental and proprietary).

In late winter or early spring, the City prepares a budget calendar, thus starting the budgetary process for the upcoming June 1 fiscal year. Budget request forms are distributed to City departments with a specified completion date. Legally mandated advance notices are formally published for grant availability and other purposes once budget hearings have been scheduled. The budget hearings are then held with all City department heads. Generally, in late May or early June, a budget meeting is held for tentative approval of the completed budget by the City Council. After tentative approval at the City level, the budget is submitted to the New Mexico Department of Finance and Administration (DFA) for approval of a temporary operational budget beginning June 1.

Immediately after July 1, when ending cash balances for the preceding fiscal year have been accurately ascertained, a final hearing is convened for finalization of the budget, and it is resubmitted to DFA for formal approval. None of the above budgetary processes are legally required to occur at any specified time; however DFA requires that the time frame be such that they (DFA) render their final budget approval no later than September 1 of the budget year in question.

During the course of the fiscal year, the City prepares monthly budget reports. Under New Mexico State law, each year's budget appropriation legally lapses at year-end.

Budgetary Compliance – Budgetary control is required to be maintained at the individual fund level.

Actual fund revenues may be either over or under the budgeted amounts; however, the variance is required to be reasonable, particularly in the case of over-budgeted revenues. Major over-budgeted revenues require a budget amendment as soon as the extent of the shortage is reasonably ascertainable.

Budget Amendments – Budget increases and decreases can only be accomplished by City Council resolution, followed by DFA approval. Similarly, budget transfers must follow the same procedure.

Budgetary Basis – State law prescribes that the City's budget be prepared on the basis of cash receipts and cash expenditures. Therefore, budgetary comparisons shown in exhibits are prepared on a cash basis to compare actual revenues and expenditures with a cash basis budget as amended.

The accompanying Statements of Revenue, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

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Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2015 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

NOTE 3 – CASH AND CASH EQUIVALENTS

New Mexico State Statutes provide authoritative guidance regarding the deposit of cash and idle cash. Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more bank or savings and loan associations within the geographical boundaries of the City. Deposits may be made to the extent that they are insured by an agency of the United States of America or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Idle cash may be invested in a wide variety of instruments, including money market accounts, certificates of deposit, the New Mexico State Treasurer’s investment pool, or in securities which are issued by the state or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States, or are backed by the full faith and credit of those governments

The City maintains cash in one financial institution within Lordsburg, New Mexico. The City’s deposits are carried at cost. The Federal Depository Insurance Corporation (FDIC) insures the cash accounts at the financial institution.

The City's cash balances consist of demand deposits, interest bearing savings accounts, and short-term certificates of deposit. The majority of City’s cash and investments are pooled. All interest income is accounted for in the related funds. The City does not have a deposit policy. The City’s cash and cash equivalents are listed on page 82 of this report.

The following is a summary of the City’s cash and cash equivalents balances by fund type as of June 30, 2015:

Fund Type	Amount
Primary government	
Governmental funds	\$ 1,111,099
Business-type activities	661,771
Total cash and cash equivalents - primary government	\$ 1,772,870

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Custodial Credit Risk Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City funds may not be returned. The City does not have a deposit policy for custodial risk.

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.

Based on the above, the City is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to 50% of the public money in each account. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency or political subdivision of the State of New Mexico. The City's Schedule of Collateral is presented on page 83 of this report.

As of June 30, 2015, the City's bank balances (inclusive of investments listed in Note 4) of \$6,906,503 were exposed to custodial credit risk as follows:

Insured through federal depository insurance	\$ 250,000
Uninsured, collateralized with securities held by pledging financial institution's trust department or agent in the City's name.	3,873,826
Uninsured and uncollateralized	<u>2,782,677</u>
Total uninsured deposits	<u>\$ 6,906,503</u>

NOTE 4 – INVESTMENTS

The City's investments consisted of the following as of June 30, 2015:

<u>Investment Type</u>	<u>Cost Basis</u>	<u>Market Value</u>	<u>Credit Risk- Rating</u>	<u>Maturity</u>
Overnight sweep account	\$ 787,608	787,608	N/A	N/A
Certificates of deposit	<u>5,103,381</u>	<u>5,103,381</u>	N/A	6 - 36 months
	<u>\$ 5,890,989</u>	<u>5,890,989</u>		

For reporting purposes, the City's sweep account is considered cash equivalents due to its highly-liquid nature. All of the City's certificates of deposit have maturities of greater than 90 days and are not considered cash equivalents. Those certificates with maturities greater than one year are considered long-term investments and are reported as such on the Statement of Net Position. All of the City's investments accounts are held by the same bank as the City's other cash balances and are covered by the collateralization maintained for those balances.

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NOTE 5 – RECEIVABLES

Receivables as of June 30, 2015 are as follows:

Governmental Activities				
	General Fund	Water Proj Fund	Nonmajor Funds	Total Receivables
Accounts	\$ 150,093	-	38,616	188,709
Taxes:				
Property	11,506	-	-	11,506
State	193,194	-	41,456	234,650
Other	13,411	-	17,850	31,261
Other intergovernmental	379,561	-	(38,616)	340,945
Other	<u>6,515</u>	<u>-</u>	<u>-</u>	<u>6,515</u>
Subtotal	754,280	-	59,306	813,586
Less: Allowance for uncollectibles	<u>(139,515)</u>	<u>-</u>	<u>-</u>	<u>(139,515)</u>
Net Receivables	<u>\$ 614,765</u>	<u>-</u>	<u>59,306</u>	<u>674,071</u>
Business-type Activities				
	Joint Utility Fund	Housing Authority	Total Receivables	
Accounts	\$ 591,780	3,450	595,230	
Taxes:				
State	4,585	-	4,585	
Other intergovernmental	-	244,130	244,130	
Other	<u>-</u>	<u>6,501</u>	<u>6,501</u>	
Subtotal	596,365	254,081	850,446	
Less: Allowance for uncollectibles	<u>(201,056)</u>	<u>-</u>	<u>(201,056)</u>	
Net Receivables	<u>\$ 395,309</u>	<u>254,081</u>	<u>649,390</u>	

The City has an established policy where an allowance for doubtful accounts is established for all receivable items outstanding over ninety (90) days.

In accordance with GASB No. 33, the property tax revenues totaling \$8,373 that were not collected within the period of availability have been reclassified as deferred inflows of resources in the governmental fund financial statements.

NOTE 6 – PROPERTY TAXES

Property taxes attached as an enforceable lien on property as of January 1st. Property tax rates for the year are set no later than September 1st each year by the New Mexico Secretary of Finance and Administration. The rates of tax are then used by the Hidalgo County Assessor to develop the property tax schedule by October 1st. The Hidalgo County Treasurer sends tax notices to property owners by November 1st of each year. Taxes are payable in equal semiannual installments by November 10th and April 10th of subsequent year. Thirty days later the bill becomes delinquent

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and the County Treasurer assesses penalties and interest. Taxes are collected on behalf of the City by the County Treasurer, and are remitted to the City in the month following collection. The County Treasurer is statutorily required to collect taxes as an intermediary agency for all forms of government. Distribution of taxes collected is made through the County Treasurer's office.

The City is permitted to levy taxes for general operating purposes up to an amount determined by a formula based upon each \$1,000 of taxable value for both residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the City is allowed to levy taxes for payments of bonds principal and interest in amounts approved by voters of the City.

Property taxes receivable are an aggregate of uncollected amounts assessed for the current fiscal year, as well as delinquent balances carried forward from the nine preceding fiscal years. While some of the delinquent outstanding balances will eventually be eliminated through corrections, litigation, and other property tax administrative procedures, the majority of the balances will ultimately be realized through delinquent payment or tax sales. The aggregate amount of this ultimate realization is generally difficult to ascertain at any point in time. Thus, taxes not collected within sixty days of year end are carried in the deferred inflow of resources section of the balance sheet as "unavailable revenue" on the fund basis financial statements.

NOTE 7 – CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2015 follows. Land and construction in progress are not subject to depreciation.

<u>GOVERNMENTAL ACTIVITIES</u>	<u>Balance 06/30/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjust</u>	<u>Balance 06/30/15</u>
Non-depreciable capital assets:					
Land	\$ 503,769	-	-	-	503,769
Construction in progress	<u>731,022</u>	<u>342,182</u>	-	<u>(713,046)</u>	<u>360,158</u>
Total non-depreciable capital assets	<u>1,234,791</u>	<u>342,182</u>	-	<u>(713,046)</u>	<u>863,927</u>
Capital assets being depreciated:					
Buildings	4,516,269	439,802	-	-	4,956,071
Improvements	3,983,538	-	-	-	3,983,538
Infrastructure	5,296,542	-	-	-	5,296,542
Machinery and equipment	<u>2,958,189</u>	<u>322,362</u>	-	-	<u>3,280,551</u>
Total capital assets being depreciated	16,754,538	762,164	-	-	17,516,702
Less accumulated depreciation for:					
Buildings	(1,321,667)	(92,976)	-	-	(1,414,643)
Improvements	(1,999,492)	(115,399)	-	-	(2,114,891)
Infrastructure	(711,500)	(112,398)	-	-	(823,898)
Machinery and equipment	<u>(2,253,499)</u>	<u>(209,445)</u>	-	-	<u>(2,462,944)</u>
Total accumulated depreciation	<u>(6,286,158)</u>	<u>(530,218)</u>	-	-	<u>(6,816,376)</u>
Total capital assets being depreciated	<u>10,468,380</u>	<u>231,946</u>	-	-	<u>10,700,326</u>
Total capital assets, net of depreciation	\$ <u>11,703,171</u>	<u>574,128</u>	-	<u>(713,046)</u>	<u>11,564,253</u>

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<u>BUSINESS-TYPE ACTIVITIES</u>	<u>Balance 06/30/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adj</u>	<u>Balance 06/30/15</u>
Non-depreciable capital assets:					
Land	87,715	-	-	100,000	187,715
Construction in progress	\$ -	-	(713,046)	713,046	-
Total non-depreciable capital assets	<u>87,715</u>	<u>-</u>	<u>(713,046)</u>	<u>813,046</u>	<u>187,715</u>
Capital assets being depreciated:					
Buildings	26,480	-	-	2,450,758	2,477,238
Improvements	2,805,458	744,471	-	2,524,519	6,074,448
Utility system	10,793,672	-	-	-	10,793,672
Machinery and equipment	<u>961,193</u>	<u>31,816</u>	-	<u>122,909</u>	<u>1,115,918</u>
Total capital assets being depreciated	<u>14,586,803</u>	<u>776,287</u>	<u>-</u>	<u>5,098,186</u>	<u>20,461,276</u>
Less accumulated depreciation for:					
Buildings	(8,481)	(530)	-	(2,450,758)	(2,459,769)
Improvements	(888,600)	(254,491)	-	(591,487)	(1,734,578)
Utility system	(1,243,539)	(230,146)	-	-	(1,473,685)
Machinery and equipment	<u>(874,013)</u>	<u>(33,661)</u>	-	<u>(122,909)</u>	<u>(1,030,583)</u>
Total accumulated depreciation	<u>(3,014,633)</u>	<u>(518,828)</u>	<u>-</u>	<u>(3,165,154)</u>	<u>(6,698,615)</u>
Total capital assets being depreciated	<u>11,572,170</u>	<u>257,459</u>	<u>-</u>	<u>1,933,032</u>	<u>13,762,661</u>
Total capital assets, net of depreciation	<u>\$ 11,659,885</u>	<u>257,459</u>	<u>(713,046)</u>	<u>2,746,078</u>	<u>13,950,376</u>

Depreciation expense for the year ended June 30, 2015 was charged to the following functions and funds:

Governmental activities:

General government	\$ 123,706
Public safety	126,977
Public works	224,621
Culture and recreation	<u>54,914</u>
Total governmental activities	\$ 530,218

Business type activities

Joint utility fund	\$ 432,319
Housing authority	<u>86,509</u>
Total governmental activities	\$ <u>518,828</u>

During the year ended June 30, 2015, assets recorded as construction in progress totaling \$713,046 were transferred from governmental activities to business-type activities at the time the associated project was completed.

