

**City of Sunland Park**  
**New Mexico**

*Basic Financial Statements and  
Required Supplementary Information  
For the Year Ended June 30, 2009  
And Independent Auditors' Report*

CITY OF SUNLAND PARK, NEW MEXICO

TABLE OF CONTENTS

---

	<b>Page</b>
<b>I. FINANCIAL SECTION</b>	
DIRECTORY OF OFFICIALS	1
INDEPENDENT AUDITORS' REPORT	2
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements	
Statement of Net Assets	4
Statement of Activities	5
Fund financial statements	
Major Government Funds	
Balance Sheet - Governmental Funds	6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	7
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on Budgetary Basis - General Fund	10
Proprietary Funds	
Statement of Net Assets	11
Statement of Revenues, Expenses and Changes in Fund Net Assets	13
Statement of Cash Flows	14
Fiduciary Funds	
Statement of Fiduciary Net Assets	16
Notes to Basic Financial Statements	17
Description of Nonmajor Governmental Funds	34

**CITY OF SUNLAND PARK, NEW MEXICO**

**TABLE OF CONTENTS (Continued)**

---

	<b>Page</b>
<b>SUPPLEMENTARY INFORMATION:</b>	
Combining Financial Statements	
Nonmajor Governmental Funds	
Combining Balance Sheet	37
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	38
Combining Balance Sheet - Nonmajor Special Revenue Funds	39
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	42
Budgetary Comparison Statements - Nonmajor Special Revenue Funds	45
Combining Balance Sheet - Nonmajor Capital Projects Funds	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds	64
Budgetary Comparison Statements - Nonmajor Capital Projects Funds	66
Budgetary Comparison Statements - Border Crossing Fund	77
Budgetary Comparison Statements - Joint Utilities Fund	78
Budgetary Comparison Statements - Housing Authority Fund	79
Other Supplemental Information	
Schedule of Changes in Assets and Liabilities - Motor Vehicle Agency Fund	81
Schedule of Deposit Accounts	82
Schedule of Pledge Collateral	83
Schedule of Joint Powers Agreements	84
 <b>II. COMPLIANCE SECTION</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	86

**CITY OF SUNLAND PARK, NEW MEXICO**

**TABLE OF CONTENTS (Concluded)**

---

	<b>Page</b>
Schedule of Findings and Responses	88
Summary Schedule of Prior Audit Findings	104
Exit Conference	105

**CITY OF SUNLAND PARK, NEW MEXICO**

**DIRECTORY OF OFFICIALS  
2009**

Martin Resendez  
Daniel Salinas  
Christian Lira  
Carmen Rodriguez  
Annette Diaz  
Jessica Avila

Andrew Moralez  
Elizabeth Gamez  
Helen B. Gonzalez

Mayor  
Mayor Pro-Tem  
Councilor  
Councilor  
Councilor  
Councilor

City Manager  
City Clerk  
Finance Director

## INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor  
and the Mayor and City Council of the  
City of Sunland Park, New Mexico

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the City of Sunland Park, New Mexico (the "City"), as of and for the year ended 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. We also were engaged to audit the financial statements of each of the City's nonmajor governmental funds, and the budgetary comparisons for major capital projects fund, major enterprise funds and all nonmajor funds the presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended 2009, as listed in the table of contents. These financial statements are the responsibility of the City's management.

Prior to the commencement of fieldwork, the City's accounting software failed and all general ledger and related accounting data was lost. The City's data backup system also failed, leaving no backup information available. As a result of these failures, the City cannot provide general ledger detail to amounts reported on its trial balance. The City cannot provide subsidiary ledgers for cash, accounts receivable, accounts payable, accruals or any asset, liability, revenue, expense, or fund balance and net asset account.

We were unable to obtain detail to any general ledger account and subsidiary ledgers and audit that detail and ledgers because of the failure of the City's accounting software and data backup system. We were unable to satisfy ourselves about the lack of general ledger detail, and lack of all subsidiary ledgers by means of other auditing procedures.

Because we were unable to obtain detail to any general ledger account and subsidiary ledgers, and we were unable to apply other auditing procedures regarding lack of general ledger detail, and lack of all subsidiary ledgers as discussed in the preceding paragraphs, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.

We were unable to obtain written representations from management of the City of Sunland Park, New Mexico concerning transactions related to the fiscal year 2009, which took place under substantially different management, as required by generally accepted auditing standards.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2011, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The City has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements and the combining and individual financial statement and budgetary comparisons presented as supplemental information.

We were engaged for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The scope of our audit was limited as discussed in the second, and third paragraphs above and because of the significance of these matters, we do not express an opinion on the basic financial statements and the combining and individual fund financial statements; accordingly, the other supplemental information as listed in the table of contents have not been subjected to auditing procedures in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards; therefore, we do not express an opinion as to the other supplemental information as listed in the table of contents in relation to the basic financial statements taken as a whole.

A handwritten signature in blue ink that reads "White + Samaniego + Campbell CP". The signature is written in a cursive style.

El Paso, Texas  
April 27, 2011

CITY OF SUNLAND PARK, NEW MEXICO

STATEMENT OF NET ASSETS  
JUNE 30, 2009

	Primary Government Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 843,628	\$ 712,388	\$ 1,556,016
Investments	11,868,354	495,475	12,363,829
Receivables, net of allowance for uncollectibles			
Accounts	-	52,381	52,381
Taxes	474,258	-	474,258
Intergovernmental	223,279	-	223,279
Other	88,730	-	88,730
Internal balances	161,199	-	161,199
Restricted assets - cash	-	497,442	497,442
Capital assets, net of accumulated depreciation	8,326,085	27,175,859	35,501,944
Total assets	<u>\$ 21,985,533</u>	<u>\$ 28,933,545</u>	<u>\$ 50,919,078</u>
<b>LIABILITIES:</b>			
Accounts payable	\$ 108,537	\$ 300,901	\$ 409,438
Cash overdraft	1,117,988	-	1,117,988
Accrued liabilities and other expenses	218,794	44,512	263,306
Due to other fund	-	161,199	161,199
Accrued interest on bonds payable	-	94,536	94,536
Tenant deposits	-	5,607	5,607
Customer deposits	-	163,760	163,760
Long-term liabilities:			
Portion due or payable within one year:			
Loan payable	46,365	-	46,365
Revenue bonds payable	-	44,000	44,000
Notes payable	-	28,651	28,651
Compensated absences	39,118	2,123	41,241
Portion due or payable after one year:			
Loan payable	177,089	-	177,089
Revenue bonds payable	-	3,182,800	3,182,800
Notes payable	-	117,497	117,497
Compensated absences	61,967	19,897	81,864
Total liabilities	<u>1,769,858</u>	<u>4,165,483</u>	<u>5,935,341</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	8,102,631	23,802,911	31,905,542
Restricted for:			
Debt service	-	200,525	200,525
Grants	(73,327)	127,865	54,538
Construction and improvements	12,309,609	-	12,309,609
Unrestricted	(123,238)	636,761	513,523
Total net assets	<u>\$ 20,215,675</u>	<u>\$ 24,768,062</u>	<u>\$ 44,983,737</u>

See accompanying notes to financial statements.



CITY OF SUNLAND PARK, NEW MEXICO

STATEMENT OF ACTIVITIES  
JUNE 30, 2009

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 1,973,214	\$ 411,029	\$ -	\$ -	\$ (1,562,185)	\$ -	\$ (1,562,185)
Public safety	2,730,648	-	163,211	111,400	(2,456,037)	-	(2,456,037)
Public works	908,681	-	-	358,679	(550,002)	-	(550,002)
Health and welfare	7,142	-	-	-	(7,142)	-	(7,142)
Culture and recreation	1,105,468	40,957	674,100	-	(390,411)	-	(390,411)
Total governmental activities	6,725,153	451,986	837,311	470,079	(4,965,777)	-	(4,965,777)
Business-type activities:							
Joint utilities:							
Water	2,286,523	1,616,448	-	-	-	(670,075)	(670,075)
Wastewater	1,048,687	1,240,804	-	-	-	192,117	192,117
Solid waste	442,824	261,639	-	-	-	(181,185)	(181,185)
Housing Authority	249,111	102,378	158,353	-	-	11,620	11,620
Interest on long-term debt	158,691	-	-	-	-	(158,691)	(158,691)
Total business-type activities	4,185,836	3,221,269	158,353	-	-	(806,214)	(806,214)
Total primary government	\$ 10,910,989	\$ 3,673,255	\$ 995,664	\$ 470,079	(4,965,777)	(806,214)	(5,771,991)
General Revenues:							
Taxes:							
Gross receipts					2,714,305	156,613	2,870,918
Property					398,892	-	398,892
Franchise					207,519	-	207,519
Other tax					6,007	-	6,007
Other					356,906	(39,983)	316,923
Investment income					138,228	5,718	143,946
Transfers					(94,612)	94,612	-
Total general revenues and transfers					3,727,245	216,960	3,944,205
Change in net assets					(1,238,532)	(589,254)	(1,827,786)
Net assets, beginning of year, as previously reported					21,454,207	25,257,834	46,712,041
Restatement					-	99,482	99,482
Net assets, beginning of year, as restated					21,454,207	25,357,316	46,811,523
Net assets, end of year					\$ 20,215,675	\$ 24,768,062	\$ 44,983,737

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

BALANCE SHEET - GOVERNMENTAL FUNDS  
 JUNE 30, 2009

	General Fund	Border Crossing	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 244,447	\$ 373,891	\$ 225,290	\$ 843,628
Investments	-	11,868,354	-	11,868,354
Receivables, net of allowance for uncollectibles				
Taxes	474,258	-	-	474,258
Intergovernmental	-	52,368	170,911	223,279
Other	88,730	-	-	88,730
Due from other funds	<u>905,310</u>	<u>28,148</u>	<u>2,857,797</u>	<u>3,791,255</u>
Total assets	<u>\$ 1,712,745</u>	<u>\$ 12,322,761</u>	<u>\$ 3,253,998</u>	<u>\$ 17,289,504</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 3,941	\$ -	\$ 104,596	\$ 108,537
Cash overdraft	-	-	1,117,988	1,117,988
Accrued liabilities and other expenses	203,076	-	15,718	218,794
Due to other funds	<u>1,527,881</u>	<u>-</u>	<u>2,102,175</u>	<u>3,630,056</u>
Total liabilities	<u>1,734,898</u>	<u>-</u>	<u>3,340,477</u>	<u>5,075,375</u>
<b>FUND BALANCES:</b>				
Reserved for capital projects funds	-	12,322,761	(13,152)	12,309,609
Reserved for special revenue funds	-	-	(73,327)	(73,327)
Unreserved	<u>(22,153)</u>	<u>-</u>	<u>-</u>	<u>(22,153)</u>
Total fund balances	<u>(22,153)</u>	<u>12,322,761</u>	<u>(86,479)</u>	<u>12,214,129</u>
Total liabilities and fund balances	<u>\$ 1,712,745</u>	<u>\$ 12,322,761</u>	<u>\$ 3,253,998</u>	<u>\$ 17,289,504</u>

See accompanying notes to financial statements.

**CITY OF SUNLAND PARK, NEW MEXICO**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT  
OF NET ASSETS  
JUNE 30, 2009**

---

Total fund balances for governmental funds \$ 12,214,129

Total net assets reported for governmental activities in the statement of net assets is different  
because:

Capital assets used in governmental activities are not financial resources and therefore,  
are not reported in the funds. Those assets consist of:

Land and land improvements	855,301
Construction in progress	2,839,245
Building and improvements	2,673,759
Furniture, equipment and library books	723,190
Vehicles	2,423,843
Infrastructure	<u>13,766,897</u>
Total capital assets	23,282,235
Accumulated depreciation	<u>(14,956,150)</u>
Net capital assets	<u>8,326,085</u>

Long-term liabilities applicable to the City's governmental activities are not due and payable in the  
current period and accordingly are not reported as fund liabilities. (223,454)

Compensated absences liabilities are not reported in governmental funds but are reported in the  
statement of net assets. (101,085)

Net assets of governmental activities \$ 20,215,675

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Border Crossing	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
State shared taxes	\$ 2,017,729	\$ -	\$ 358,679	\$ 2,376,408
Local effort taxes	1,308,994	-	-	1,308,994
Intergovernmental	-	-	674,829	674,829
Licenses and permits	143,877	-	-	143,877
Charges for services	130,527	-	-	130,527
Fines and forfeitures	136,625	-	40,957	177,582
Interest	-	138,228	-	138,228
Contributions	-	-	-	-
Miscellaneous	356,906	-	273,882	630,788
Total revenues	<u>4,094,658</u>	<u>138,228</u>	<u>1,348,347</u>	<u>5,581,233</u>
<b>EXPENDITURES:</b>				
Current:				
General government	1,536,155	-	-	1,536,155
Public safety	2,084,421	-	237,928	2,322,349
Culture and recreation	93,896	-	1,001,932	1,095,828
Health and welfare	-	-	-	-
Public works	537,149	-	-	537,149
Capital outlay	165,262	-	716,810	882,072
Total expenses	<u>4,416,883</u>	<u>-</u>	<u>1,956,670</u>	<u>6,373,553</u>
Excess (deficiency) of revenues over expenditures	(322,225)	138,228	(608,323)	(792,320)
<b>OTHER FINANCING SOURCES:</b>				
Transfers in (out)	(94,612)	-	-	(94,612)
Proceeds from loan	186,690	-	-	186,690
Total other financing sources	<u>92,078</u>	<u>-</u>	<u>-</u>	<u>92,078</u>
Net changes in fund balances	<u>(230,147)</u>	<u>138,228</u>	<u>(608,323)</u>	<u>(700,242)</u>
Fund balances, beginning of year	<u>207,994</u>	<u>12,184,533</u>	<u>521,844</u>	<u>12,914,371</u>
Fund balances, end of year	<u>\$ (22,153)</u>	<u>\$ 12,322,761</u>	<u>\$ (86,479)</u>	<u>\$ 12,214,129</u>

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2009

---

Net change in fund balances - total governmental funds \$ (700,242)

The changes in net assets reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Depreciation expense	(549,098)
Capital outlays	165,262

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

Principal payment on notes	32,236
Proceeds from note payable	<u>(186,690)</u>

Changes in net assets of governmental activities \$ (1,238,532)

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Local Effort Taxes	\$ 2,021,644	\$ 2,021,644	\$ 1,308,994	\$ (712,650)
State Shared Taxes	1,439,300	1,439,300	2,017,729	578,429
Licenses and permits	298,050	298,050	143,877	(154,173)
Charges for Services	221,237	221,237	130,527	(90,710)
Fines and forfeitures	140,100	140,100	136,625	(3,475)
Investment Income	9,000	9,000	-	(9,000)
Miscellaneous	87,400	87,400	356,906	269,506
<b>Total revenues</b>	<u>4,216,731</u>	<u>4,216,731</u>	<u>4,094,658</u>	<u>(122,073)</u>
Expenditures:				
General Government	1,525,472	1,525,472	1,536,155	(10,683)
Public Safety	2,082,279	2,082,235	2,084,421	(2,186)
Public Works	314,449	314,449	537,149	(222,700)
Culture and Recreation	271,264	271,264	93,896	177,368
Capital Outlay	-	-	-	-
<b>Total expenditures</b>	<u>4,193,464</u>	<u>4,193,420</u>	<u>4,251,621</u>	<u>(58,201)</u>
Excess (deficiency) of revenues over expenditures	23,267	23,311	(156,963)	(180,274)
Other financing sources(uses):				
Operating Transfers Out	(383,137)	(383,137)	(94,612)	288,525
<b>Total other financing sources (uses)</b>	<u>(383,137)</u>	<u>(383,137)</u>	<u>(94,612)</u>	<u>288,525</u>
Net change in fund balances	(359,870)	(359,826)	(251,575)	108,251
Cash balance - beginning of year	933,910	933,910	599,556	(334,354)
<b>Cash balance - end of year</b>	<u>\$ 574,040</u>	<u>\$ 574,084</u>	<u>\$ 347,981</u>	<u>\$ (226,103)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (251,575)	
Capital outlay not budgeted			(165,262)	
Proceeds from loan			186,690	
Net changes in fund balance GAAP basis			<u>\$ (230,147)</u>	

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	Joint Utility	Housing Authority	Total Enterprise Funds
<b>ASSETS:</b>			
Current assets			
Cash and cash equivalents	\$ 552,131	160,257	\$ 712,388
Accounts receivable, net	51,951	430	52,381
Due from other funds	32,438	1,094	33,532
Investments	<u>289,757</u>	<u>205,718</u>	<u>495,475</u>
Total current assets	<u>926,277</u>	<u>367,499</u>	<u>1,293,776</u>
Restricted assets			
Tenant deposits	-	5,292	5,292
Customer deposits	163,760	-	163,760
Debt service	200,525	-	200,525
Cash -grants	<u>127,865</u>	<u>-</u>	<u>127,865</u>
Total restricted assets	<u>492,150</u>	<u>5,292</u>	<u>497,442</u>
Capital assets	29,181,590	3,350,687	32,532,277
Less accumulated depreciation and amortization	<u>(4,526,705)</u>	<u>(829,713)</u>	<u>(5,356,418)</u>
Net capital assets	<u>24,654,885</u>	<u>2,520,974</u>	<u>27,175,859</u>
Total assets	<u>\$ 26,073,312</u>	<u>\$ 2,893,765</u>	<u>\$ 28,967,077</u>

(Continued)

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2009

	Joint Utility	Housing Authority	Total Enterprise Funds
<b>LIABILITIES:</b>			
Current liabilities			
Accounts payable	\$ 291,604	9,297	\$ 300,901
Accrued liabilities and other expenses	40,117	4,395	44,512
Accrued compensated absences	1,387	736	2,123
Due to other funds	125,862	68,869	194,731
Notes payable within one year	<u>28,651</u>	<u>-</u>	<u>28,651</u>
Total current liabilities	<u>487,621</u>	<u>83,297</u>	<u>570,918</u>
Current liabilities payable from restricted assets			
Tenant deposits	-	5,607	5,607
Customer deposits	163,760	-	163,760
Revenue bonds payable within one year	44,000	-	44,000
Accrued interest on bonds payable	<u>94,536</u>	<u>-</u>	<u>94,536</u>
Total payable from restricted assets	<u>302,296</u>	<u>5,607</u>	<u>307,903</u>
Non-current liabilities			
Notes payable	117,497	-	117,497
Revenue bonds payable	3,182,800	-	3,182,800
Accrued compensated absences	<u>13,270</u>	<u>6,627</u>	<u>19,897</u>
Total non-current liabilities	<u>3,313,567</u>	<u>6,627</u>	<u>3,320,194</u>
Total liabilities	<u>4,103,484</u>	<u>95,531</u>	<u>4,199,015</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	21,281,937	2,520,974	23,802,911
Restricted for:			
Debt service	200,525	-	200,525
Grants	127,865	-	127,865
Unrestricted	<u>359,501</u>	<u>277,260</u>	<u>636,761</u>
Total net assets	<u>21,969,828</u>	<u>2,798,234</u>	<u>24,768,062</u>
Total liabilities and net assets	<u>\$ 26,073,312</u>	<u>\$ 2,893,765</u>	<u>\$ 28,967,077</u>

(Concluded)

See accompanying notes to financial statements.