Beginning reported capital assets in the business-type funds were adjusted by \$2,033,032 to reflect the addition of Housing as a department of the City. Housing had previously been reported as a component unit of the City.

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NOTE 8 – LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Balance				Balance	Amount
	June 30, 2014	Increases	Decreases	Adj	June 30, 2015	due within
						one year
Governmental funds debt						
Compensated absences	\$ 22,237	69,680	(46,912)	-	45,005	36,004
Revenues bonds payable	294,000	-	(3,000)	-	291,000	3,000
Notes payable	877,422	-	(89,514)	(263,856)	524,052	32,011
Total governmental activities	<u>\$ 1,193,659</u>	<u>69,680</u>	<u>(139,426)</u>	<u>(263,856)</u>	<u>860,057</u>	<u>71,015</u>
Business-type funds debt						
Compensated absences	\$ 10,041	41,144	(26,793)	3,757	28,149	22,519
Notes payable	130,022	80,701	(47,177)	263,856	427,402	52,754
Total business-type activities	<u>\$ 140,063</u>	<u>121,845</u>	<u>(73,970)</u>	<u>267,613</u>	<u>455,551</u>	<u>75,273</u>

Long-term liabilities are liquidated from the general fund and special revenue funds. Business-type long-term liabilities are liquidated from the Joint Utility Fund. No short-term debt was incurred during fiscal year 2015.

During the year ended June 30, 2015, compensated absences totaling \$3,757 related to the City's housing Authority were adjusted into the business-type fund debt. Previously those amounts had been reported as a component unit. Additionally, notes payable related to the City's water system totaling \$263,856 were reclassified from governmental fund debt to business-type fund debt.

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

Governmental activities

Revenue Bonds

Bonds payable for governmental funds at June 30, 2015 are comprised of the following:

	<u>Series</u> <u>2011A</u>	<u>Series</u> <u>2011B</u>
Original issue:	6/29/2011	6/29/2011
Principal: \$	104,000	199,000
Interest:	29-Jun	29-Jun
Rates:	3.625%	3.50%
Maturity	6/29/2051	6/29/2051

The June 29, 2011 Wastewater System Improvement Revenue Bonds, Series 2011A, were issued to defray, in part (i) the cost of improving and extending the City's waste water system. The Bonds are being issued pursuant to Sections 3-31-1 through 3-31-12 NMSA 1978, as amended. The 2011A Bonds and all payments of principal, premium, and interest thereon whether at maturity or on a

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redemption date shall be paid with pledged revenues payable from the net revenues derived from the operation of the City's wastewater system.

The annual requirements to amortize the 2011A Bond Issue outstanding as of June 30, 2015, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,000	3,630	4,630
2017	1,000	3,590	4,590
2018	1,000	3,560	4,560
2019	1,000	3,520	4,520
2020	1,000	3,480	4,480
2021-2025	10,000	16,520	26,520
2026-2030	10,000	14,710	24,710
2031-2035	11,000	12,890	23,890
2036-2040	15,000	10,540	25,540
2041-2045	17,000	7,770	24,770
2046-2050	20,000	4,360	24,360
2051-2055	<u>12,000</u>	<u>440</u>	<u>12,440</u>
Total	\$ <u>100,000</u>	<u>85,010</u>	<u>185,010</u>

The June 29, 2011 Wastewater System Improvement Revenue Bonds, Series 2011B, were issued to defray, in part (i) the cost of improving and extending the City's waste water system. The Bonds are being issued pursuant to Sections 3-31-1 through 3-31-12 NMSA 1978, as amended. The 2011B Bonds and all payments of principal, premium, and interest thereon whether at maturity or on a redemption date shall be paid with pledged revenues payable from the net revenues derived from the operation of the City's wastewater system.

The annual requirements to amortize the 2011B Bond Issue outstanding as of June 30, 2015, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,000	6,680	8,680
2017	2,000	6,600	8,600
2018	2,000	6,540	8,540
2019	2,000	6,460	8,460
2020	2,000	6,400	8,400
2021-2025	18,000	30,440	48,440
2026-2030	20,000	27,000	47,000
2031-2035	20,000	23,500	43,500
2036-2040	29,000	19,360	48,360
2041-2045	30,000	14,130	44,130
2046-2050	40,000	8,050	48,050
2051-2055	<u>24,000</u>	<u>770</u>	<u>24,770</u>
Total	\$ <u>191,000</u>	<u>155,930</u>	<u>346,930</u>

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Notes payable

NMFA – 2001 Series Lodger’s Tax/GRT Bond Refunding Note

On March 1, 2001, the City issued bonds totaling \$1,125,000 to construct a public swimming pool. The bond was refinanced in December 2010 by obtaining a note payable from the New Mexico Finance Authority. The original amount on the refinanced note was \$695,000 with a maturity of May 1, 2020. A blended interest rate of 2.047% per annum is payable semi-annually on June 1 and December 1. The payments of principal and interest are paid from pledged governmental gross receipts tax revenues. The revenues pledged totaled \$386,224 at June 30, 2015, and equal 11.3% of future state shared gross receipts tax at their current rate. During the year ended June 30, 2015, the City collected \$684,634 in pledged revenues, and retired \$74,318 in principal and interest on the aforementioned note.

The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 70,000	8,212	78,212
2017	70,000	6,917	76,917
2018	75,000	5,461	80,461
2019	75,000	3,751	78,751
2020	<u>70,000</u>	<u>1,883</u>	<u>71,883</u>
Total	<u>\$ 360,000</u>	<u>26,224</u>	<u>386,224</u>

NMFA – Fire Truck

On June 29, 2012, the City borrowed \$203,000 from the New Mexico Finance Authority. The note matures on May 1, 2023, and accrues interest at a blended rate of 1.75% per annum. The proceeds of the loan were used for the purchase of a fire truck. The payments of principal and interest are paid from pledged fire protection grant funds. The revenues pledged totaled \$178,760 at June 30, 2015, and equal 30.2% of future fire protection grant funds at their current rate. During the year ended June 30, 2015, the City collected \$73,982 in pledged revenues, and retired \$22,345 in principal and interest on the aforementioned note. The City has authorized the New Mexico Taxation and Revenue Department to intercept the required monthly payment from their gross receipts tax remittances.

The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 19,621	2,724	22,345
2017	19,772	2,573	22,345
2018	19,958	2,387	22,345
2019	20,201	2,144	22,345
2020	20,513	1,832	22,345
2021-2025	<u>63,987</u>	<u>3,048</u>	<u>67,035</u>
Total	<u>\$ 164,052</u>	<u>14,708</u>	<u>178,760</u>

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The aggregated future payments required on the notes payable are as follows.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 89,621	10,936	100,557
2017	89,772	9,490	99,262
2018	94,958	7,848	102,806
2019	95,201	5,895	101,096
2020	90,513	3,715	94,228
2021-2025	<u>63,987</u>	<u>3,048</u>	<u>67,035</u>
Total	<u>\$ 524,052</u>	<u>40,932</u>	<u>564,984</u>

Business-type activities

Notes Payable

NMFA – Water Fluoride Project

On June 1, 2009, the City borrowed \$85,000 from the New Mexico Finance Authority. The note matures on June 1, 2028, and carries a 0% interest rate; however, a .25% administrative fee is assessed with each payment. The proceeds of the loan were used for construction on the City's water fluoride project. The payments of principal and interest are paid from pledged net revenues of the City's water utility system. The revenues pledged totaled \$57,554 at June 30, 2015, and equal 0.7% of future water utility revenues at their current rate. During the year ended June 30, 2015, the City collected \$601,117 in pledged revenues, and retired \$4,427 in principal and interest on the aforementioned note.

The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 4,286	141	4,427
2017	4,297	130	4,427
2018	4,307	120	4,427
2019	4,318	109	4,427
2020	4,329	98	4,427
2021-2025	21,809	329	22,138
2026-2030	<u>13,215</u>	<u>66</u>	<u>13,281</u>
Total	<u>\$ 56,561</u>	<u>993</u>	<u>57,554</u>

NMFA – Water Fluoride Project

On June 1, 2009, the City borrowed \$34,000 from the New Mexico Finance Authority. The note matures on June 1, 2028, and carries a 0% interest rate; however, a .25% administrative fee is assessed with each payment. The proceeds of the loan were used for construction on the City's water fluoride project. The payments of principal and interest are paid from pledged net revenues of the City's water utility system. The revenues pledged totaled \$18,018 at June 30, 2015, and equal 0.2% of future water utility revenues at their current rate. During the year ended June 30, 2015, the City collected \$601,117 in pledged revenues, and retired \$1,802 in principal and interest on the aforementioned note.

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The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,744	58	1,802
2017	1,749	53	1,802
2018	1,753	49	1,802
2019	1,757	44	1,801
2020	1,762	40	1,802
2021-2025	8,875	134	9,009
2026-2030	<u>5,378</u>	<u>27</u>	<u>5,405</u>
Total	<u>\$ 23,018</u>	<u>405</u>	<u>18,018</u>

NMFA – Water Line Replacement

On June 21, 2013, the City borrowed \$186,118 from the New Mexico Finance Authority. The note matures on May 1, 2035, and carries a 0% interest rate; however, a .25% administrative fee is assessed with each payment. The proceeds of the loan were used for the construction of replacement water lines throughout the City. The payments of principal and interest are paid from pledged net revenues of the City's water utility system. The revenues pledged totaled \$185,626 at June 30, 2015, and equal 01.5% of future water utility revenues at their current rate. During the year ended June 30, 2015, the City collected \$601,117 in pledged revenues, and retired \$5,416 in principal and interest on the aforementioned note.

The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 9,087	465	9,552
2017	9,110	443	9,553
2018	9,132	420	9,552
2019	9,155	397	9,552
2020	9,178	374	9,552
2021-2025	46,235	1,525	47,760
2026-2030	46,817	944	47,761
2031-2035	<u>41,988</u>	<u>356</u>	<u>42,344</u>
Total	<u>\$ 180,702</u>	<u>4,924</u>	<u>185,626</u>

NMED – RIP 93-06 R – Water System Improvements

On February 22, 1994, the City borrowed \$500,000 from the New Mexico Environment Department. The note matures on May 12, 2018, and carries a 3% interest rate per annum. The proceeds of the loan are to be used for improvements to the City's water system. The payments of principal are paid from pledged net system revenues of the water utility system. The revenues pledged totaled \$104,937 at June 30, 2015, and equal 10.2% of future estimated net revenues at their current rate. During the year ended June 30, 2015, the City collected \$344,469 in pledged revenues, and retired \$34,979 in principal and interest on the aforementioned note.

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The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 32,011	2,968	34,979
2017	32,971	2,008	34,979
2018	<u>33,960</u>	<u>1,019</u>	<u>34,979</u>
Total	<u>\$ 98,942</u>	<u>5,995</u>	<u>104,937</u>

NMFA – Waste Water System Improvements

On September 5, 2014, the City borrowed \$72,555 from the New Mexico Finance Authority. The note matures on June 1, 2034, and carries a 0% interest rate. The proceeds of the loan are to be used for improvements to the City’s wastewater system. The payments of principal and interest are paid from pledged net revenues of the City’s water utility system. The revenues pledged totaled \$84,543 at June 30, 2015, and equal 01.3% of future water utility revenues at their current rate. During the year ended June 30, 2015, the City collected \$344,469 in pledged revenues, and retired \$0- in principal and interest on the aforementioned note. As of June 30, 2015, of the available principal of \$72,555, only \$33,845 had been drawn against the note. The remaining available funds are expected to be drawn in the following year.

The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,676	-	3,676
2017	3,676	-	3,676
2018	3,676	-	3,676
2019	3,676	-	3,676
2020	18,380	-	18,380
2021-2025	18,380	-	18,380
2026-2030	18,378	-	18,378
2031-2035	<u>14,701</u>	<u>-</u>	<u>14,701</u>
Total	<u>\$ 84,543</u>	<u>-</u>	<u>84,543</u>

NMFA – Waste Water System Improvements

On July 15, 2014, the City borrowed \$39,000 from the New Mexico Finance Authority. The note matures on June 1, 2034, and carries a 0% interest rate. The proceeds of the loan were used for improvements to the City’s wastewater system. The payments of principal and interest are paid from pledged net revenues of the City’s water utility system. The revenues pledged totaled \$191,908 at June 30, 2015, and equal 00.6% of future water utility revenues at their current rate. During the year ended June 30, 2015, the City collected \$344,469 in pledged revenues, and retired \$1,950 in principal and interest on the aforementioned note.

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The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,950	-	1,950
2017	1,950	-	1,950
2018	1,950	-	1,950
2019	1,950	-	1,950
2020	1,950	-	1,950
2021-2025	9,750	-	9,750
2026-2030	9,750	-	9,750
2031-2035	<u>7,800</u>	-	<u>7,800</u>
Total	<u>\$ 37,050</u>	<u>-</u>	<u>37,050</u>

The aggregated future payments required on the notes payable are as follows.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 52,754	3,632	56,386
2017	53,753	2,634	56,387
2018	54,778	1,608	56,386
2019	20,856	550	21,406
2020	35,599	512	36,111
2021-2025	105,049	1,988	107,037
2026-2030	93,538	1,037	94,575
2031-2035	<u>64,489</u>	<u>356</u>	<u>64,845</u>
Total	<u>\$ 480,816</u>	<u>12,317</u>	<u>493,133</u>

NOTE 9 – SEGMENT INFORMATION

The City issues separate revenue bonds and notes payable to finance its water and wastewater departments. The two departments are accounted for in a single fund, but investors in those bonds and notes rely solely on the revenue generated by the individual activities for repayment. Summary financial information for each department is presented below. The Water Department operates the City's water supply system. The Wastewater Department operates the City's wastewater treatment plant, pumping stations, and collection systems.

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	Water Dept	Wastewater Dept
CONDENSED STATEMENT OF NET POSITION		
Assets:		
Current assets	\$ 1,837,913	26,138
Capital assets	<u>8,311,382</u>	<u>2,692,222</u>
Total assets	<u>10,149,295</u>	<u>2,718,360</u>
Deferred outflows of resources		
Employer contributions subsequent to the measurement date	6,446	5,439
Liabilities		
Current liabilities	6,853	5,488
Noncurrent liabilities	<u>373,147</u>	<u>81,586</u>
Total liabilities	<u>380,000</u>	<u>87,074</u>
Deferred inflows of resources		
Change in proportion	42	35
Investment experience	<u>24,075</u>	<u>20,312</u>
Total deferred inflows of resources	<u>24,117</u>	<u>20,347</u>
Net position		
Net investment in capital assets	8,003,990	2,671,154
Unrestricted	<u>1,747,634</u>	<u>(54,776)</u>
Total net position	<u>\$ 9,751,624</u>	<u>2,616,378</u>

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Operating revenues (pledged against debt)	\$ 601,117	344,469
Depreciation expense	(302,548)	(94,478)
Other operating expenses	<u>(413,817)</u>	<u>(431,889)</u>
Operating income	(115,248)	(181,898)
Nonoperating revenues (expenses):		
Capital grants	23,569	-
Taxes	62,370	-
Investment income	86	2
Interest expense	(7,026)	(62)
Transfers in	-	202,000
Transfers out	<u>(164,161)</u>	<u>(32,212)</u>
Change in net position	(200,410)	(12,170)
Beginning net position	<u>9,952,034</u>	<u>2,628,548</u>
Ending net position	<u>\$ 9,751,624</u>	<u>2,616,378</u>

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CONDENSED STATEMENT OF CASH FLOWS

Net cash provided (used) by:		
Operating activities	\$ 215,003	(144,856)
Noncapital financing activities	(101,791)	109,606
Capital and related financing activities	(48,483)	35,248
Investing activities	<u>(1,599,914)</u>	<u>2</u>
Net increase (decrease)	(1,535,185)	-
Beginning cash and cash equivalents	<u>1,582,375</u>	<u>-</u>
Ending cash and cash equivalents	<u>\$ 47,190</u>	<u>-</u>

NOTE 10 – INTERFUND BALANCES AND TRANSFERS

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

The composition of interfund transfers during the year ended June 30, 2015 was as follows:

		Transfers In			Total
		<u>General</u>	<u>Non-Major Govern- mental</u>	<u>Joint Utility</u>	
General	\$ -	367,943	275,000	642,943	
Non-Major Governmental	8,070	73,102	-	81,172	
Joint Utility Fund	<u>112,112</u>	<u>48,079</u>	<u>104,682</u>	<u>264,873</u>	
Total	<u>\$ 120,182</u>	<u>489,124</u>	<u>379,682</u>	<u>988,988</u>	

The City recorded interfund receivables/payables to reflect temporary loans between funds. The purpose of the loans was to cover cash shortages until grant reimbursements or other funding measures could be obtained. All interfund balances are expected to be repaid within one year. Interfund balances as of June 30, 2015, are as follows:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>
General Fund	CDBG Fund-Nonmajor spec rev fund	<u>\$ 1,071</u>

NOTE 11 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries and natural disasters.

City of Lordsburg has joined together with other local governments in the state and obtained insurance through the New Mexico Self-Insurers Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. The City pays an annual premium to New Mexico Self-Insured Fund for general insurance coverage and all risk of loss is transferred. The premiums paid for the year ended June 30, 2015 totaled \$247,327.

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NOTE 12 – PERA 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 the City of Lordsburg are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage options that apply to the City are: Municipal General and Municipal Police. Statutorily required contributions to the pension plan from the City were \$119,814 and no employer paid member benefits that were “picked up” by the employer 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

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members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The City'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, at June 30, 2015, the City reported a liability of \$586,641 for its proportionate share of the net pension liability. At June 30, 2014, the City's proportion was 0.0752 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, the City recognized PERA Fund Division Municipal General pension expense of \$24,475. At June 30, 2015, the City reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	398
Net difference between projected and actual earnings on pension plan investments	-	229,509
City contributions subsequent to the measurement date	<u>61,452</u>	<u> </u>
	<u>\$ 61,452</u>	<u>229,907</u>

\$61,452 reported as deferred outflows of resources related to pensions resulting from City of Lordsburg 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:

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Year ended June 30:		
2016	\$	(57,476)
2017		(57,476)
2018		(57,476)
2019		(57,477)
2020		(2)
Thereafter	\$	-

For PERA Fund Division Municipal General, at June 30, 2015, the City's Housing Authority reported a liability of \$99,074 for its proportionate share of the net pension liability. At June 30, 2014, the City's Housing Authority proportion was 0.0127 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, the City Housing Authority recognized PERA Fund Division Municipal General pension expense of \$4,133. At June 30, 2015, the City Housing Authority reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	67
Net difference between projected and actual earnings on pension plan investments	-	38,760
City contributions subsequent to the measurement date	9,498	
	\$ 9,498	38,827

\$9,498 reported as deferred outflows of resources related to pensions resulting from City Housing Authority contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	(9,707)
2017		(9,707)
2018		(9,707)
2019		(9,706)
2020		-
Thereafter	\$	-

For PERA Fund Division Municipal Police, at June 30, 2015, the City reported a liability of \$665,670 for its proportionate share of the net pension liability. At June 30, 2014, the City's proportion was 0.2042 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

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For the year ended June 30, 2015, the City recognized PERA Fund Division Municipal Police pension expense of \$44,703. At June 30, 2015, the City reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	54,075
Net difference between projected and actual earnings on pension plan investments	-	247,525
City contributions subsequent to the measurement date	<u>68,003</u>	<u> </u>
	<u>\$ 68,003</u>	<u>301,600</u>

\$68,003 reported as deferred outflows of resources related to pensions resulting from City of Lordsburg contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	(75,333)
2017		(75,333)
2018		(75,333)
2019		(75,332)
2020		(269)
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 evaluation 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	21.10%	5.00%
International Equity	24.80%	5.20%
Private Equity	7.00%	8.20%
Core and Global Fixed Income	26.10%	1.85%
Fixed Income Plus Sectors	5.00%	4.80%
Real Estate	5.00%	5.30%
Real Assets	7.00%	5.70%
Absolute Return	4.00%	4.15%
	<u>100.00%</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 longterm expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the City's net pension liability in each PERA Fund Division that City 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.

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PERA Fund Division - Municipal General	1%	Current	1%
	Decrease	Discount	Increase
	<u>(6.75%)</u>	<u>Rate (7.75%)</u>	<u>(8.75%)</u>
City's proportionate share of the net pension liability	\$ 1,105,950	586,641	158,450
PERA Fund Division - Municipal General	1%	Current	1%
	Decrease	Discount	Increase
	<u>(6.75%)</u>	<u>Rate (7.75%)</u>	<u>(8.75%)</u>
City Housing Authority proportionate share of the net pension liability	\$ 186,776	99,074	31,319
PERA Fund Division - Municipal Police	1%	Current	1%
	Decrease	Discount	Increase
	<u>(6.75%)</u>	<u>Rate (7.75%)</u>	<u>(8.75%)</u>
City's proportionate share of the net pension liability	\$ 1,269,433	665,670	214,848

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 13 – POST EMPLOYMENT BENEFITS

The Retiree Health Care Act, Chapter IV, Article 7C NMSA 1978 provides a comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The City has elected not to participate in the post-employment health insurance plan.

NOTE 14 – OPERATING LEASES

The City has entered into a number of operating leases, which contain cancellation provisions and are subject to annual appropriations. The rent expenditures for these leases were primarily from the General Fund. Future minimum lease payments are:

Fiscal Year		
Ending June 30,	Amount	
2016	\$ 2,178	
2017	7,770	
2018	4,983	
2019	3,894	
2020	<u>2,805</u>	
Total	<u>\$ 21,630</u>	

Rental payments charged to current operations for the year ended June 30, 2015 totaled \$1,089.

**STATE OF NEW MEXICO
CITY OF LORDSBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 15 – FUND DEFICITS AND NON-COMPLIANCE

Deficit Fund Balances

The City did not have any funds that had deficit fund balances as of June 30, 2015.

Legal Compliance with Budget

The City did not have any funds that exceeded budget at the fund level as of June 30, 2015.

NOTE 16 – CONTINGENCIES

The City participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that any disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds of the overall financial position of the City.

The City is party to various legal proceedings, which are the unavoidable results of governmental operations. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's legal counsel that resolution of these matters will not have a material effect on the financial condition of the City.

NOTE 17 – COMMITMENTS

Commitments for engineering and construction projects relating to construction or major repairs in progress aggregated approximately \$725,555 as of June 30, 2015. The total amounts spent as of June 30, 2015 on the projects was \$-0-. The percentage of completion of the existing projects varies based on the project. These projects will be paid in future periods as work is performed. Payment will be made with proceeds remaining from debt issuances, operating revenues, and future grants to be received.

NOTE 18 – RESTATEMENTS OF BEGINNING FUND BALANCES/NET POSITION

During the year ended June 30, 2015, the City adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* ("GASB 68"), and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* ("GASB 71"). These two Statements are required to be implemented at the same time. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have certain characteristics. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred

**STATE OF NEW MEXICO
CITY OF LORDSBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

inflows of resources, and expense/expenditures related to pensions. At transition to Statement 68, Statement 71 requires the employer or nonemployer contributing entity to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability but before the start of the government's fiscal year, thus avoiding possible understatement of an employer or non-employer contributing entity's beginning net position and expense in the initial period of implementation. Additional information regarding the adoption of GASB 68 can be found in Note 1 and Note 12.

The City has a prior period adjustment of \$(1,848,470) which was required due to the adoption of GASB 68. This adjustment reflects a beginning net pension liability of \$(1,986,452) and a beginning deferred outflow of resources - employer contributions subsequent to the measurement date of \$137,982.

The City reclassified debt between its governmental activities and business-type activities funds to align the debt with the funds served by the debt. An equity transfer of \$263,856 was made as a result of this reclassification. Additionally, the City transferred

The City's Housing Authority had previously been considered a component unit of the City. Upon further analysis performed during the year, it was determined that it did not meet all of the requirements to be considered a component unit and was reclassified to a department of the City for presentation purposes. As a result, beginning net position for the City's business-type activities was adjusted \$2,465,484.