CITY OF SUNLAND PARK, NEW MEXICO

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	Joint Utility	Housing Authority	Total Enterprise Funds
Operating revenues			
Joint utilities sales	\$ 2,991,401	\$ -	\$ 2,991,401
Rental income	-	101,970	101,970
HUD operating revenue	-	158,353	158,353
Other operating revenue	81,689	408	82,097
Other charges for services	45,801	-	45,801
Total operating revenues	<u>3,118,891</u>	<u>260,731</u>	<u>3,379,622</u>
Operating expenses			
Personnel services	1,841,845	104,685	1,946,530
Professional services	1,491,511	-	1,491,511
Operating expenses	25,236	68,768	94,004
Depreciation expense	444,678	75,658	520,336
Total operating expenses	<u>3,803,270</u>	<u>249,111</u>	<u>4,052,381</u>
Operating income (loss)	<u>(684,379)</u>	<u>11,620</u>	<u>(672,759)</u>
Nonoperating revenues (expenses)			
Gross receipts tax	156,613	-	156,613
Interest income	-	5,718	5,718
Loss on disposal of assets	-	(14,747)	(14,747)
Interest expense	(158,691)	-	(158,691)
Total nonoperating revenues (expenses)	<u>(2,078)</u>	<u>(9,029)</u>	<u>(11,107)</u>
Income (loss) before transfers	<u>(686,457)</u>	<u>2,591</u>	<u>(683,866)</u>
Transfers in	94,612	-	94,612
Transfers out	-	-	-
Total transfers, net	<u>94,612</u>	<u>-</u>	<u>94,612</u>
Changes in net assets	<u>(591,845)</u>	<u>2,591</u>	<u>(589,254)</u>
Net assets, beginning of year, as previously reported	<u>22,561,673</u>	<u>2,696,161</u>	<u>25,257,834</u>
Restatement	-	99,482	99,482
Net assets, beginning balance, as restated	<u>22,561,673</u>	<u>2,795,643</u>	<u>25,357,316</u>
Net assets, end of year	<u>\$ 21,969,828</u>	<u>\$ 2,798,234</u>	<u>\$ 24,768,062</u>

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2009

	Joint Utility	Housing Authority	Total Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 2,991,401	\$ 101,970	\$ 3,093,371
Cash received from HUD	-	158,353	158,353
Cash payments to suppliers for goods and services	(3,358,592)	(73,751)	(3,432,343)
Cash payments to employees for services	-	(104,685)	(104,685)
Other operating revenues	81,689	-	81,689
Other charges for services	45,801	-	45,801
	<u>(239,701)</u>	<u>81,887</u>	<u>(157,814)</u>
Net cash (used in) provided by operating activities			
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Proceeds from grants	-	30,289	30,289
Gross receipts tax	156,613	-	156,613
Change in interfund balances	28,012	-	28,012
Operating transfers, net	94,612	-	94,612
	<u>279,237</u>	<u>30,289</u>	<u>309,526</u>
Net cash provided by non-capital financing activities			
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	-	(354,086)	(354,086)
Principal payment on revenue bonds	(43,000)	-	(43,000)
Principal payment on notes payable	(28,367)	-	(28,367)
Interest paid on bonds, notes and lease obligations	(158,691)	-	(158,691)
	<u>(230,058)</u>	<u>(354,086)</u>	<u>(584,144)</u>
Net cash used in capital and related financing activities			
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest from investments	-	5,718	5,718
Purchase of investments, net	(289,757)	-	(289,757)
Proceeds from the sale of investments, net	-	93,764	93,764
	<u>(289,757)</u>	<u>99,482</u>	<u>(190,275)</u>
Net cash provided by (used in) investing activities			
NET DECREASE IN CASH AND CASH EQUIVALENTS	(480,279)	(142,428)	(622,707)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,524,560	307,977	1,832,537
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,044,281</u>	<u>\$ 165,549</u>	<u>\$ 1,209,830</u>
Cash and cash equivalents consist of:			
Unrestricted cash and cash equivalents	\$ 552,131	\$ 160,257	\$ 712,388
Restricted cash and cash equivalents	492,150	5,292	497,442
	<u>\$ 1,044,281</u>	<u>\$ 165,549</u>	<u>\$ 1,209,830</u>

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2009

	Joint Utility	Housing Authority	Total Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (684,379)	\$ 11,620	\$ (672,759)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	444,678	75,658	520,336
Loss on disposal of capital assets	-	(14,747)	(14,747)
Changes in assets and liabilities:			
Restricted cash	-	508	508
Other assets	-	(510)	(510)
Accounts payable	-	6,187	6,187
Accrued expenses	-	3,171	3,171
	<u>444,678</u>	<u>70,267</u>	<u>514,945</u>
Total adjustment			
	<u>444,678</u>	<u>70,267</u>	<u>514,945</u>
Net cash (used in) provided by operating activities	<u>\$ (239,701)</u>	<u>\$ 81,887</u>	<u>\$ (157,814)</u>

(Concluded)

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2009

---

	Agency Fund
ASSETS:	
Cash and cash equivalents	<u>\$ 19,827</u>
LIABILITIES:	
Due to other governmental agency	<u>\$ 19,827</u>

See accompanying notes to financial statements.

## CITY OF SUNLAND PARK, NEW MEXICO

### NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

---

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the City of Sunland Park, New Mexico (the "City"), is presented to assist in understanding the City's financial statements. The financial statements and notes are representations of the City's management, who is responsible for their integrity and objectivity.

The City of Sunland Park, New Mexico, a political subdivision of the State of New Mexico, operates under the mayor-council form of government. The City provides the following authorized services: public safety, highway and streets, sanitation, health and welfare, social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The following is a summary of the City's accounting policies.

##### A. Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including or excluding a potential component unit with 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, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the City of Sunland Park has no component units.

##### A. Basis of Presentation. Basis of Accounting

###### Basis of Presentation

**Government-Wide Financial Statements**-The statement of net assets and the statement of activities report information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function, of the City's governmental activities. Direct expenses are those that are specially associated with a program or function and, therefore, are clearly identifiable to a particular function.

The net assets of the City are reported in three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted. Restricted net assets result from constraints placed on the use of net assets when externally imposed by creditors, grantors, laws and regulations of other governments and imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as needed.

Program revenues include fees, fines, and charges paid by the recipients of good and services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements**-The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category-governmental, proprietary, and fiduciary-are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

**General Fund**-The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those accounted for in another fund.

**Border Crossing Fund**-The fund accounts for funding received from the New Mexico Department of Transportation for the plan, design, and construction of border crossing facilities in the City and Dona Ana County.

The City reports the following major enterprise funds:

**Joint Utilities Fund**-The fund accounts for the activities of the City's water, wastewater and solid waste utility, which provides service to the residents of the City of Sunland Park and Santa Teresa, New Mexico.

**Housing Authority Fund**-The fund accounts for pre-construction, construction, and operations and maintenance of the local Housing Authority. The Housing Authority is not a legally separate organization with a separate elected governing body, however, management is operated separately from the City.

The City also reports the following fund types:

**Special Revenue Funds**-To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**Capital Project Funds**-To account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

**Agency Fund**-This fund is used to account for revenues collected at the branch office of the New Mexico Motor Vehicle Department and funds remitted to the State.

### **Measurement Focus, Basis of Accounting**

**Government-Wide, Proprietary, and Fiduciary Fund Financial Statements**-The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Derived tax revenues such as sales taxes are recognized in the period when the underlying exchange transaction has occurred and the resources are available.

**Governmental Fund Financial Statements**-Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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.

All governmental and business-type activities of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The City elected not to apply FASB Statement and Interpretations issued after November 30, 1989.

**New Governmental Accounting Standards**-GASB has issued Statement No. 43 "*Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*". This statement was issued in April 2004 and is effective for Phase III governments in fiscal year 2010.

GASB has issued Statement No. 45 "*Accounting and Financial Reporting by Employers for Postemployment benefits other than Pensions*". This statement was issued in June 2004 and is effective for Phase III governments in fiscal year 2010.

GASB has issued Statement No. 49 "*Accounting and Financial Reporting for Pollution Remediation Obligations*". This statement was issued in November 2006 and is effective for Phase III governments in fiscal year 2008.

GASB has issued Statement No. 50 "*Pension Disclosures - an amendment of GASB Statements No. 25 and No. 27*". This statement was issued in May 2007 and is effective for Phase III governments in fiscal year 2008.

GASB has issued Statement No. 51 "*Accounting and Financial Reporting for Intangible Assets*". This statement was issued in June 2007 and is effective for Phase III governments in fiscal year 2010.

In June 2008, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 53 "*Accounting and Financial Reporting for Derivative Instruments*," which is effective for all periods beginning after June 15, 2009. This Statement is intended to improve how governments report information about derivative instruments. The City incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In February 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*," which is effective for financial statements for periods beginning after June 15, 2010, and earlier application is encouraged. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The City is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In March 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 55 "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*," which was effective upon issuance. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles for state and local governments into the Governmental Accounting Standards Board's authoritative literature. The City incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In March 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 56 "*Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*," which was effective upon issuance. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. The City incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In December 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 57 "*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*," which is effective upon issuance for certain provisions of the statement and for periods beginning after June 15, 2011 for other provisions. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit plans. The City is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

Management has not yet determined the impact of the above statements on the financial statements.

A. **Budgets**



Budgets for General, Special Revenues, Capital Projects, the Joint Utilities and Housing Authority Enterprise funds are prepared by management and approved by the local council and the New Mexico Department of Finance and Administration.

These budgets are prepared on the non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the beginning cash balance be utilized to fund deficit budgets appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance.

Actual expenditures may not exceed the budget on a "by fund" basis. Budgets may be amended in two ways. If a budget transfer is necessary within a fund, this may be accomplished with only local council approval. If a transfer between "funds" or a budget increase is required, approval must also be obtained from the Department of Finance and Administration.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

***B. Cash and Cash Equivalents, Investments, Restricted Cash***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and other short-term investments with original maturities of three months or less from the date of acquisition. Restricted cash represents amounts for customer deposits, tenant deposits, debt service and community development.

State statute authorize the City to invest in interest bearing accounts with local financial institutions, direct obligations of the U.S. Treasury or New Mexico political subdivision, and the State Treasurer's Investment Pool. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and External Investment Pools*", investments are reported at fair value. Fair values are based on published market rates.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owner of such public monies, in an amount not less than 50% of the uninsured public monies held on deposit. Collateral pledge is held in safekeeping by other financial institutions, with safekeeping receipts held by the City. The pledge securities remain in the name of the financial institution.

***C. Receivables and Payables***

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances between governmental activities and fiduciary funds are reported in the government-wide financial statements as "internal balances".

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

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The allowance for doubtful accounts is based on management's assessment of the collectibility of specific customer accounts, the aging of the accounts receivable, historical experience, and other currently available evidence.

***D. Capital Assets***

All purchased capital assets are valued at cost where historical records are available and at an estimated cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets, which include property, plant, equipment, software, and infrastructure assets are reported in the applicable governmental activities columns in the government-wide financial statements.

The City defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Major outlays for capital assets and improvements are capitalized as constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Buildings and improvements	20 - 50	20 - 50
Water and sewer system	50	50
Furniture, equipment and library books	5 - 10	5 - 10
Vehicles	5 - 10	5 - 10
Capital lease	-	5 - 10
Infrastructure	20 -50	-

***E. Compensated Absences***

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

***F. 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 government activities, business-type activities, or proprietary fund type statement of net assets.

***G. Fund Balance***

In the fund financial statements, governmental funds report reservations of fund balance for amounts

that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

***H. Concentration of Credit Risk***

Financial instruments that potentially subject the City to a concentration of credit risk consist primarily of cash, investments, and taxes receivable. The City places its cash in federally insured financial institutions which collateralize 50% of the City's deposits with securities issued by the United States Government and in United States Government Treasury notes. The City's investments are invested by the State Treasurer in short-term investment funds. Concentration of credit risk with respect to taxes receivable is limited due to the amounts being primarily government related.