During the year ended June 30, 2015, assets recorded as construction in progress totaling \$713,046 were transferred from governmental activities to business-type activities at the time the associated project was completed. The following table outlines the cumulative effect of the adjustments to net position/fund balances:

<u>Fund</u>	<u>Purpose/Reason</u>	<u>Amount</u>
Governmental activities		
Government-wide statements	Reclassification of debt	\$ 263,856
	Reclassification of capital assets	(713,046)
	Implementation of GASB 68 and GASB 71	<u>(1,420,410)</u>
Total governmental activities		<u>\$ (1,869,600)</u>
Business-type activities		
Proprietary funds		
Joint utility fund	Reclassification of debt	\$ (263,856)
	Reclassification of capital assets	713,046
	Implementation of GASB 68 and GASB 71	<u>(294,261)</u>
Total Joint utility fund		154,929
Housing Authority	Implementation of GASB 68 and GASB 71	<u>(133,799)</u>
Total proprietary funds		<u>21,130</u>
Government-wide statements	Reclassification of Housing Authority	<u>2,465,484</u>
Total business-type activities		<u>\$ 2,486,614</u>

**STATE OF NEW MEXICO
CITY OF LORDSBURG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 19 – EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through November 11, 2015, the date which the financial statements were available to be issued.

NOTE 20 – SUBSEQUENT PRONOUNCEMENTS

In February 2015, GASB Statement No. 72 Fair Value Measurement and Application, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The City will implement this standard during the fiscal year ended June 30, 2016. The City is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not effect the City's financial statements.

In June 2015, GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The City does not expect this pronouncement to have an effect on the financial statements as they do not participate in such a plan.

In June 2015, GASB Statement No. 76 The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The City will implement this standard during the fiscal year ended June 30, 2016. The City expects the pronouncement to have a material effect on the financial statements.

In August 2015, GASB Statement No. 77 Tax Abatement Disclosures, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The City will implement this standard during the fiscal year ended June 30, 2017. The City is still evaluating how this pronouncement will effect the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CITY OF LORDSBURG
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL GENERAL
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

		<u>2015</u>
City of Lordsburg's proportion of the net pension liability (asset)		0.0752%
City of Lordsburg's proportionate share of the net pension liability (asset)	\$	586,641
City of Lordsburg's covered-employee payroll	\$	920,396
City of Lordsburg's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		63.74%
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 City will present information for those years for which information is available.

See independent auditors' report
See notes to required supplementary information

STATE OF NEW MEXICO
CITY OF LORDSBURG HOUSING AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL GENERAL
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

		2015
Lordsburg Housing Authority's proportion of the net pension liability (asset)		0.0127%
Lordsburg Housing Authority's proportionate share of the net pension liability (asset)	\$	99,074
Lordsburg Housing Authority's covered-employee payroll	\$	145,418
Lordsburg Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		68.13%
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 City will present information for those years for which information is available.

See independent auditors' report
 See notes to required supplementary information

**STATE OF NEW MEXICO
CITY OF LORDSBURG
SCHEDULE OF THE CITY OF LORDSBURG'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL POLICE
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

		2015
City of Lordsburg's proportion of the net pension liability (asset)		0.2042%
City of Lordsburg's proportionate share of the net pension liability (asset)	\$	665,670
City of Lordsburg's covered-employee payroll	\$	421,217
City of Lordsburg's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		158.03%
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 City will present information for those years for which information is available.

See independent auditors' report
See notes to required supplementary information

STATE OF NEW MEXICO
CITY OF LORDSBURG
SCHEDULE OF CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Municipal General Division
Last 10 Fiscal Years*

		<u>2015</u>
Contractually required contribution	\$	<u>61,452</u>
Contributions in relation to the contractually required contribution		<u>61,452</u>
Contribution deficiency (excess)		<u><u>-</u></u>
City's covered-employee payroll		920,396
Contributions as a percentage of covered-employee payroll		6.68%

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

See independent auditors' report
 See notes to required supplementary information

STATE OF NEW MEXICO
CITY OF LORDSBURG HOUSING AUTHORITY
SCHEDULE OF CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Municipal General Division
Last 10 Fiscal Years*

			<u>2015</u>
Contractually required contribution	\$		<u>9,498</u>
Contributions in relation to the contractually required contribution			<u>9,498</u>
Contribution deficiency (excess)			<u>-</u>
City Housing Authority's covered-employee payroll			145,418
Contributions as a percentage of covered-employee payroll			6.53%

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

See independent auditors' report
 See notes to required supplementary information

STATE OF NEW MEXICO
CITY OF LORDSBURG
SCHEDULE OF CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Municipal Police Division
Last 10 Fiscal Years*

Contractually required contribution	\$	<u>2015</u> <u>68,003</u>
Contributions in relation to the contractually required contribution		<u>68,003</u>
Contribution deficiency (excess)		<u> -</u>
City's covered-employee payroll		421,217
Contributions as a percentage of covered-employee payroll		16.14%

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

See independent auditors' report
 See notes to required supplementary information

**STATE OF NEW MEXICO
CITY OF LORDSBURG
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

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

SUPPLEMENTAL INFORMATION

**STATE OF NEW MEXICO
CITY OF LORDSBURG
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

SPECIAL REVENUE FUNDS

ROAD FUND - to account for the distribution of gasoline taxes and motor vehicle registration fees to the City and the expenditure for construction, reconstruction, resurfacing or other improvements or maintenance of public roads as authorized by NMSA 1978 Section 7-24A-5.

FIRE - To account for the operations and maintenance of the Fire Department which is financed by a specific allotment from the State Fire Marshal's Office. (NMSA 59A-53-1).

CORRECTIONS - To account for the provisions of a local corrections fee collected with local fines. (NMSA 35-14-11).

LAW ENFORCEMENT - To account for the proceeds of a State grant provided for the purchase and repair of equipment as well as specialized training of police personnel. (NMSA 29-13-3).

CEMETERY - To account for the operations and maintenance of the cemetery. Financing is provided primarily by sale of burial permits. (NMSA 3-40-9 and City Resolution).

LODGERS TAX FUND - To promote tourist operations in the City. Financing is provided by a special lodger's tax charged in transit lodging in the City. (NMSA 3-38-13)

RECREATION - To account for the operations of certain recreational activities in the City. Financing is provided by State shared taxes and charges for services. (NMSA 7-12-15).

SPECIAL EVENTS CENTER - To account for the provisions of entertainment facilities to the residents of the City and Hidalgo County.

CAPITAL PROJECTS FUNDS LISTING

CDBG WATER PROJECT - To account for the 2007 water line improvements. Authorized by U. S. Department of Housing and Urban Development, CDBG Grant #05-C-NR-I-7-G-16.

2007-2008 COOP - To account for the revenues and expenditures for the Wabash Street fund. Authorized by State Appropriation# SPGA-7523(205).

WASTE WATER REUSE PROJECT - To account for State and Federal funds to rehabilitate wastewater treatment plant.

DEBT SERVICE FUNDS LISTING

DEBT SERVICE 2001 -To account for the payment of the 2001 Gross Receipts Tax Revenue Bonds. Financing is provided by Lodger's Tax and Gross Receipts Tax collected.

**STATE OF NEW MEXICO
CITY OF LORDSBURG
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
As of June 30, 2015**

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ 587,906	113,353	139,086	840,345
Investments	450,000	200,000	50,000	700,000
Receivables				
Taxes receivable	59,306	-	-	59,306
Total assets	1,097,212	313,353	189,086	1,599,651
Deferred Outflows of Resources:				
Total deferred outflows of resources	-	-	-	-
Total assests and deferred outflows of resources				
	\$ 1,097,212	313,353	189,086	1,599,651
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	4,968	-	-	4,968
Accrued payroll liabilities	\$ 6,781	-	-	6,781
Due to other fund	-	1,071	-	1,071
Total liabilities	11,749	1,071	-	12,820
Deferred Inflows of Resources:				
"Unavailable" revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Nonspendable	-	-	-	-
Restricted	995,529	312,282	189,086	1,496,897
Committed	89,934	-	-	89,934
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	1,085,463	312,282	189,086	1,586,831
Total liabilities, deferred inflows of resources and fund balances:				
	\$ 1,097,212	313,353	189,086	1,599,651

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

**STATE OF NEW MEXICO
CITY OF LORDSBURG
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Totals</u>
Revenues:				
Taxes				
Gross receipts	\$ 241,544	-	-	241,544
Other	215,411	-	-	215,411
Licenses and permits	5,800	-	-	5,800
Charges for services	35,291	-	-	35,291
Intergovernmental revenue				
State grants	99,982	-	-	99,982
Interest income	7	-	-	7
Miscellaneous income	98,135	-	-	98,135
Total revenues	<u>696,170</u>	<u>-</u>	<u>-</u>	<u>696,170</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	108,521	-	-	108,521
Public works	152,203	-	-	152,203
Culture and recreation	164,135	-	-	164,135
Health and welfare	84,765	-	-	84,765
Capital outlay	300,793	-	-	300,793
Debt service				
Principal	19,514	3,000	70,000	92,514
Interest	2,831	11,380	8,949	23,160
Total expenditures	<u>832,762</u>	<u>14,380</u>	<u>78,949</u>	<u>926,091</u>
Excess (deficiency) of revenues over (under) expenditures	(136,592)	(14,380)	(78,949)	(229,921)
Other financing sources (uses):				
Transfers in	206,800	73,034	80,109	359,943
Transfers out	17,000	-	(70)	16,930
Total other financing sources (uses):	<u>223,800</u>	<u>73,034</u>	<u>80,039</u>	<u>376,873</u>
Net change in fund balances	87,208	58,654	1,090	146,952
Beginning fund balance	<u>998,255</u>	<u>253,628</u>	<u>187,996</u>	<u>1,439,879</u>
Ending fund balance	<u>\$ 1,085,463</u>	<u>312,282</u>	<u>189,086</u>	<u>1,586,831</u>

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

STATE OF NEW MEXICO
CITY OF LORDSBURG
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
As of June 30, 2015

	Road Fund	Fire Fund	Corrections Fund	Law Enforcement Fund	Cemetarty Fund	Lodgers' Tax	Recreation Fund	Special Events Center	Total
Assets and deferred inflows of resources:									
Assets:									
Cash and cash equivalents	\$ 86,362	13,262	40,259	14,571	58,240	180,158	104,099	90,955	587,906
Investments	-	-	-	-	-	450,000	-	-	450,000
Receivables									
Taxes receivable	<u>41,456</u>	-	-	-	-	<u>17,850</u>	-	-	<u>59,306</u>
Total assets	<u>127,818</u>	<u>13,262</u>	<u>40,259</u>	<u>14,571</u>	<u>58,240</u>	<u>648,008</u>	<u>104,099</u>	<u>90,955</u>	<u>1,097,212</u>
Deferred Outflows of Resources:									
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assests and deferred outflows of resources	<u>\$ 127,818</u>	<u>13,262</u>	<u>40,259</u>	<u>14,571</u>	<u>58,240</u>	<u>648,008</u>	<u>104,099</u>	<u>90,955</u>	<u>1,097,212</u>
Liabilities, deferred inflows of resources and fund balances:									
Liabilities:									
Accounts payable	\$ 234	127	-	200	118	2,759	1,093	437	4,968
Accrued payroll liabilities	<u>1,118</u>	-	-	-	<u>1,541</u>	-	<u>3,538</u>	<u>584</u>	<u>6,781</u>
Total liabilities	<u>1,352</u>	<u>127</u>	<u>-</u>	<u>200</u>	<u>1,659</u>	<u>2,759</u>	<u>4,631</u>	<u>1,021</u>	<u>11,749</u>
Deferred Inflows of Resources:									
"Unavailable" revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:									
Restricted	126,466	13,135	40,259	14,371	56,581	645,249	99,468	-	995,529
Committed	-	-	-	-	-	-	-	89,934	89,934
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>126,466</u>	<u>13,135</u>	<u>40,259</u>	<u>14,371</u>	<u>56,581</u>	<u>645,249</u>	<u>99,468</u>	<u>89,934</u>	<u>1,085,463</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 127,818</u>	<u>13,262</u>	<u>40,259</u>	<u>14,571</u>	<u>58,240</u>	<u>648,008</u>	<u>104,099</u>	<u>90,955</u>	<u>1,097,212</u>

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

**STATE OF NEW MEXICO
CITY OF LORDSBURG
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
As of June 30, 2015**

	<u>CDBG Funds</u>	<u>2007-2008 Co-Op</u>	<u>Waste Water Reuse Fund</u>	<u>Totals</u>
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ 37,902	17,047	58,404	113,353
Investments	-	-	200,000	200,000
Receivables				
Accounts receivable	-	-	-	-
Total assets	<u>37,902</u>	<u>17,047</u>	<u>258,404</u>	<u>313,353</u>
Deferred Outflows of Resources:				
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 37,902</u>	<u>17,047</u>	<u>258,404</u>	<u>313,353</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Due to other fund	\$ 1,071	-	-	1,071
Total liabilities	<u>1,071</u>	<u>-</u>	<u>-</u>	<u>1,071</u>
Deferred Inflows of Resources:				
"Unavailable" revenues	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	36,831	17,047	258,404	312,282
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>36,831</u>	<u>17,047</u>	<u>258,404</u>	<u>312,282</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 37,902</u>	<u>17,047</u>	<u>258,404</u>	<u>313,353</u>

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

STATE OF NEW MEXICO
CITY OF LORDSBURG
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
As of June 30, 2015

	Debt Service Fund	Totals
Assets and deferred inflows of resources:		
Assets:		
Cash and cash equivalents	\$ 139,086	139,086
Investments	50,000	50,000
Receivables		
Accounts receivable	-	-
Total assets	189,086	189,086
Deferred Outflows of Resources:		
Total deferred outflows of resources	-	-
Total assets and deferred outflows of resources	\$ 189,086	189,086
Liabilities, deferred inflows of resources and fund balances:		
Liabilities:		
Total liabilities	\$ -	-
Deferred Inflows of Resources:		
"Unavailable" revenues	-	-
Total deferred inflows of resources	-	-
Fund balances:		
Nonspendable	-	-
Restricted	189,086	189,086
Committed	-	-
Assigned	-	-
Unassigned	-	-
Total fund balances	189,086	189,086
Total liabilities, deferred inflows of resources and fund balances:	\$ 189,086	189,086

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

STATE OF NEW MEXICO
CITY OF LORDSBURG
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2015

	Road Fund	Fire Fund	Corrections Fund	Law Enforcement Fund	Cemetary Fund	Lodgers' Tax	Recreation Fund	Special Events Center	Total
Revenues:									
Taxes									
Gross receipts	\$ 241,544	-	-	-	-	-	-	-	241,544
Other	-	-	-	-	-	215,411	-	-	215,411
Licenses and permits	-	-	-	-	5,800	-	-	-	5,800
Charges for services	-	-	10,840	-	9,075	-	7,683	7,693	35,291
Intergovernmental revenue									
State grants	-	73,982	-	26,000	-	-	-	-	99,982
Interest income	-	7	-	-	-	-	-	-	7
Miscellaneous income	751	96,333	-	-	25	-	64	962	98,135
Total revenues	<u>242,295</u>	<u>170,322</u>	<u>10,840</u>	<u>26,000</u>	<u>14,900</u>	<u>215,411</u>	<u>7,747</u>	<u>8,655</u>	<u>696,170</u>
Expenditures:									
Current:									
Public safety	-	88,661	-	19,860	-	-	-	-	108,521
Public works	152,203	-	-	-	-	-	-	-	152,203
Culture and recreation	-	-	-	-	-	43,010	59,005	62,120	164,135
Health and welfare	-	-	-	-	84,765	-	-	-	84,765
Capital outlay	32,765	268,028	-	-	-	-	-	-	300,793
Debt service									
Principal	-	19,514	-	-	-	-	-	-	19,514
Interest	-	2,831	-	-	-	-	-	-	2,831
Total expenditures	<u>184,968</u>	<u>379,034</u>	<u>-</u>	<u>19,860</u>	<u>84,765</u>	<u>43,010</u>	<u>59,005</u>	<u>62,120</u>	<u>832,762</u>
Excess (deficiency) of revenues over (under) expenditures	57,327	(208,712)	10,840	6,140	(69,865)	172,401	(51,258)	(53,465)	(136,592)
Other financing sources (uses):									
Transfers in	-	-	-	-	69,000	(25,000)	90,000	72,800	206,800
Transfers out	(5,000)	-	-	-	-	25,000	(1,000)	(2,000)	17,000
Total other financing sources (uses):	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,000</u>	<u>-</u>	<u>89,000</u>	<u>70,800</u>	<u>223,800</u>
Net change in fund balances	52,327	(208,712)	10,840	6,140	(865)	172,401	37,742	17,335	87,208
Beginning fund balance	<u>74,139</u>	<u>221,847</u>	<u>29,419</u>	<u>8,231</u>	<u>57,446</u>	<u>472,848</u>	<u>61,726</u>	<u>72,599</u>	<u>998,255</u>
Ending fund balance	<u>\$ 126,466</u>	<u>13,135</u>	<u>40,259</u>	<u>14,371</u>	<u>56,581</u>	<u>645,249</u>	<u>99,468</u>	<u>89,934</u>	<u>1,085,463</u>

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

**STATE OF NEW MEXICO
CITY OF LORDSBURG
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2015**

	<u>CDBG Funds</u>	<u>2007-2008 Co- Op</u>	<u>Waste Water Reuse Fund</u>	<u>Totals</u>
Revenues:				
Intergovernmental revenue				
Federal grants	\$ -	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Debt service				
Principal	-	-	3,000	3,000
Interest	<u>-</u>	<u>-</u>	<u>11,380</u>	<u>11,380</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>14,380</u>	<u>14,380</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(14,380)	(14,380)
Other financing sources (uses):				
Transfers in	-	17,034	56,000	73,034
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>17,034</u>	<u>56,000</u>	<u>73,034</u>
Net change in fund balances	-	17,034	41,620	58,654
Beginning fund balance	<u>36,831</u>	<u>13</u>	<u>216,784</u>	<u>253,628</u>
Ending fund balance	<u>\$ 36,831</u>	<u>17,047</u>	<u>258,404</u>	<u>312,282</u>

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

STATE OF NEW MEXICO
CITY OF LORDSBURG
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
For the Year Ended June 30, 2015

	Debt Service Fund	Totals
Revenues:		
Total revenues	\$ -	-
Expenditures:		
Capital outlay	-	-
Debt service		
Principal	70,000	70,000
Interest	8,949	8,949
Total expenditures	78,949	78,949
Excess (deficiency) of revenues over (under) expenditures	(78,949)	(78,949)
Other financing sources (uses):		
Transfers in	80,109	80,109
Transfers out	(70)	(70)
Total other financing sources (uses):	80,039	80,039
Net change in fund balances	1,090	1,090
Beginning fund balance	187,996	187,996
Ending fund balance	\$ 189,086	189,086

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

STATE OF NEW MEXICO
CITY OF LORDSBURG
ROAD FUND - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes				
Gross receipts	\$ 269,375	269,375	239,167	(30,208)
Interest income	-	-	-	-
Miscellaneous income	-	-	751	751
Total revenues	269,375	269,375	239,918	(29,457)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	205,901	205,901	159,965	45,936
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	40,500	40,500	32,765	7,735
Total expenditures	246,401	246,401	192,730	53,671
Excess (deficiency) of revenues over (under) expenditures	22,974	22,974	47,188	(83,128)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(5,000)	(5,000)	(5,000)	-
Total other financing sources (uses):	(5,000)	(5,000)	(5,000)	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	17,974	17,974	42,188	(83,128)
Budgeted cash carryover	-	-	-	
Net change in fund balance	\$ 17,974	17,974	42,188	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 42,188	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			2,377	
Adjustments to expenditures for accrued wages and expenditures			7,762	
Net change in fund balance (GAAP)			\$ 52,327	

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

STATE OF NEW MEXICO
CITY OF LORDSBURG
FIRE FUND - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental revenue				
State grants	\$ 58,000	58,000	51,637	(6,363)
Other grants	-	-	-	-
Interest income	-	-	7	7
Miscellaneous income	-	20,000	118,678	98,678
Total revenues	58,000	78,000	170,322	92,322
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	30,667	30,667	89,133	(58,466)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	27,333	352,333	268,028	84,305
Total expenditures	58,000	459,100	379,506	79,594
Excess (deficiency) of revenues over (under) expenditures	-	(381,100)	(209,184)	12,728
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses):	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(381,100)	(209,184)	12,728
Budgeted cash carryover	-	381,100	209,184	
Net change in fund balance	\$ -	-	-	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ (209,184)	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			472	
Net change in fund balance (GAAP)			\$ (208,712)	

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

**STATE OF NEW MEXICO
CITY OF LORDSBURG
CORRECTIONS FUND - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015**

	Budgeted Amounts			Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Charges for services	\$ 40,733	40,733	10,840	(29,893)
Total revenues	40,733	40,733	10,840	(29,893)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	40,733	40,733	-	40,733
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	40,733	40,733	-	40,733
Excess (deficiency) of revenues over (under) expenditures	-	-	10,840	(70,626)
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses):	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	10,840	(70,626)
Budgeted cash carryover	-	-	-	
Net change in fund balance	\$ -	-	10,840	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 10,840	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			-	
Net change in fund balance (GAAP)			\$ 10,840	

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

STATE OF NEW MEXICO
CITY OF LORDSBURG
LAW ENFORCEMENT FUND - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental revenue				
State grants	\$ 26,000	26,000	26,000	-
Other grants	-	-	-	-
Interest income	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	26,000	26,000	26,000	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	26,000	26,000	19,860	6,140
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	26,000	26,000	19,860	6,140
Excess (deficiency) of revenues over (under) expenditures	-	-	6,140	(6,140)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses):	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	6,140	(6,140)
Budgeted cash carryover	-	-	-	
Net change in fund balance	\$ -	-	6,140	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 6,140	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			-	
Net change in fund balance (GAAP)			\$ 6,140	

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

STATE OF NEW MEXICO
CITY OF LORDSBURG
CEMETARY FUND - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Licenses and permits	\$ 3,444	3,444	5,800	2,356
Charges for services	9,936	9,936	9,075	(861)
Fines and forfeitures	-	-	-	-
Interest income	-	-	-	-
Miscellaneous income	-	-	25	25
Total revenues	13,380	13,380	14,900	1,520
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	81,993	84,993	84,737	256
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	122	122	-	122
Total expenditures	82,115	85,115	84,737	378
Excess (deficiency) of revenues over (under) expenditures	(68,735)	(71,735)	(69,837)	1,142
Other financing sources (uses):				
Transfers in	69,000	69,000	69,000	-
Transfers out	-	-	-	-
Total other financing sources (uses):	69,000	69,000	69,000	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	265	(2,735)	(837)	1,142
Budgeted cash carryover	-	2,735	837	
Net change in fund balance	\$ 265	-	-	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ (837)	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			(28)	
Net change in fund balance (GAAP)			\$ (865)	

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

**STATE OF NEW MEXICO
CITY OF LORDSBURG
LODGERS TAX FUND - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes				
Other	\$ 217,079	217,079	219,651	2,572
Interest income	-	-	-	-
Total revenues	217,079	217,079	219,651	2,572
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	68,200	68,200	43,011	25,189
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	68,200	68,200	43,011	25,189
Excess (deficiency) of revenues over (under) expenditures	148,879	148,879	176,640	(22,617)
Other financing sources (uses):				
Transfers in	73,102	73,102	73,102	-
Transfers out	(73,102)	(73,102)	(73,102)	-
Total other financing sources (uses):	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	148,879	148,879	176,640	(22,617)
Budgeted cash carryover	-	-	-	
Net change in fund balance	\$ 148,879	148,879	176,640	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 176,640	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			(4,239)	
Adjustments to expenditures for accrued wages and expenditures			-	
Net change in fund balance (GAAP)			\$ 172,401	