***I. Analysis for Impairment***

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is determined based upon a comparison of future cash flows to the recorded value of the assets. Impairment losses are measured based upon the fair value of the impaired assets. No such impairment losses were recorded during the year ended June 30, 2009.

***J. Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results may differ from those estimates.

**2. CASH AND INVESTMENTS**

***Deposits***

Custodial Credit Risk - Deposits. Custodial credit risk is, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are (1) uncollateralized, (2) collateralized with securities held by the pledging financial institution, or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. As of June 30, 2009, the City's bank balance total of \$1,575,792 was exposed to credit risk in the amount of \$1,075,792 as follows:

Uninsured and collateral held by pledging bank's trust department not in the City's name	\$1,075,792
--	-------------

In accordance with Section 6-10-17, NMSA, 1978 Compilation, the City is required to collateralize an amount equal to one-half of the public money in excess of \$250,000 at each financial institution.

The total balance in any single financial institution may at times exceed the \$250,000 in FDIC coverage available to individual depositors. The City is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account.

Credit Risk - The City has no formal policy on managing credit risk. State law limits investments to United States Government obligations, commercial paper with A-1 or better ratings, corporate bonds with a BBB+ or better rating, asset backed obligations with an AAA or better rating, or repurchase agreements.

**Investments**

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributable to the magnitude of the City's investment in a single issuer. The City's investment policy allows only investments in the State Treasurer's Local Government Investment Pool.

The State Treasurer's Local Government Investment Pool (LGIP) is not SEC registered. The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Section 6-10-10 I through 6-10-10 P and Sections 6-10-10-.1 A and E, NMSA 1978. The investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The New Mexico State Treasurer is responsible for approving all changes in the pledged collateral and monitoring the collateral requirements for all deposits maintained by the State Treasurer. The State Treasurer's office issues separate financial statements which disclose the collateral pledged to secure those deposits.

During the year ending June 30, 2009, the State Treasurers office placed some funds of the City's LGIP investment into a contingency account. The funds are not accessible by the City. The funds may be used to cover losses from the failure of a money market in which the LGIP was invested. The City does not know if the money will be returned.

LGIP does not have unit shares. Per Section 6-10-10.1 F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in this pool is voluntary. The independent auditors' report, together with the financial statements, the accompanying notes to the financial statements, and the independent auditors' report on compliance and internal controls are available from the State Investment Council, 2055 South Pacheco Street, Suite 100, Santa Fe, New Mexico 87505, upon written request.

Interest Rate Risk - Interest rate risk is the risk that interest rate variations may adversely affect the fair value of an investment. The LGIP's weighted average maturity at June 30, 2009 was 25 days.

**3. RECEIVABLES**

Governmental activities receivables consist of the following at June 30, 2009:

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Total Governmental Activities</b>
Taxes	\$ 474,258	\$ -	\$ -	\$ 474,258
Grants	-	19,368	203,911	223,279
Other	<u>88,730</u>	<u>-</u>	<u>-</u>	<u>88,730</u>
Total	<u>\$ 562,988</u>	<u>\$ 19,368</u>	<u>\$ 203,911</u>	<u>\$ 786,267</u>

Business-type receivables are as follows at June 30, 2009:

	<b>Joint Utilities</b>	<b>Housing Authority</b>	<b>Total</b>
Customer receivables	\$ 51,951	\$ 430	\$ 52,381
Total	<u>\$ 51,951</u>	<u>\$ 430</u>	<u>\$ 52,381</u>

**4. ACCRUED LIABILITIES AND OTHER EXPENSES**

Governmental activities accrued liabilities and other expenses are as follows at June 30, 2009:

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Total Governmental Activities</b>
Salaries and payroll taxes	<u>\$ 203,076</u>	<u>\$ 15,718</u>	<u>\$ -</u>	<u>\$ 218,794</u>

Business-type accrued liabilities and other expenses are as follows at June 30, 2009:

	<b>Joint Utilities</b>	<b>Housing Authority</b>	<b>Total</b>
Salaries and payroll taxes	\$ 26,469	\$ 4,395	\$ 30,864
Gross tax receipts	<u>13,648</u>	<u>-</u>	<u>13,648</u>
Total	<u>\$ 40,117</u>	<u>\$ 4,395</u>	<u>\$ 44,512</u>

**5. PROPERTY TAX**

*Property Tax*-A tax is imposed upon all property located within the City limits subject to valuation for property taxation purposes under Article 36, Chapter 7, NMSA 1978. Property tax rates for the calendar year are set no later than September 1 each calendar year by the New Mexico Secretary of Finance and administration. The rates of tax are used by the Dona Ana County assessor to develop the property tax schedule by October 1st. Tax notices are sent by the Dona Ana County treasurer to property owners by November 1st of each year. Taxes are payable in equal semiannual installments by November 10th and April 10th of the subsequent year. Thirty days later the bill becomes delinquent and the county treasurer assesses penalties and interest. Property taxes are attached as an enforceable lien on property as of the first day of each calendar (tax) year. Taxes are collected on behalf of the City by the county treasurer, and are remitted to the City in the month following collection.

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 bond principal and interest in amounts approved by voters of the City. The City's total tax rate to finance general government services for June 30, 2009 was \$2.705 per \$1,000 for non-residential and \$3.191 for residential property.

## 6. CAPITAL ASSETS

*Changes in Capital Assets*-Capital asset activity for the City's primary government for the year ended June 30, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 124,097	\$ -	\$ -	\$ 124,097
Construction in progress	<u>2,839,245</u>	<u>-</u>	<u>-</u>	<u>2,839,245</u>
Total capital assets not being depreciated	<u>2,963,342</u>	<u>-</u>	<u>-</u>	<u>2,963,342</u>
Other capital assets:				
Buildings and improvements	2,673,759	-	-	2,673,759
Land improvements	731,204	-	-	731,204
Furniture, equipment and library books	654,331	68,859	-	723,190
Vehicles	2,327,440	96,403	-	2,423,843
Infrastructure	<u>13,766,897</u>	<u>-</u>	<u>-</u>	<u>13,766,897</u>
Total other capital assets	<u>20,153,631</u>	<u>165,262</u>	<u>-</u>	<u>20,318,893</u>
Less accumulated depreciation for:				
Buildings and improvements	1,054,390	67,616	-	1,122,006
Land improvements	350,255	25,371	-	375,626
Furniture, equipment and library books	367,919	66,970	-	434,889
Vehicles	1,529,275	190,274	-	1,719,549
Infrastructure	<u>11,105,213</u>	<u>198,867</u>	<u>-</u>	<u>11,304,080</u>
Total accumulated depreciation	<u>14,407,052</u>	<u>549,098</u>	<u>-</u>	<u>14,956,150</u>
Total other capital assets, net	<u>5,746,579</u>	<u>(383,836)</u>	<u>-</u>	<u>5,362,743</u>
Governmental Activity Capital Assets, Net	<u>\$ 8,709,921</u>	<u>\$ (383,836)</u>	<u>\$ -</u>	<u>\$ 8,326,085</u>
Business-type activities:				
Capital assets not being depreciated:				
Land and water rights	\$ 2,192,782	\$ -	\$ -	\$ 2,192,782
Construction in progress	<u>5,183,447</u>	<u>-</u>	<u>-</u>	<u>5,183,447</u>
Total capital assets not being depreciated	<u>7,376,229</u>	<u>-</u>	<u>-</u>	<u>7,376,229</u>
Capital assets being depreciated:				
Buildings and improvements	2,904,529	368,833	(51,060)	3,222,302
Land improvements	77,235	-	-	77,235
Vehicles	36,051	-	-	36,051
Equipment	178,337	-	-	178,337
Infrastructure	<u>21,642,122</u>	<u>-</u>	<u>-</u>	<u>21,642,122</u>
Total capital assets being depreciated	<u>24,838,274</u>	<u>368,833</u>	<u>(51,060)</u>	<u>25,156,047</u>
Less accumulated depreciation	<u>4,872,394</u>	<u>520,336</u>	<u>(36,313)</u>	<u>5,356,417</u>
Total capital assets being depreciated, net	<u>19,965,880</u>	<u>(151,503)</u>	<u>(87,373)</u>	<u>19,799,630</u>
Business-type activities capital assets, net	<u>\$ 27,342,109</u>	<u>\$ (151,503)</u>	<u>\$ (87,373)</u>	<u>\$ 27,175,859</u>

**Depreciation Expense**-Depreciation expense was charged to functions of the government as follows, for the year ended 2009:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
General government	\$ 437,058	\$ -
Public safety	50,336	-
Public works	44,922	-
Health and welfare	7,142	-
Culture and recreation	9,640	-
Joint utilities	-	444,678
Housing authority	-	75,658
	<u>                    </u>	<u>                    </u>
Total depreciation expense	<u>\$ 549,098</u>	<u>\$ 520,336</u>

**7. LONG TERM OBLIGATIONS**

Long term liability activity for the year ended June 30, 2009, was as follows:

	<b>Balance June 30, 2008</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2009</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
NM Finance Authority	\$ 69,000	\$ 186,690	\$ (32,236)	\$ 223,454	\$ 46,365
Compensated absences	<u>101,085</u>	<u>-</u>	<u>-</u>	<u>101,085</u>	<u>39,118</u>
Total	<u>\$ 170,085</u>	<u>\$ 186,690</u>	<u>\$ (32,236)</u>	<u>\$ 324,539</u>	<u>\$ 85,483</u>
<b>Business Type Activities:</b>					
Water and Sewer					
Revenue Bonds	\$ 3,269,800	\$ -	\$ (43,000)	\$ 3,226,800	\$ 44,000
NM Environment					
Improvement Division	174,515	-	(28,367)	146,148	28,651
Compensated absences	<u>21,284</u>	<u>7,949</u>	<u>(7,213)</u>	<u>22,020</u>	<u>2,123</u>
Total	<u>\$ 3,465,599</u>	<u>\$ 7,949</u>	<u>\$ (78,580)</u>	<u>\$ 3,394,968</u>	<u>\$ 74,774</u>

The City's leave policy allows employees to accumulate sick leave and vacation leave. Upon termination, any accumulated vacation will be paid to the employee not to exceed 288 hours. Ten percent of the accumulated sick leave is paid upon termination to employees who have accumulated more than five years.