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

STATE OF NEW MEXICO
CITY OF LORDSBURG
RECREATION FUND - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 4,824	4,824	7,683	2,859
Interest income	-	-	-	-
Miscellaneous income	-	-	64	64
Total revenues	<u>4,824</u>	<u>4,824</u>	<u>7,747</u>	<u>2,923</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	92,650	92,650	60,751	31,899
Health and welfare	-	-	-	-
Capital outlay	1,000	1,000	-	1,000
Total expenditures	<u>93,650</u>	<u>93,650</u>	<u>60,751</u>	<u>32,899</u>
Excess (deficiency) of revenues over (under) expenditures	(88,826)	(88,826)	(53,004)	(29,976)
Other financing sources (uses):				
Transfers in	90,000	90,000	90,000	-
Transfers out	(1,000)	(1,000)	(1,000)	-
Total other financing sources (uses):	<u>89,000</u>	<u>89,000</u>	<u>89,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	174	174	35,996	<u>(29,976)</u>
Budgeted cash carryover	-	-	-	
Net change in fund balance	<u>\$ 174</u>	<u>174</u>	<u>35,996</u>	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 35,996	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			<u>1,746</u>	
Net change in fund balance (GAAP)			<u>\$ 37,742</u>	

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

**STATE OF NEW MEXICO
CITY OF LORDSBURG
SPECIAL EVENTS CENTER - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Charges for services	\$ 7,504	7,504	7,693	189
Miscellaneous income	3,077	3,077	962	(2,115)
Total revenues	10,581	10,581	8,655	(1,926)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	78,825	78,825	62,891	15,934
Health and welfare	-	-	-	-
Capital outlay	2,452	2,452	-	2,452
Total expenditures	81,277	81,277	62,891	18,386
Excess (deficiency) of revenues over (under) expenditures	(70,696)	(70,696)	(54,236)	(20,312)
Other financing sources (uses):				
Transfers in	72,800	72,800	72,800	-
Transfers out	(2,000)	(2,000)	(2,000)	-
Total other financing sources (uses):	70,800	70,800	70,800	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	104	104	16,564	(20,312)
Budgeted cash carryover	-	-	-	
Net change in fund balance	\$ 104	104	16,564	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 16,564	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			771	
Net change in fund balance (GAAP)			\$ 17,335	

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

STATE OF NEW MEXICO
CITY OF LORDSBURG
WATER PROJECT FUND - MAJOR CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ -	-	-	-
State grants	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	-	<u>-</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>	<u>-</u>	
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ -	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
CITY OF LORDSBURG
CDBG FUND - CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ -	-	-	-
State grants	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	-	<u>-</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>	<u>-</u>	
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ -	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
CITY OF LORDSBURG
CO-OP FUND - CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental revenue				
Federal grants	-	-	-	-
State grants	-	-	-	-
Other grants	-	-	-	-
Interest income	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	17,034	17,034	-	17,034
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	17,034	17,034	-	17,034
Excess (deficiency) of revenues over (under) expenditures	(17,034)	(17,034)	-	(17,034)
Other financing sources (uses):				
Transfers in	17,034	17,034	17,034	-
Transfers out	-	-	-	-
Total other financing sources (uses):	17,034	17,034	17,034	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	17,034	(17,034)
Budgeted cash carryover	-	-	-	
Net change in fund balance	-	-	17,034	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 17,034	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			-	
Net change in fund balance (GAAP)			\$ 17,034	

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

STATE OF NEW MEXICO
CITY OF LORDSBURG
WW REUSE FUND - CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental revenue				
State grants	351,000	351,000	-	(351,000)
Interest income	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	\$ 351,000	351,000	-	(351,000)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	390,000	390,000	-	390,000
Debt service				
Principal	17,000	17,000	14,380	2,620
Interest	-	-	-	-
Total expenditures	407,000	407,000	14,380	392,620
Excess (deficiency) of revenues over (under) expenditures	(56,000)	(56,000)	(14,380)	(743,620)
Other financing sources (uses):				
Transfers in	56,000	56,000	56,000	-
Transfers out	-	-	-	-
Total other financing sources (uses):	56,000	56,000	56,000	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	41,620	(743,620)
Budgeted cash carryover	-	-	-	
Net change in fund balance	\$ -	-	41,620	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 41,620	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			-	
Net change in fund balance (GAAP)			\$ 41,620	

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

**STATE OF NEW MEXICO
CITY OF LORDSBURG
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Miscellaneous income	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	70,000	70,000	70,000	-
Interest	10,039	10,039	8,949	1,090
Total expenditures	80,039	80,039	78,949	1,090
Excess (deficiency) of revenues over (under) expenditures	(80,039)	(80,039)	(78,949)	(1,090)
Other financing sources (uses):				
Transfers in	80,109	80,109	80,109	-
Transfers out	(70)	(70)	(70)	-
Total other financing sources (uses):	80,039	80,039	80,039	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	1,090	(1,090)
Budgeted cash carryover	-	-	-	
Net change in fund balance	\$ -	-	1,090	
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 1,090	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			-	
Net change in fund balance (GAAP)			\$ 1,090	

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

**STATE OF NEW MEXICO
CITY OF LORDSBURG
JOINT UTILITIES FUND - PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 1,793,077	1,793,077	1,811,180	18,103
Total operating revenues	<u>1,793,077</u>	<u>1,793,077</u>	<u>1,811,180</u>	<u>18,103</u>
Operating expenses:				
Personnel services	458,026	458,026	408,522	49,504
Operating expenses	1,658,057	1,760,150	1,262,301	497,849
Depreciation and amortization	-	-	-	-
Total operating expenses	<u>2,116,083</u>	<u>2,218,176</u>	<u>1,670,823</u>	<u>547,353</u>
Operating income (loss)	<u>(323,006)</u>	<u>(425,099)</u>	<u>140,357</u>	<u>565,456</u>
Non-operating revenues (expenses):				
Gain/(loss) on disposal of capital assets	-	-	-	-
Grant revenues	-	-	-	-
Gross receipts and other taxes	125,343	125,343	123,696	(1,647)
Miscellaneous	14,960	14,960	24,959	9,999
Interest income	-	-	135	135
Interest expense	<u>(36,782)</u>	<u>(54,782)</u>	<u>(54,263)</u>	<u>519</u>
Total non-operating revenues (expenses)	<u>103,521</u>	<u>85,521</u>	<u>94,527</u>	<u>9,006</u>
Income (loss) before transfers	<u>(219,485)</u>	<u>(339,578)</u>	<u>234,884</u>	<u>574,462</u>
Other financing sources/(uses)				
Transfers in	379,682	379,682	410,761	31,079
Transfers out	<u>(168,712)</u>	<u>(168,712)</u>	<u>(264,873)</u>	<u>(96,161)</u>
Total other financing sources/(uses)	<u>210,970</u>	<u>210,970</u>	<u>145,888</u>	<u>(65,082)</u>
Change in net position	<u>202,455</u>	<u>82,362</u>	<u><u>380,772</u></u>	<u><u>509,380</u></u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Total	<u>\$ <u>202,455</u></u>	<u><u>82,362</u></u>		
Reconciliation From Budget/Actual to GAAP				
Change in net position (Non-GAAP budgetary basis)			\$ 380,772	
Adjustments to revenue for tax and other miscellaneous revenue accruals			18,261	
Adjustments to expenditures for accrued wages and expenditures			84,804	
Depreciation and other non-cash items			<u>(432,319)</u>	
Change in net position (GAAP)			<u>\$ <u>51,518</u></u>	

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

**STATE OF NEW MEXICO
CITY OF LORDSBURG
JOINT UTILITIES FUND - PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 233,000	233,000	214,425	(18,575)
Total operating revenues	<u>233,000</u>	<u>233,000</u>	<u>214,425</u>	<u>(18,575)</u>
Operating expenses:				
Personnel services	186,000	186,000	176,215	9,785
Operating expenses	335,181	335,181	264,140	71,041
Depreciation and amortization	<u>150,000</u>	<u>150,000</u>	<u>86,509</u>	<u>63,491</u>
Total operating expenses	671,181	671,181	526,864	144,317
Operating income (loss)	(438,181)	(438,181)	(312,439)	125,742
Non-operating revenues (expenses):				
Gain/(loss) on disposal of capital assets	-	-	-	-
Grant revenues	270,000	270,000	367,853	97,853
Gross receipts and other taxes	-	-	-	-
Miscellaneous	5,000	5,000	2,677	(2,323)
Interest income	1,000	1,000	891	(109)
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>276,000</u>	<u>276,000</u>	<u>371,421</u>	<u>95,421</u>
Income (loss) before transfers	(162,181)	(162,181)	58,982	221,163
Other financing sources/(uses)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(162,181)	(162,181)	<u>58,982</u>	<u>221,163</u>
Budgeted cash carryover	<u>162,181</u>	<u>162,181</u>		
Total	\$ <u>-</u>	<u>-</u>		

Reconciliation From Budget/Actual to GAAP

Change in net position (Non-GAAP budgetary basis)	\$ 58,982
Adjustments to revenue for tax and other miscellaneous revenue accruals	-
Adjustments to expenditures for accrued wages and expenditures	(1,712)
Depreciation and other non-cash items	<u>-</u>
Change in net position (GAAP)	\$ <u>57,270</u>

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

STATE OF NEW MEXICO
CITY OF LORDSBURG
HOUSING AUTHORITY - CFP FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ -	-	-	-
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating expenses:				
Operating expenses	<u>127,798</u>	<u>127,798</u>	<u>53,714</u>	<u>74,084</u>
Total operating expenses	127,798	127,798	53,714	74,084
Operating income (loss)	(127,798)	(127,798)	(53,714)	74,084
Non-operating revenues (expenses):				
Grant revenues	<u>127,798</u>	<u>127,798</u>	<u>53,714</u>	<u>(74,084)</u>
Total non-operating revenues (expenses)	<u>127,798</u>	<u>127,798</u>	<u>53,714</u>	<u>(74,084)</u>
Income (loss) before transfers	-	-	-	-
Other financing sources/(uses)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	-	-	<u>-</u>	<u>-</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Total	<u>\$ -</u>	<u>-</u>		
Reconciliation From Budget/Actual to GAAP				
Change in net position (Non-GAAP budgetary basis)			\$ -	
Adjustments to revenue for tax and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			-	
Depreciation and other non-cash items			<u>-</u>	
Change in net position (GAAP)			<u>\$ -</u>	

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

**STATE OF NEW MEXICO
CITY OF LORDSBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Program or Grant Number</u>	<u>Expenditures</u>
Executive Office of the President, Office of National Drug Control Policy (New Mexico)			
High Intensity Drug Trafficking Areas Program	95.001	Unknown	\$ 6,573
U.S. Department of Homeland Security			
Passed through NM Department of Homeland Security			
Homeland Security Grant Program	97.067	EMW-2015-SS-00152-801 - Hidalgo County	258,737
U.S. Department of Transportation			
Airport Improvement Program	20.106*	3-35-0026-014-2014	393,230
Passed through NM Department of Transportation			
State and Community Highway Safety	20.600	15-AL-64-054	11,705
Environmental Protection Agency			
Passed through NM Environment Department			
Drinking Water State Revolving Loan Fund			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	2744-DW	31,426
Department of Housing and Urban Development			
Public Housing Capital Fund	14.872	NM02P034501-13	53,714
Public and Indian Housing	14.850*	NM034-00000114D	<u>367,853</u>
Total			<u>\$ 1,123,238</u>

* Major program

Note 1 - Basis of Presentation

The above Schedule of Expenditures of federal awards includes the federal grant activity of the City of Lordsburg and is presented on the accrual basis of accounting (see Note 1). There were no funds expended in the form of non-cash assistance for the grants during the year. There was no insurance enforced during the year for the federal award projects. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in or used in preparation of the basic financial statements.