**Governmental Activities Long-Term Debt**

**New Mexico Finance Authority**

On July 20, 1995, the City entered into a \$128,000 loan agreement with the New Mexico Finance Authority to finance the acquisition of equipment for fire protection. The net effective interest rate on the loan agreement is 6.153% and maturing in July 2015. The note is payable in an integral multiple of \$1,000. The loan agreement is secured by the Fire Protection Funds.

On August 15, 2008, the City entered into a \$186,960 loan agreement with the New Mexico Finance Authority to finance the acquisition of four new public works maintenance trucks, a passenger van and one loader backhoe. The net effective interest rate on the loan agreement is 1.8156% and maturing in April 2013. Loan agreement requires \$18,669 to be deposited in a Loan Agreement Reserve Account. The note is payable in monthly payments of \$3,520. The loan agreement is secured by gross receipts tax.

Principal and interest payments to maturity as follows:

<b>Year Ending June 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2010	46,365	6,464	52,829
2011	48,093	3,883	51,976
2012	48,738	4,467	53,205
2013	50,258	3,195	53,453
2014	9,000	1,323	10,323
2015-2016	21,000	567	21,567
Totals	<u>\$ 223,454</u>	<u>\$ 19,899</u>	<u>\$ 243,353</u>

**Business-type Activities Long-Term Debt**

**Water and Sewer Revenue Bonds**

The City of Sunland Park authorized the issuance of 1992 Series A, \$661,100 and Series B, \$177,700, Water System Improvement Revenue Bonds, interest rate of 5.5% for the purpose of securing funds for construction improvements to the water system for the City.

In 2003, the City adopted an amended loan resolution authorizing the issuance of the City of Sunland Park Joint Water and Wastewater System Improvement Revenue Bonds, Series 2002, to FMHA in the amount of \$500,000, interest rate of 4.5%, for the purpose of financing improvements to the City's Joint Water and Wastewater System. The bonds are payable and collectible solely from net revenues to be derived from the operation of the City's Joint Water and Wastewater System. In 2002 and 2003, the City incurred expenditures of \$500,000 which were applied toward the loan proceeds. A grant agreement with RUS was also adopted in March 2001, and authorized in July 16, 2002, in the amount of \$3,311,000 for the improvement of the City's Joint Water and Wastewater System.

In December 2004, the City issued Water and Wastewater System Revenue Bonds, Series 2004, in the amount of \$2,156,000 to finance certain costs incurred by the City in connection with the acquisition by the City of Santa Teresa Service Company ("STSC") assets of the water and wastewater system.

Water and wastewater revenue bonds requirements to maturity are as follows:

<b>Year Ending June 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2010	44,000	152,094	196,094
2011	46,000	149,974	195,974
2012	49,000	147,754	196,754
2013	51,000	145,389	196,389
2014	55,000	142,924	197,924
2015-2019	311,000	672,660	983,660
2020-2024	391,000	590,080	981,080
2025-2029	501,000	485,125	986,125
2030-2034	585,800	351,176	936,976
2034-2039	500,000	225,990	725,990
2040-2044	564,000	104,985	668,985
2045	129,000	5,805	134,805
Totals	<u>\$ 3,226,800</u>	<u>\$ 3,173,956</u>	<u>\$ 6,400,756</u>



**Notes Payable-NM Environment Improvement Division**

On January 1, 1994 the City of Sunland Park borrowed \$483,604 from the New Mexico Environment Improvement Division. The proceeds of the note were used to add transmission lines for the wastewater collection system. The loan was refinanced in August 2001 with new terms. Annual installments of \$30,112, including interest, accrued at 1% per annum, are due through August 1, 2013.

Annual debt service requirements are as follows:

<b>Year Ending June 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2010	28,651	1,461	30,112
2011	28,937	1,175	30,112
2012	29,227	885	30,112
2013	29,609	593	30,202
2014	<u>29,724</u>	<u>297</u>	<u>30,021</u>
Totals	<u>\$ 146,148</u>	<u>\$ 4,411</u>	<u>\$ 150,559</u>

**Operating Lease Income**

The City has entered into an operating lease agreement in which the City, as lessor, leases a building for the purpose of conducting a commercial banking operation in exchange for annual lease payments which are reported as rental income. The initial term of the lease is 5 years commencing April 1, 1996 with renewal options for an additional two 5-year lease terms with terms and conditions remaining the same until March 31, 2011. Total rent for the initial term and for any subsequent terms is \$5,000 per year.

At June 30, 2009, the minimum future lease payments due under the operating lease are as follows:

<b>Year Ending June 30:</b>	<b>Total</b>
2010	\$ 5,000
2011	<u>3,750</u>
Totals	<u>\$ 8,750</u>

**8. INTERFUND RECEIVABLES, PAYABLES, TRANSFERS**

The composition of interfund balances as of June 30, 2009, is as follows:

**Due to / from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	Amount
Nonmajor governmental	General fund	\$ 1,466,201
General fund	Enterprise fund - Housing Authority	68,869
General fund	Enterprise fund - Joint Utilities	125,862
General fund	Nonmajor governmental	710,579
Nonmajor governmental	Nonmajor governmental	1,391,596
Enterprise fund - Housing Authority	General fund	1,094
Enterprise fund - Joint Utilities	General fund	32,438
Border crossing	General fund	28,148

The outstanding balances between funds result mainly from the time lag between the dates that the payments between funds are made.

The amounts payable relate primarily to capital improvement projects in the governmental funds.

**Interfund transfers**

<b>General Fund</b>	<b>Enterprise Fund - General Joint Utilities</b>	<b>Total</b>
Transfers In:		
\$ <u>          -</u>	\$ <u>      94,612</u>	\$ <u>      94,612</u>
Transfers Out:		
\$ <u>      94,612</u>	\$ <u>                  -</u>	\$ <u>      94,612</u>

Transfers are used to move unrestricted fund revenues to supplement other funds sources for joint utilities and various programs that the City must account for in other governmental funds in accordance with budgetary authorizations, including amounts provided as matching funds for grant programs.

**9. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

*Plan Description* - Substantially all of the City’s full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA’s website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

*Funding Policy* - Plan members are required to contribute 9.15% of their gross salary. The City is required to make a matching contribution of 9.15% of the gross covered salary. The contribution requirements of plan members and the City are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The City’s contributions to PERA for the fiscal years ending June 30, 2009, 2008 and 2007 were \$173,738, \$207,235, and \$201,319, respectively, which

equal the amount of the required contributions for each fiscal year.

#### **10. DEFERRED COMPENSATION PLAN**

The City offers its employees, that were employed before the adoption of the State plan, a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. Employees of the City who are participating in the plan had the option of remaining in the plan or moving into the State plan. Several employees made the election to remain in the 457 plan. The elected officials of the City have also elected to stay in the 457 plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all the income attributable to those amounts, property, or rights are solely the property and rights of the plan participants. The City has three participants in the plan as of June 30, 2009, the covered participants are required to contribute 7 percent of their gross salary to the plan. The City contributes a required matching contribution of 7 percent of gross salaries. Total employee and employer contributions were \$30,965 for the year ended June 30, 2009.

#### **11. POST EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN**

Plan Description - The City contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy - The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-IS NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2008, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary.

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals. The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The City's contributions to the RHCA for the years ended June 30, 2009, 2008, and 2007 were \$16,961, \$18,988 and \$30,011, respectively, which equal the required contributions for each year.

## **12. 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 to employees; and natural disasters. The City had joined together with other municipalities in the State and obtained insurance through the New Mexico Self Insurer's Fund, public entity risk pool currently operating as a common risk management and insurance program for state governments. The City pays semi-annual premiums to New Mexico Self Insurer's Fund for its general insurance coverage and all risks of loss is transferred.

## **13. OPERATING SUBSIDIES**

The Public Housing Authority receives operating subsidy funding from HUD under the Performance Funding System and the amount is calculated on HUD Form 52723. After the end of each year; the amount of utilities, rent shortfall, and targeted invested income estimated for the initial operating subsidy calculation are adjusted to actual. If the estimated utility expenses are higher than actual, the difference is returned to HUD. If the actual investment income is more than targeted investment income, the difference is also returned to HUD. If there is a rent shortfall, HUD will increase the amount due to the Public Housing Authority.

## **14. ECONOMIC DEPENDENCY**

Substantially all revenues of the Public Housing Authority are received from programs directed by the United States Department of Housing and Urban Development. Receipt of these funds is contingent upon the Public Housing Authority's continued compliance with the grant provisions and the maintenance of the grant programs by the United States Department of Housing and Urban Development.

## **15. CONTINGENCIES**

The City receives financial assistance from federal and state grants and entitlements. Amounts received, or receivable, from grantor agencies are subject to audit and adjustment by grantor agencies. The City believes that liabilities resulting from disallowed amounts will not have a material effect on the City's financial statements.

The City is a defendant in various lawsuits, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, alleged breaches of contract, improper bidding proceedings, and other alleged violations of state and federal laws. There is a reasonable possibility of a maximum liability of the City of \$250,000. Certain claims have been adjudicated against the City, but remained unpaid as of June 30, 2009. The City has accrued a liability of \$17,648 for the payment of such claims. This amount is reported in the General Fund.

**16. EXPENDITURES BEYOND APPROPRIATIONS**

Individual funds with deficit fund balances at June 30, 2009 are as follows:

	<b>Deficit Fund Balance/ Net Assets</b>
General Fund	\$ 4,505
Special Revenue - Fire Protection	1,628
Special Revenue - Health Facility	5,428
Special Revenue - Dona Ana County Grant	1,000
Special Revenue - New Mexico Beautification	17,269
Special Revenue - Child and Family Program	49,288
Special Revenue - Traffic Safety	22,038
Special Revenue - Paso del Norte Walk Path	342,597
Special Revenue - Operation Safe Border	5,058
Capital Project - CDBG Fire/Police Sub-station	316,923
Capital Project - La Clinica de Familia	696
Capital Project - Crawford Anapra Road	284,872
Capital Project - City Sidewalk Improvement	43,655
Capital Project - Community Park Improvement	19,216

Management expects fund balance deficits will be eliminated through increased general fund appropriations.