**STATE OF NEW MEXICO
CITY OF LORDSBURG
SCHEDULE OF FUND BALANCES
As of June 30, 2015**

	<u>Major Funds</u>		<u>Total Non- Major Funds</u>	<u>Total Funds</u>
	<u>General Fund</u>	<u>Cap Projects Water Project Fund</u>		
Fund Balances:				
Nonspendable:				
Subtotal nonspendable funds	\$ -	-	-	-
Restricted for:				
Operate/maintain recreational facilities	-	-	99,468	99,468
Economic development efforts		-	645,249	645,249
Various capital project efforts	-	60	312,282	312,342
Road improvements	-	-	126,466	126,466
Debt service requirements	-	-	189,086	189,086
Fire fighting efforts/equipment	-	-	13,135	13,135
Public safety and law enforcement efforts	-	-	54,630	54,630
Operate/maintain cemetery	-	-	56,581	56,581
Subtotal restricted funds	-	60	1,496,897	1,496,957
Committed to:				
Operate/maintain recreational facilities	-	-	89,934	89,934
Subtotal committed funds	-	-	89,934	89,934
Assigned to:				
Subtotal assigned funds	-	-	-	-
Unassigned	1,481,493	-	-	1,481,493
	\$ <u>1,481,493</u>	<u>60</u>	<u>1,586,831</u>	<u>3,068,384</u>

See independent auditor's report.

STATE OF NEW MEXICO
CITY OF LORDSBURG
SCHEDULE OF DEPOSITORIES
As of June 30, 2015

Account name	Type	Western Bank	Plus Deposits in Transit	Less O/S Checks	Balance Per Books
General operating	CK*	600,015	-	(15,353)	584,662
Solid waste reserve	CK*	985	-	-	985
Bond account	CK*	454	-	-	454
CDBG 2009 water impr	CK*	3	-	-	3
Wabash st CO-OP	CK*	7	-	-	7
Animas St water impr	CK*	60	-	-	60
Swimming pool reserve	CK*	693	-	-	693
Water reuse project	CK*	47,973	-	-	47,973
WW debt service	CK*	4,949	-	-	4,949
Debt service	CK*	262,427	-	-	262,427
CFP Account	CK	733	-	-	733
General account	CK*	78,094	-	(14,899)	63,195
Tenant security deposits	CK	19,120	-	-	19,120
City Overnight account	MMKT	707,332	-	-	707,332
Housing Overnight account	MMKT	80,277	-	-	80,277
City CDs	CD	4,851,338	-	-	4,851,338
Housing CDs	CDs	252,043	-	-	252,043
Total cash and equivalents		<u>6,906,503</u>	<u>-</u>	<u>(30,252)</u>	<u>6,876,251</u>
Total amount on deposit		6,906,503	-	(30,252)	6,876,251
FDIC coverage		<u>(250,000)</u>			
Total uninsured public funds		6,656,503			
50% collateral requirement (Section 6-10-17 NMSA-1978)		3,328,252			
Pledge security		3,873,826			
See NMFA audited financials					
Amount (over)/under collateralized		<u>(545,575)</u>			

* denotes interest bearing account

STATE OF NEW MEXICO
CITY OF LORDSBURG
SCHEDULE OF PLEDGED COLLATERAL BY DEPOSITORY
As of June 30, 2015

Cusip ID	Description/ Maturity	Coupon	S&P Rating	Pledged Percent	Pledged	
					Par	Market Value
Western Bank - For City of Lordsburg						
<i>Safekeeping Location - FHLB: Fed Home Loan Bank</i>						
077571CM7	BELEN N MEX GROSS RCPTS TAX REV IMPT 6/1/2021	4.50	AA	100%	\$ 390,000	423,942
189387BP7	CLOVIS N MEX GROSS RCPTS TAX REV 6/1/2017	4.00	N/A	100%	185,000	185,370
189414HN8	CLOVIS N MEX SCHOOL DISTRICT SERIES 2011 8/1/2025	3.70	N/A	100%	500,000	539,515
297326EG1	ESTANCIA NM SCHOOL DIST GO BONDS SERIES 2010 6/15/2022	3.50	N/A	100%	50,000	56,614
31346VH28	FHLMC ARM Pool 7/1/2030		N/A	100%	177,825	185,696
31392FPP6	FNMA 2002-74 PE 3/15/2023		N/A	100%	85,043	87,870
362550KR5	GADSDEN NM INDPT SCH DIST NO 016 SCH BLDG-SER A 8/15/2023	3.75	N/A	100%	350,000	359,730
429308DE6	HIDALGO CNTY NM MUN SCH DIST NO 001 10/1/2016	4.00	N/A	100%	100,000	104,149
429308DF3	HIDALGO CNTY NM MUN SCH DIST NO 001 10/1/2017	4.05	N/A	100%	120,000	124,862
429308DG1	HIDALGO CNTY NM MUN SCH DIST NO 001 10/1/2018	4.10	N/A	100%	120,000	124,738
545562QH6	LOS LUNAS SCHOOL DISTRICT GO BONDS SERIES 2012 7/15/2021	2.00	N/A	100%	300,000	303,813
581615DJ7	MC KINLEY CNTY NM GROSS RCPTS TAX REV IMPT 6/1/2023	4.00	AA	100%	340,000	369,471
801889LT1	SANTA FE CNTY NM 7/1/2021	4.00	AA+	100%	250,000	273,973
82750PAL8	SILVER CITY, NM GROSS REC TAX IMPR SERIES 2011A 6/1/2022	3.25	A+	100%	250,000	263,018
Western Bank - For Lordsburg Housing Authority						
<i>Safekeeping Location - FHLB: Fed Home Loan Bank</i>						
189414HT5	CLOVIS NM MUNI SCH DIST 1 8/1/2017	3.00	N/A	100%	450,000	471,065
					<u>\$ 3,667,868</u>	<u>3,873,826</u>

See independent auditor's report.

**STATE OF NEW MEXICO
CITY OF LORDSBURG
SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING
As of June 30, 2015**

Transfer Station

Participants:	County of Hidalgo and City of Lordsburg
Responsible party:	County of Hidalgo
Description	This agreement was entered into to provide for operation of a regional transfer station.
Period:	Perpetual
Project costs:	Undeterminable
County contributions:	Undeterminable
Audit responsibility:	County of Hidalgo

**STATE OF NEW MEXICO
CITY OF LORDSBURG
PUBLIC HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
For the Year Ended June 30, 2015**

<u>Line Item</u>	<u>Description</u>	<u>Low Rent 14,850</u>	<u>CFP 14,872</u>	<u>Total</u>
111	Cash-unrestricted	\$ 144,204	-	144,204
114	Cash-tenant security deposits	19,120	-	19,120
100	Total cash	<u>163,324</u>	-	<u>163,324</u>
122	Accounts receivable - HUD other projects	244,130	-	244,130
125	Accounts receivable - miscellaneous	6,501	-	6,501
126	Accounts receivable - tenants	3,450	-	3,450
126.1	Allowance for doubtful accounts - tenants	-	-	-
120	Total receivables, net of allowance for doubtful accounts	<u>254,081</u>	-	<u>254,081</u>
131	Investments - Unrestricted	252,043	0	252,043
144	Inter-Program due from	-	20,909	20,909
150	Total current assets	<u>669,448</u>	<u>20,909</u>	<u>690,357</u>
161	Land	100,000	-	100,000
162	Buildings	4,975,277	-	4,975,277
164	Furniture, equipment and machinery - administration	122,909	-	122,909
166	Accumulated depreciation	<u>(3,251,664)</u>	-	<u>(3,251,664)</u>
160	Total capital assets, net of a/d	<u>1,946,522</u>	-	<u>1,946,522</u>
190	Total Assets	<u>2,615,970</u>	<u>20,909</u>	<u>2,636,879</u>
200	Deferred outflows of resources	<u>9,498</u>	0	<u>9,498</u>
290	Total Assets and Deferred Outflow of Resources	<u>\$ 2,625,468</u>	<u>20,909</u>	<u>2,646,377</u>
312	Accounts payable <= 90 days	\$ 42,906	-	42,906
321	Accrued wage/payroll taxes payable	-	-	-
322	Accrued compensated absences - current portion	4,163	-	4,163
333	Accounts payable - other government	36,402	-	36,402
341	Tenant security deposits	14,100	-	14,100
347	Inter-program due to	<u>20,909</u>	-	<u>20,909</u>
310	Total current liabilities	<u>118,480</u>	-	<u>118,480</u>
354	Accrued compensated absences - non-current	1,041	-	1,041
357	Accrued Pension and OPEB Liabilities	<u>99,074</u>	-	<u>99,074</u>
300	Total liabilities	<u>218,595</u>	-	<u>218,595</u>
400	Deferred Inflows of Resources	<u>38,827</u>	-	<u>38,827</u>
508.1	Invested in capital assets, net of related debt	1,946,522	-	1,946,522
511.4	Restricted net position	19,120	20,909	40,029
512.4	Unrestricted net position	<u>402,404</u>	-	<u>402,404</u>
513	Total equity- net position	<u>2,368,046</u>	<u>20,909</u>	<u>2,388,955</u>
600	Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,625,468</u>	<u>20,909</u>	<u>2,646,377</u>

See independent auditor's report.

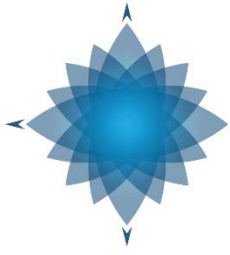
**STATE OF NEW MEXICO
CITY OF LORDSBURG
PUBLIC HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
For the Year Ended June 30, 2015**

<u>Line Item</u>	<u>Description</u>	<u>Low Rent 14,850</u>	<u>CFP 14,872</u>	<u>Total</u>
70300	Net tenant rental revenue	\$ 214,425	-	214,425
70500	Total tenant revenue	214,425	-	214,425
70600	HUD PHA operating grants	367,853	-	367,853
70610	Capital grants	-	53,714	53,714
71100	Investment income - unrestricted	891	-	891
71500	Other revenue	2,677	-	2,677
70000	Total revenue	<u>585,846</u>	<u>53,714</u>	<u>639,560</u>
91100	Administrative salaries	71,485	-	71,485
91200	Auditing fees	3,000	-	3,000
91500	Employee benefit contributions - administrative	24,522	-	24,522
91900	Other	55,667	-	55,667
91000	Total operating - administrative	<u>154,674</u>	<u>-</u>	<u>154,674</u>
93100	Water	48,054	-	48,054
93200	Electricity	7,003	-	7,003
93300	Gas	35,443	-	35,443
93600	Sewer	27,876	-	27,876
93800	Other utilities expense	14,544	-	14,544
93000	Total utilities	<u>132,920</u>	<u>-</u>	<u>132,920</u>
94100	Ordinary maintenance and operations - labor	67,619	-	67,619
94200	Ordinary maintenance and operations-materials	59,250	53,714	112,964
94300	Ordinary maintenance and operations contracts	2,619	-	2,619
94000	Total maintenance and operations	<u>129,488</u>	<u>53,714</u>	<u>183,202</u>
96140	All other insurance	24,985	-	24,985
96100	Total insurance premium	24,985	-	24,985
96200	Other general expenses	-	-	-
96900	Total operating expenses	<u>442,067</u>	<u>53,714</u>	<u>495,781</u>
97000	Excess revenues over operating expenses	143,779	-	143,779
97400	Depreciation expense	86,509	-	86,509
90000	Total expenses	<u>528,576</u>	<u>53,714</u>	<u>582,290</u>
100.1	Operating transfers in	-	-	-
100.2	Operating transfers out	-	-	-
101	Total other financing sources (uses)	-	-	-
10000	Excess (deficiency) of revenues over (under) expenses	57,270	-	57,270
11030	Beginning net position	2,444,575	20,909	2,465,484
11040-10	Prior Period Adjustments	(133,799)	-	(133,799)
	Net position at end of year	<u>\$ 2,368,046</u>	<u>20,909</u>	<u>2,388,955</u>

See independent auditor's report.