The following funds over-expended budgeted amounts at June 30, 2009 as follows:

<b>Fund</b>	<b>Budgeted Expenditures</b>	<b>Actual Expenditures</b>	<b>Excess Expenditures</b>
General Fund	\$ 4,193,420	\$ 4,251,621	\$ (58,201)
Special Revenue - Fire Protection	142,359	146,860	(4,501)
Special Revenue - Emergency Medical Services	8,000	8,058	(58)
Capital Projects- Municipal Road	-	326,610	(326,610)
Joint Utilities	3,069,433	3,358,592	(289,159)
Housing Authority	500,444	542,286	(41,842)

In addition, the City budgeted a deficit for the following funds:

<b>Fund</b>	<b>Budgeted Deficit</b>
Special Revenue - Paso del Norte Walk Path	\$ 58,711
Capital Project - CDBG Fire/Police Sub-station	100,000

The County has implemented procedures to ensure compliance in the future.

**17. RESTATEMENT**

Certain errors resulting in an understatement of previously reported investments were discovered during the current year. Accordingly, an adjustment of \$99,482 was made during fiscal year ending June 30, 2009 to increase investments as of the beginning of the year. A corresponding entry was made to increase previously reported net assets by \$99,482.

## CITY OF SUNLAND PARK, NEW MEXICO

### Description of Nonmajor Governmental Funds

#### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The special revenue funds are as follows:

Fire Protection Fund - State Statutes Section 59-15 provides that revenues accumulated by the State from taxes on fire and vehicle insurance companies and deposited in the fire protection fund be distributed to local public bodies for the operation, betterment, and maintenance of the local fire departments. This fund is used to account for the operations of the City's fire protection agency. Expenses do not include personnel costs (NMSA 59A-53-1).

Juvenile Recreation Fund - State Statutes Section 7-12 provides for the distribution of funds from the State, County, and Municipality Recreation Fund (supported by cigarette taxes) to municipalities for the recreational facilities and salaries of instructors and other employees necessary to the operation of such facilities. This fund is used to account for the receipt and disbursement of these monies (NMSA 1978, Section 721-1 through 7-12-17).

Emergency Medical Services Fund - State Statutes Section 24-10A provides for the distribution of funds from the State Emergency Medical Services Fund to local public bodies for the purchase, repair, and maintenance of rescue units, ambulance vehicles, emergency equipment, and communications equipment. This fund is used to account for the receipt and disbursement of these monies (NMSA 24-10A-1 to 24-10A-10).

Correctional Fund - To account for care of prisoners' expenditures not included in the General Fund. Financing is provided by fees collected by the Municipal Judge (NMSA 1978, Section 35-14-11 and City Council ordinance).

Law Enforcement Fund - State Statutes Section 29-13 provides for the distribution of funds from the State Law Enforcement Protection Fund to municipal and county police and sheriff departments for the maintenance and improvement of those departments in order to enhance the efficiency and effectiveness of law enforcement services provided. This fund is used to account for specific law enforcement expenditures not included in the general fund. Financing is provided by a state allotment and can only be used for law enforcement equipment and personnel training (NMSA 1978, Section 29-13-4.A).

Health Facility Fund - To account for federal funds used for the construction of a new addition to the Sunland Park Public Health Office. Funds were provided by federal grants passed through the New Mexico Department of Health. Authorized by federal regulation CFDA 10.557. The project is completed.

Court Automation Fund - This fund was established by legislation to assist municipal courts in the cost associated with the automation requirements.

Dona Ana County Grant Fund - This fund is to account for the grant from Dona Ana County for expenditures incurred for Anapra Park Improvements.

New Mexico Beautification Fund - This fund is to account for the grant from the New Mexico State Highway and Transportation Department for expenditures incurred for aid and litter control and beautification projects (NMSA 67-16-1 to 67-16-14).

Community Oriented Policing Services (COPS) Federal Fund - To account for the grant from the U.S. Department of Justice for the purposes of hiring or rehiring law enforcement officers to address crime and related problems through community policing (Title I-Omnibus Crime Control and Safe Streets Act of 1968). CFDA 16.710.

Child and Family Program Fund - To account for state grant program fund from the Children, Youth and Families

Department, that are used to provide family intervention and preschool opportunities for children living in Sunland Park, New Mexico. Authorized by City Resolution.

Traffic Safety Fund - To account for the grant from the Traffic Safety Bureau of the New Mexico State Highway and Transportation Department for expenditures of enforcement of traffic safety laws (NMSA 66-8-130-A).

Paso Del Norte Walk Path - To account for the development of a walk path for the community of the City of Sunland Park. Funds are provided by local grants.

H.I.D.T.A. Fund - To account for receipts and disbursements of funds of the Federal High Intensity Drug Trafficking Area Grants (Anti-Drug Abuse Act of 1988, P.L. 101-509-3-A).

Federal Equitable Sharing Fund - To account for federal funds from federally forfeited cash, property and proceeds to be used for law enforcement purposes.

911 Rural Addressing Fund - To account for receipts and disbursements of funds of the Congestion, Mitigation, and Air Quality ("CMAQ") funding from the State of New Mexico for public transportation for the City of Sunland Park's citizens.

Operation Safe Border - To account for state grant program fund from the State of New Mexico that are used to provide improvements to the enforcement efforts of illegal border crossings.

## **CAPITAL PROJECTS FUNDS**

The Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. The Capital Projects Funds are as follows:

CDBG Fire/Police Sub-station - To account for federal grant (CDBG) revenues and expenditures for Fire/Police Sub-station structure for housing emergency vehicles and for two offices, one for the Fire Department and one for the Police Department. CFDA 14.228

Municipal (Local Government) Road Fund - To account for all resources used for the resurfacing and renovation of municipal streets. Funds are provided primarily from state grants and gasoline tax.

Street Lighting Phase II Fund - To account for the design, purchase and construction of the street lighting projects within the city limits. Funds are provided by state appropriations and state grants.

Sports (Municipal) Complex - To account for the development of Recreational Facilities for the community of the City of Sunland Park. Funds are provided by State and local appropriations.

Red Mender - To account for the development of a park for the community of the City of Sunland Park. Funds are provided by State appropriations.

Guy Keating - To account for the development of a drainage system and paving of roads for the Guy Keating subdivision.

La Clinica De Familia - To account for the improvements to the parking area at La Clinica de Familia at the Sunland Park Medical and Dental Clinic.

Library - To account for the acquisition of library books for the Community Library of the City of Sunland Park. Funds are provided by State appropriations.

Crawford Anapra Road - To account for state grant revenues and expenditures to plan, design and construct

improvements to streets in the City and Dona Ana County, and to Crawford road and Santa Teresa drive in the City and Dona Ana County.

City Sidewalk Improvement and Entrance - To account for funds received under the State of New Mexico Legislature appropriations for plan,design, and construction of sidewalk improvements in the City and Dona Ana County.

Community Park Improvements - To account for the development of Recreational Facilities for the community of the City of Sunland Park. Funds are provided by State and local appropriations.



CITY OF SUNLAND PARK, NEW MEXICO

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 183,363	\$ 41,927	\$ 225,290
Receivables, net of allowance for uncollectibles			
Intergovernmental	19,368	151,543	170,911
Internal balances	<u>795,743</u>	<u>2,062,054</u>	<u>2,857,797</u>
Total assets	<u>\$ 998,474</u>	<u>\$ 2,255,524</u>	<u>\$ 3,253,998</u>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Accounts payable	\$ -	\$ 104,596	\$ 104,596
Cash overdraft	390,171	727,817	1,117,988
Accrued liabilities and other expenses	15,718	-	15,718
Internal balances	<u>665,912</u>	<u>1,436,263</u>	<u>2,102,175</u>
Total liabilities	<u>1,071,801</u>	<u>2,268,676</u>	<u>3,340,477</u>
<b>FUND BALANCES:</b>			
Reserved for capital project funds	-	(13,152)	(13,152)
Reserved for special revenues funds	<u>(73,327)</u>	<u>-</u>	<u>(73,327)</u>
Total net assets	<u>(73,327)</u>	<u>(13,152)</u>	<u>(86,479)</u>
Total net assets and fund balances	<u>\$ 998,474</u>	<u>\$ 2,255,524</u>	<u>\$ 3,253,998</u>

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND  
BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES:</b>			
State shared taxes	\$ -	358,679	\$ 358,679
Intergovernmental	563,429	111,400	674,829
Fines and forfeitures	40,957	-	40,957
Miscellaneous	273,882	-	273,882
Total revenues	<u>878,268</u>	<u>470,079</u>	<u>1,348,347</u>
<b>EXPENDITURES:</b>			
Current:			
Public safety	237,928	-	237,928
Culture and recreation	1,001,932	-	1,001,932
Capital outlay	-	716,810	716,810
Total expenses	<u>1,239,860</u>	<u>716,810</u>	<u>1,956,670</u>
Excess (deficiency) of revenues over expenditures	(361,592)	(246,731)	(608,323)
<b>OTHER FINANCING SOURCES:</b>			
Transfers in (out)	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(361,592)</u>	<u>(246,731)</u>	<u>(608,323)</u>
Fund balances, beginning of year	<u>288,265</u>	<u>233,579</u>	<u>521,844</u>
Fund balances, end of year	<u>\$ (73,327)</u>	<u>\$ (13,152)</u>	<u>\$ (86,479)</u>

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2009

	Fire Protection Fund	Juvenile Recreation Fund	Emergency Medical Services Fund	Correctional Fund	Law Enforcement Fund	Health Facility Fund	Court Automation Fund	Dona Ana County Grant
<b>ASSETS:</b>								
Cash	\$ 9,736	\$ -	\$ 1,749	\$ 55,302	\$ 226	\$ 4,372	\$ 18,313	\$ -
Intergovernmental receivable	-	-	-	-	-	-	-	-
Due from other funds	<u>373,156</u>	<u>134,693</u>	<u>13,058</u>	<u>102,590</u>	<u>32,000</u>	<u>-</u>	<u>23,980</u>	<u>-</u>
Total assets	<u>\$ 382,892</u>	<u>\$ 134,693</u>	<u>\$ 14,807</u>	<u>\$ 157,892</u>	<u>\$ 32,226</u>	<u>\$ 4,372</u>	<u>\$ 42,293</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE:</b>								
Liabilities:								
Cash overdraft	\$ -	\$ 14,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities and other expenses	-	-	-	-	-	9,800	51	-
Due to other funds	<u>384,520</u>	<u>78,427</u>	<u>-</u>	<u>23,665</u>	<u>30,148</u>	<u>-</u>	<u>17,044</u>	<u>1,000</u>
Total liabilities	<u>384,520</u>	<u>92,577</u>	<u>-</u>	<u>23,665</u>	<u>30,148</u>	<u>9,800</u>	<u>17,095</u>	<u>1,000</u>
Fund Balance:								
Reserved for special revenue funds	<u>(1,628)</u>	<u>42,116</u>	<u>14,807</u>	<u>134,227</u>	<u>2,078</u>	<u>(5,428)</u>	<u>25,198</u>	<u>(1,000)</u>
Total fund balance	<u>(1,628)</u>	<u>42,116</u>	<u>14,807</u>	<u>134,227</u>	<u>2,078</u>	<u>(5,428)</u>	<u>25,198</u>	<u>(1,000)</u>
Total liabilities and fund balances	<u>\$ 382,892</u>	<u>\$ 134,693</u>	<u>\$ 14,807</u>	<u>\$ 157,892</u>	<u>\$ 32,226</u>	<u>\$ 4,372</u>	<u>\$ 42,293</u>	<u>\$ -</u>

(Continued)

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2009

	New Mexico Beautification Fund	COPS Federal Funds	Child and Family Program Fund	Traffic Safety Fund	Paso Del Norte Walk Path Fund	HIDTA Fund	Federal Equitable Sharing Fund	911 Rural Addressing Fund
<b>ASSETS:</b>								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,256	\$ 10,409
Intergovernmental receivable	-	-	12,705	-	-	-	6,663	-
Due from other funds	-	46,930	64,041	-	-	5,295	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 46,930</b>	<b>\$ 76,746</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,295</b>	<b>\$ 89,919</b>	<b>\$ 10,409</b>
<b>LIABILITIES AND FUND BALANCE:</b>								
Liabilities:								
Cash overdraft	\$ -	\$ -	\$ 29,312	\$ 18,877	\$ 327,832	\$ -	\$ -	\$ -
Accrued liabilities and other expenses	-	-	5,480	387	-	-	-	-
Due to other funds	17,269	-	91,242	2,774	14,765	-	-	-
<b>Total liabilities</b>	<b>17,269</b>	<b>-</b>	<b>126,034</b>	<b>22,038</b>	<b>342,597</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balance:								
Reserved for special revenue funds	(17,269)	46,930	(49,288)	(22,038)	(342,597)	5,295	89,919	10,409
<b>Total fund balance</b>	<b>(17,269)</b>	<b>46,930</b>	<b>(49,288)</b>	<b>(22,038)</b>	<b>(342,597)</b>	<b>5,295</b>	<b>89,919</b>	<b>10,409</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 46,930</b>	<b>\$ 76,746</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,295</b>	<b>\$ 89,919</b>	<b>\$ 10,409</b>

(Continued)

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2009

---

	Operation Safe Border	Total
<b>ASSETS:</b>		
Cash	\$ -	\$ 183,363
Intergovernmental receivable	-	19,368
Due from other funds	<u>-</u>	<u>795,743</u>
Total assets	<u>\$ -</u>	<u>\$ 998,474</u>
<b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Cash overdraft	\$ -	\$ 390,171
Accrued liabilities and other expenses	-	15,718
Due to other funds	<u>5,058</u>	<u>665,912</u>
Total liabilities	<u>5,058</u>	<u>1,071,801</u>
Fund Balance:		
Reserved for special revenue funds	<u>(5,058)</u>	<u>(73,327)</u>
Total fund balance	<u>(5,058)</u>	<u>(73,327)</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 998,474</u>

(Concluded)

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2009

	Fire Protection Fund	Juvenile Recreation Fund	Emergency Medical Services Fund	Correctional Fund	Law Enforcement Fund	Health Facility Fund	Court Automation Fund	Dona Ana County Grant
Revenues:								
Intergovernmental	\$ 131,211	\$ -	\$ -	\$ -	\$ 32,000	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	40,957	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>131,211</u>	<u>-</u>	<u>-</u>	<u>40,957</u>	<u>32,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:								
Current								
Public safety	146,860	-	8,058	48,850	34,160	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	<u>146,860</u>	<u>-</u>	<u>8,058</u>	<u>48,850</u>	<u>34,160</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(15,649)</u>	<u>-</u>	<u>(8,058)</u>	<u>(7,893)</u>	<u>(2,160)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>(15,649)</u>	<u>-</u>	<u>(8,058)</u>	<u>(7,893)</u>	<u>(2,160)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<u>14,021</u>	<u>42,116</u>	<u>22,865</u>	<u>142,120</u>	<u>4,238</u>	<u>(5,428)</u>	<u>25,198</u>	<u>(1,000)</u>
Fund balance, end of year	<u>\$ (1,628)</u>	<u>\$ 42,116</u>	<u>\$ 14,807</u>	<u>\$ 134,227</u>	<u>\$ 2,078</u>	<u>\$ (5,428)</u>	<u>\$ 25,198</u>	<u>\$ (1,000)</u>

(Continued)

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2009

	New Mexico Beautification Fund	COPS Federal Funds	Child and Family Program Fund	Traffic Safety Fund	Paso Del Norte Walk Path Fund	HIDTA Fund	Federal Equitable Sharing Fund	911 Rural Addressing Fund
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 400,218	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	273,882	-	-	-
Total revenues	-	-	-	-	674,100	-	-	-
Expenditures:								
Current								
Public safety	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	1,001,932	-	-	-
Total expenditures	-	-	-	-	1,001,932	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-	(327,832)	-	-	-
Net changes in fund balance	-	-	-	-	(327,832)	-	-	-
Fund balance, beginning of year	(17,269)	46,930	(49,288)	(22,038)	(14,765)	5,295	89,919	10,409
Fund balance, end of year	<u>\$ (17,269)</u>	<u>\$ 46,930</u>	<u>\$ (49,288)</u>	<u>\$ (22,038)</u>	<u>\$ (342,597)</u>	<u>\$ 5,295</u>	<u>\$ 89,919</u>	<u>\$ 10,409</u>

(Continued)

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2009

---

	Operation Safe Border	Total
Revenues:		
Intergovernmental	\$ -	\$ 563,429
Fines and forfeitures	-	40,957
Miscellaneous	<u>-</u>	<u>273,882</u>
Total revenues	<u>-</u>	<u>878,268</u>
Expenditures:		
Current		
Public safety	-	237,928
Culture and recreation	<u>-</u>	<u>1,001,932</u>
Total expenditures	<u>-</u>	<u>1,239,860</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(361,592)</u>
Net changes in fund balance	<u>-</u>	<u>(361,592)</u>
Fund balance, beginning of year	<u>(5,058)</u>	<u>288,265</u>
Fund balance, end of year	<u>\$ (5,058)</u>	<u>\$ (73,327)</u>

(Concluded)

See accompanying notes to financial statements.



CITY OF SUNLAND PARK, NEW MEXICO

**FIRE PROTECTION FUND  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 135,580	\$ 135,580	\$ 131,211	\$ (4,369)
Total revenues	<u>135,580</u>	<u>135,580</u>	<u>131,211</u>	<u>(4,369)</u>
EXPENDITURES:				
Current:				
Public safety	<u>142,359</u>	<u>142,359</u>	<u>146,860</u>	<u>(4,501)</u>
Total expenditures	<u>142,359</u>	<u>142,359</u>	<u>146,860</u>	<u>(4,501)</u>
Excess (deficiency) of revenues over expenditures	(6,779)	(6,779)	(15,649)	(8,870)
Cash balance, beginning of year	<u>25,385</u>	<u>25,385</u>	<u>25,385</u>	<u>-</u>
Cash balance, end of year	<u>\$ 18,606</u>	<u>\$ 18,606</u>	<u>\$ 9,736</u>	<u>\$ (8,870)</u>

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

**JUVENILE RECREATION FUND  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State shared taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
Culture and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES:				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

EMERGENCY MEDICAL SERVICES FUND  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public safety	8,000	8,000	8,058	(58)
Total expenditures	8,000	8,000	8,058	(58)
Excess (deficiency) of revenue over expenditures	(8,000)	(8,000)	(8,058)	(58)
Cash balance, beginning of year	9,807	9,807	9,807	-
Cash balance, end of year	<u>\$ 1,807</u>	<u>\$ 1,807</u>	<u>\$ 1,749</u>	<u>\$ (58)</u>

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

**CORRECTIONAL FUND  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Fines and forfeitures	\$ 56,000	\$ 56,000	\$ 40,957	\$ (15,043)
EXPENDITURES:				
Current:				
Public safety	60,000	60,000	48,850	11,150
Total expenditures	60,000	60,000	48,850	11,150
Excess (deficiency) of revenues over expenditures	(4,000)	(4,000)	(7,893)	(3,893)
Cash balance, beginning of year	38,322	38,322	84,320	45,998
Cash balance, end of year	\$ 34,322	\$ 34,322	\$ 76,427	\$ 42,105

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

**LAW ENFORCEMENT FUND  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009**

---

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 32,000	\$ 32,000	\$ 32,000	\$ -
EXPENDITURES:				
Current:				
Public safety	34,386	34,386	34,160	226
Total expenditures	34,386	34,386	34,160	226
Excess (deficiency) of revenues over expenditures	(2,386)	(2,386)	(2,160)	(226)
Cash balance, beginning of year	2,386	2,386	2,386	(226)
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226</u>	<u>\$ (452)</u>

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

HEALTH FACILITY  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State shared taxes	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Health and welfare	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

COURT AUTOMATION  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

---

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

DONA ANA COUNTY

STATEMENT OF REVENUES AND EXPENDITURES

BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State shared taxes	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Culture and recreation	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.