STATE OF NEW MEXICO
CITY OF LORDSBURG
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000
For The Year Ended January 00, 1900

<i>RFB#/ RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>	<i>In-State/ Out-of- State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>was the vendor in- state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
	RFB	SW Concrete Paving	208,405.00	(7,382.00)	SW Concrete & Paving 1955 Hilltop Rd PO Box 2278 Silver City, NM 88062	y	n	Construction of W. Railway Blvd-Phase 2
	RFB	PV Consulting Inc.	379,102.40	-	PV Consulting Inc. PO Box 3700 Evergreen, CO 80437	n	n/a	construction of equipment building & wind cone
					Classic Industries PO Box 434 Dona Ana, NM 88032	y		
					Rutherford Diversified Ind PO Box 3255 Sierra Vista, AZ 85636	n		
					C & E Industrial Svs 103 Maguey Pl. Sunland Park, NM 88063	y		
					Mevacon, LLC 1207 Scoggins Las Cruces, NM 88005	y		
					Morrow Enterprises PO Box 1747 Las Cruces, NM 88004	y		
	sole source	Pete's Equipment & Repair	214,305.00		Pete's Equipment & Repair 1412 Broadway NE Albuquerque, NM 87102	y	n	2014 Pumper Fire Truck
sealed bid #15-008	Otero County Bunker Gear Contract	Artesia Fire Equip.	60,935.11		Artesia Fire Equipment PO Box 1367 Artesia, NM 88210	y	n	Gear for Fire Dept
	Exempt	Hidalgo County Treasurer	82,064.40		Hidalgo County Treasurer 300 Shakespeare Lordsburg, NM 88045	y	n	Transfer station disposal fees
		Morrow Enterprises	87,146.23		Morrow Enterprises PO Box 1747 Las Cruces, NM 88004	y	n	final pmt- CDBG grant FY14



**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***

Independent Auditor's Report

Timothy Keller
New Mexico State Auditor
The City Council
City of Lordsburg, New Mexico

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 governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of the City of Lordsburg, State of New Mexico, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and the combining and individual funds and related budgetary comparisons of the City, presented as supplementary information, and have issued our report thereon dated November 11, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the following deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2014-007.

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. We consider the following deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies: 2015-001, 2015-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items: 2015-002.

City of Lordsburg, State of New Mexico's Response to Findings

The City's responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

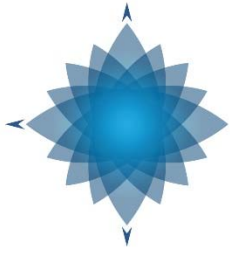
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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.

Integrity Accounting + Consulting, LLC

Integrity Accounting & Consulting, LLC
Albuquerque, NM

November 11, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Independent Auditor's Report

Timothy Keller
New Mexico State Auditor
The City Council
City of Lordsburg, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the City's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion on CFDA 14.850 Public and Indian Housing

As described in the accompanying schedule of findings and questioned costs, the City of Lordsburg did not comply with requirements regarding CFDA 14.850 Public and Indian Housing as described in finding number 2015-003 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the City of Lordsburg to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 14.850 Public and Indian Housing

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Lordsburg complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 14.850 Public and Indian Housing for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City of Lordsburg complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of

compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-003 to be significant deficiencies.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

City of Lordsburg's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Lordsburg's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Integrity Accounting + Consulting, LLC

Integrity Accounting & Consulting, LLC
Albuquerque, NM

November 11, 2015

**STATE OF NEW MEXICO
CITY OF LORDSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 1. Internal control over financial reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | No |
| d. Other Matters? | Yes |

Federal Awards:

- | | |
|---|-----------------------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 2. Type of auditors' report issued on compliance for major programs | Qualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | No |
| 4. Identification of major programs: | |
| <u>CFDA</u> | <u>Federal Program</u> |
| <u>Number</u> | Airport Improvement Program |
| 20.106 | Public and Indian Housing |
| 14.850 | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee? | No |

**STATE OF NEW MEXICO
CITY OF LORDSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

SECTION II FINDINGS – FINANCIAL STATEMENTS

<u>Finding</u>	<u>Status of Current and Prior Year Findings</u>	<u>Financial Statement Finding</u>	<u>Federal Awards Finding</u>
Prior Year Findings			
2014-001 Cash Controls	Resolved	Yes	No
2014-002 Utility Receivables	Resolved	Yes	No
2014-003 Capital Assets	Resolved	Yes	No
2014-004 Unrecorded Revenue Bonds	Resolved	Yes	No
2014-005 Recording Grant/Loan Activity	Resolved	Yes	No
2014-006 Entries to Fund Balance/Net Position	Resolved	Yes	No
2014-007 Material Auditor Adjustments	Repeated/modified	Yes	No
2014-008 Financial Close and Reporting	Resolved	Yes	No
Current Year Findings			
2015-001 Cash Journal Entry Error	Current	Yes	No
2015-002 Maintenance of Accounting Records	Current	Yes	No
2015-001 Tenent Files	Current	No	Yes

FINANCIAL STATEMENT FINDINGS

PRIOR YEAR FINDINGS

2014-007 – MATERIAL AUDITOR ADJUSTMENTS – Material weakness

Statement of Condition

While conducting the audit of the City, it was necessary for the auditor to make multiple material adjustments. These adjustments included:

- Adjustments for allowance for bad debts – \$28,808
- Adjustments for reclassification of debt – \$263,856
- Adjustments to cash – \$28,760
- Adjustments related to NPL – \$2,060,671

This is a repeat finding from prior audits. The number of auditor identified adjustments dropped significantly from prior years, however the City ultimately did not identify all necessary adjustments.

Criteria

Accounting standards hold:

- The auditor cannot be part of a client’s internal control. Becoming part of a client’s internal control impairs the auditor’s independence.

**STATE OF NEW MEXICO
CITY OF LORDSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

- What the auditor does is independent of the client's internal control over financial reporting. Therefore, the auditor cannot be a compensating control for the client.
- A system of internal control over the financial reporting does not stop at the general ledger; rather it includes controls over the preparation of the financial statements.

Recording these adjustments is considered a significant process that the client needs to maintain.

Effect

Because these adjustments were made/identified by the auditor, and not by the City, it shows an internal control weakness in maintaining the general ledger at the modified accrual level and would potentially extend to the audit report. This significantly increases the potential for misstated financial statements.

Cause

The City's personnel and internal control procedures were not effective in identifying and correcting necessary accruals to the general ledger that would have resulted in material misstatement of the financial statements had they not been identified/corrected by the auditor.

Recommendation

We recommend that the City make adjustments to their general ledger in a timely manner. Asking for technical advice from the auditor or from someone else when these adjustments are needed is not considered a control deficiency as long as the staff of the City initiates/makes the adjustment and understands how and why the adjustments were made. We recommend that at year end and in the months directly after year end, the City identify those accruals and deferrals necessary to take the books into the modified-accrual basis. This information should be provided to the auditors during the annual audit for further testing.

Response

The City of Lordsburg Finance Department will review and make appropriate entries for adjustments to bad debts and other items as noted by the independent auditor by June 30, 2016. The City's Finance Officer will oversee this process.

CURRENT YEAR FINDINGS

2015-001 – CASH JOURNAL ENTRY ERROR - Significant deficiency

Statement of Condition

While conducting testwork related to the City's cash balances, it was identified that the City's Wastewater Debt Service Reserve bank balance did not tie to the bank reconciliation. Additional examination showed that a journal entry for \$14,379.96 had been recorded backwards. Instead of crediting cash, the account was debited instead. This resulted in the

**STATE OF NEW MEXICO
CITY OF LORDSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

reported cash balance to be overstated by \$28,759.92. Review showed the journal entry documentation was correct and that it was an entry error when inputting the journal into the accounting system.

Criteria

Proper practice supports that journal entries should be reviewed after they are posted to ensure they have the intended results and that they were entered properly.

Effect

The City's cash balances were overstated by \$28,759.92 which could lead to bank overdrafts if the incorrect balances is used to make draws.

Cause

The City did not review the journal entry after it had been posted to ensure it had the intended result.

Recommendation

We recommend the City expand its journal entry approval process to include a review of the entry subsequent to posting to the general ledger to ensure it was properly input.

Response

The City of Lordsburg Finance Department will review all journal entries as they are posted to the accounting system. This process has been put into place effective as of November 15, 2015. The City's Finance Officer will oversee this process.

2015-002 – MAINTENANCE OF ACCOUNTING RECORDS - Findings that do not rise to the level of significant deficiency

Statement of Condition

While performing work at the City's housing Authority, it was noted that the general upkeep of the accounting records was not in good order. Documentation had not been filed appropriately and was scattered throughout the office. It was noted that there had been significant transition in staff at the Authority in late FY15 and the new executive director had recently hired new staff and was in the process of training them.

Criteria

Management should implement an internal control structure to ensure that all files have the necessary supporting documentation

Effect

The Authority is at risk of losing accounting records and potentially unable to support transactions entered into by the Authority.

**STATE OF NEW MEXICO
CITY OF LORDSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

Cause

Due to transition within the office, recordkeeping had not been maintained as a high priority matter.

Recommendation

We recommend Housing Authority personnel ensure accounting files are maintained and contain all applicable information.

Response

As of November 15, 2015, the Housing Authority has reviewed its accounting records to ensure filing is current and complete. The Authority's Executive Director will monitor for continued compliance.

FEDERAL AWARD FINDINGS

2015-003 - TENANT FILES - Significant deficiency

Federal Program Information:

Funding Agency: U.S. Department of Housing and Urban Development

Title: Public and Indian Housing

CFDA Number: 14.850

Questioned Costs: None

Statement of Condition

While performing work at the City's Housing Authority, it was noted that 25 of 25 tenant files tested did not contain signed lease agreements. Copies of expired lease agreements were in the files, however there did not appear to be signed updated agreements on file. Discussion with the Executive Director and review of the Authorities software programs showed that information had been updated electronically, but signed copies were not being maintained.

Criteria

In accordance with 24 CFR sections 5.230, 5.609, and 982.516, as a condition of admission or continued occupancy, the Housing Authority must require the tenant and other family members to provide necessary information, documentation, and releases for the PHA to verify income eligibility. Lease agreements between the Authority and its tenants expire annually at which time new agreements are entered into once eligibility criteria have been reviewed/approved.

Effect

The Authority could be limited in its ability to hold its tenants accountable for complying with policy due to the lack of a signed agreement between the two parties.

Cause

Files from the Housing Authority lacked proper documentation and management of the Housing Authority did not provide sufficient monitoring to ensure that tenant files were

**STATE OF NEW MEXICO
CITY OF LORDSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

complete. The Authority did not consider the need for maintaining updated signed lease agreement for its tenants.

Recommendation

Management should implement an internal control structure to ensure that all files have the necessary supporting documentation

Response

Effective November 18, 2015, the Housing Authority is now sending out recertification paperwork 2 months in advance and submitting 50058s into the government website on the 21st of each month. This creates a window to correct and errors that may occur. Also, Head of Household will be sent a recertification inspection letter a month before their annual lease and at the time of the inspection, all adult household members will sign paperwork with either the housing Specialist or Executive Director. The Authority's Executive Director will monitor for continued compliance.

**STATE OF NEW MEXICO
CITY OF LORDSBURG
OTHER DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2015**

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Presentation: The accompanying financial statements are the responsibility of the City and are based on information from the City's financial records. Assistance was provided by Integrity Accounting & Consulting to the City in preparing the financial statements.

B. EXIT CONFERENCE

The contents of the report for the City of Lordsburg were discussed on October 22, 2015. The following individuals were in attendance.

City of Lordsburg Officials

Arthur Clark Smith, Mayor – City of Lordsburg

Alfredo Morelos - Mayor Pro-Tem

Glenda Greene - Councilor

Patricia De Naranjo, Finance Officer – City of Lordsburg

Jeannie Palacios, City Clerk – City of Lordsburg

Bianca Barella, Executive Director – Lordsburg Public Housing Authority

Integrity Accounting & Consulting

Erick Robinson, CPA, CFE Partner