CITY OF SUNLAND PARK, NEW MEXICO

NEW MEXICO BEAUTIFICATION  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State shared taxes	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Culture and recreation	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

COPS FEDERAL GRANT  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

---

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State shared taxes	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Culture and recreation	-	-	-	-
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

CHILD AND FAMILY PROGRAM FUND  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Health and welfare	-	-	-	-
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

TRAFFIC SAFETY FUND  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

PASO DEL NORTE WALK PATH  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 7,693,311	\$ 7,693,311	\$ 400,218	\$ (7,293,093)
Federal grants	15,000	15,000	-	(15,000)
Miscellaneous	<u>94,655</u>	<u>94,655</u>	<u>273,882</u>	<u>179,227</u>
Miscellaneous	<u>7,802,966</u>	<u>7,802,966</u>	<u>674,100</u>	<u>(7,128,866)</u>
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	<u>7,872,797</u>	<u>7,872,797</u>	<u>1,001,932</u>	<u>6,870,865</u>
Total expenditures	<u>7,872,797</u>	<u>7,872,797</u>	<u>1,001,932</u>	<u>6,870,865</u>
Excess (deficiency) of revenues over expenditures	(69,831)	(69,831)	(327,832)	(258,001)
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	<u>11,120</u>	<u>11,120</u>	<u>-</u>	<u>(11,120)</u>
Excess (deficiency) of revenues and other source over expenditures	<u>\$ (58,711)</u>	<u>\$ (58,711)</u>	<u>\$ (327,832)</u>	<u>\$ (269,121)</u>

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

HIGH INTENSITY DRUG TRAFFICKING AREA  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Interest	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public Safety	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Budget to GAAP reconciliation**

Net excess of revenues and other sources over expenditures budgetary basis	\$ -
Change in transfers not budgeted	<u>-</u>
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

FEDERAL EQUITABLE SHARING FUND  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public Safety	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ -	\$ -	\$ -
<b><u>Budget to GAAP reconciliation</u></b>				
Net excess of revenues and other sources over expenditures budgetary basis			\$ -	
Change in transfers not budgeted			-	
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds			\$ -	

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

911 RURAL ADDRESSING  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public Safety	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ -	\$ -	\$ -

**Budget to GAAP reconciliation**

Net excess of revenues and other sources over expenditures budgetary basis	\$ -
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	\$ -

See accompanying notes to financial statements.



CITY OF SUNLAND PARK, NEW MEXICO

OPERATION SAFE BORDER  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public Safety	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ -	\$ -	\$ -
<b><u>Budget to GAAP reconciliation</u></b>				
Net excess of revenues and other sources over expenditures budgetary basis			\$ -	
Change in transfers not budgeted			-	
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds			\$ -	

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2009

	CDBG Fire-Police Substation	Municipal Road Fund	Street Phase II Fund	Sports Complex	Red Mender	Guy Keating	La Clinica De Familia
<b>ASSETS:</b>							
Cash	\$ -	\$ 3,307	\$ -	\$ -	\$ -	\$ 38,620	\$ -
Intergovernmental receivable	98,419	2,730	-	50,051	-	-	-
Due from other funds	<u>308,592</u>	<u>110,967</u>	<u>389,701</u>	<u>501,605</u>	<u>645,555</u>	<u>50,540</u>	<u>52,084</u>
Total assets	<u>\$ 407,011</u>	<u>\$ 117,004</u>	<u>\$ 389,701</u>	<u>\$ 551,656</u>	<u>\$ 645,555</u>	<u>\$ 89,160</u>	<u>\$ 52,084</u>
<b>LIABILITIES AND FUND BALANCE:</b>							
Liabilities:							
Accounts payable	\$ 98,046	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash overdraft	320,278	-	-	75,521	-	-	-
Due to other funds	<u>305,610</u>	<u>-</u>	<u>380,194</u>	<u>-</u>	<u>644,726</u>	<u>40,425</u>	<u>52,780</u>
Total liabilities	<u>723,934</u>	<u>-</u>	<u>380,194</u>	<u>75,521</u>	<u>644,726</u>	<u>40,425</u>	<u>52,780</u>
Fund Balance:							
Reserved for Capital Projects Funds	<u>(316,923)</u>	<u>117,004</u>	<u>9,507</u>	<u>476,135</u>	<u>829</u>	<u>48,735</u>	<u>(696)</u>
Total liabilities and fund balances	<u>\$ 407,011</u>	<u>\$ 117,004</u>	<u>\$ 389,701</u>	<u>\$ 551,656</u>	<u>\$ 645,555</u>	<u>\$ 89,160</u>	<u>\$ 52,084</u>

(Continued)

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2009

	Library	Crawford Anapra Road	City Sidewalk Improvement	Community Park Improvements	Total
<b>ASSETS:</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ 41,927
Intergovernmental receivable	-	343	-	-	151,543
Due from other funds	<u>3,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,062,054</u>
Total assets	<u>\$ 3,010</u>	<u>\$ 343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,255,524</u>
<b>LIABILITIES AND FUND BALANCE:</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 6,550	\$ 104,596
Cash overdraft	-	275,697	43,655	12,666	727,817
Due to other funds	<u>3,010</u>	<u>9,518</u>	<u>-</u>	<u>-</u>	<u>1,436,263</u>
Total liabilities	<u>3,010</u>	<u>285,215</u>	<u>43,655</u>	<u>19,216</u>	<u>2,268,676</u>
Fund Balance:					
Reserved for Capital Projects Funds	<u>-</u>	<u>(284,872)</u>	<u>(43,655)</u>	<u>(19,216)</u>	<u>(13,152)</u>
Total liabilities and fund balances	<u>\$ 3,010</u>	<u>\$ 343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,255,524</u>

(Concluded)

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2009

	CDBG Fire-Police Substation	Municipal Road Fund	Street Phase II Fund	Sports Complex	Red Mender	Guy Keating	La Clinica De Familia
Revenues:							
State shared taxes	\$ -	\$ 358,679	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	<u>111,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>111,400</u>	<u>358,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:							
Current							
Capital outlay	<u>390,200</u>	<u>326,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(278,800)</u>	<u>32,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>(278,800)</u>	<u>32,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<u>(38,123)</u>	<u>84,935</u>	<u>9,507</u>	<u>476,135</u>	<u>829</u>	<u>48,735</u>	<u>(696)</u>
Fund balance, end of year	<u>\$ (316,923)</u>	<u>\$ 117,004</u>	<u>\$ 9,507</u>	<u>\$ 476,135</u>	<u>\$ 829</u>	<u>\$ 48,735</u>	<u>\$ (696)</u>

(Continued)

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2009

	Library	Crawford Anapra Road	City Sidewalk Improvement	Community Park Improvements	Total
Revenues:					
State shared taxes	\$ -	\$ -	\$ -	\$ -	\$ 358,679
Intergovernmental	-	-	-	-	111,400
Total revenues	-	-	-	-	470,079
Expenditures:					
Current					
Capital outlay	-	-	-	-	716,810
Excess (deficiency) of revenues over expenditures	-	-	-	-	(246,731)
Net changes in fund balance	-	-	-	-	(246,731)
Fund balance, beginning of year	-	(284,872)	(43,655)	(19,216)	233,579
Fund balance, end of year	\$ -	\$ (284,872)	\$ (43,655)	\$ (19,216)	\$ (13,152)

(Concluded)

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

**CDBG FIRE POLICE SUBSTATION  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
State Grants	\$ 108,987	\$ 108,987	\$ -	\$ (108,987)
Intergovernmental	<u>1,500,000</u>	<u>1,500,000</u>	<u>111,400</u>	<u>(1,388,600)</u>
Total revenues	<u>1,608,987</u>	<u>1,608,987</u>	<u>111,400</u>	<u>(1,497,587)</u>
<b>EXPENDITURES:</b>				
Current:				
Capital outlay	<u>1,780,592</u>	<u>1,780,592</u>	<u>390,200</u>	<u>1,390,392</u>
Total expenditures	<u>1,780,592</u>	<u>1,780,592</u>	<u>390,200</u>	<u>1,390,392</u>
Excess (deficiency) of revenues over expenditures	(171,605)	(171,605)	(278,800)	107,195
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	<u>71,605</u>	<u>71,605</u>	<u>-</u>	<u>(71,605)</u>
Excess (deficiency) of revenues and other source over expenditures	(100,000)	(100,000)	(278,800)	35,590
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	<u>\$ (278,800)</u>	<u>\$ 35,590</u>

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

MUNICIPAL ROAD

STATEMENT OF REVENUES AND EXPENDITURES

BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State share taxes	\$ -	\$ -	\$ 358,679	\$ 358,679
EXPENDITURES:				
Current:				
Capital outlay	-	-	326,610	(326,610)
Total expenditures	-	-	326,610	(326,610)
Excess (deficiency) of revenues over expenditures	-	-	32,069	32,069
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	\$ -	\$ -	\$ 32,069	\$ 32,069

**Budget to GAAP reconciliation**

Net excess of revenues and other sources over expenditures budgetary basis	\$ 32,069
Difference in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	<u>\$ 32,069</u>

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

STREET PHASE II

STATEMENT OF REVENUES AND EXPENDITURES

BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.



CITY OF SUNLAND PARK, NEW MEXICO

SPORTS COMPLEX

STATEMENT OF REVENUES AND EXPENDITURES

BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

RED MENDER

STATEMENT OF REVENUES AND EXPENDITURES

BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State share taxes	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

GUY KEATING  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State share taxes	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

LA CLINICA DE FAMILIA  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State share taxes	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

LIBRARY

STATEMENT OF REVENUES AND EXPENDITURES

BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State share taxes	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

CRAWFORD ANAPRA ROAD  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State share taxes	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

CITY SIDEWALK IMPROVEMENT  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State share taxes	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

COMMUNITY PARK IMPROVEMENTS  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.



CITY OF SUNLAND PARK, NEW MEXICO

**BORDER CROSSING FUND**

**STATEMENT OF REVENUES AND EXPENDITURES**

**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS**

**FOR THE YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State share taxes	\$ 441,975	\$ 441,975	\$ 138,228	\$ (303,747)
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	441,975	441,975	138,228	(303,747)
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	\$ 441,975	\$ 441,975	\$ 138,228	\$ (303,747)

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

JOINT UTILITIES FUND  
 STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>OPERATING REVENUES:</b>				
Joint utilities sales	\$ 3,246,023	\$ 3,246,023	\$ 2,991,401	\$ (254,622)
Other operating revenues	163,565	163,565	127,490	(36,075)
Total operating revenues	<u>3,409,588</u>	<u>3,409,588</u>	<u>3,118,891</u>	<u>(290,697)</u>
<b>OPERATING EXPENSES:</b>				
Personnel services	1,473,338	1,473,338	1,841,845	(368,507)
Professional services	1,596,095	1,596,095	1,491,511	104,584
Operating expenses	-	-	25,236	(25,236)
Total operating expenses	<u>3,069,433</u>	<u>3,069,433</u>	<u>3,358,592</u>	<u>(289,159)</u>
Operating income (loss)	<u>340,155</u>	<u>340,155</u>	<u>(239,701)</u>	<u>(579,856)</u>
<b>Nonoperating revenues (expenses)</b>				
Gross receipts tax	235,961	235,961	156,613	(79,348)
Interest expense	-	-	(158,691)	(158,691)
Total nonoperating revenue (expenses)	<u>235,961</u>	<u>235,961</u>	<u>(2,078)</u>	<u>(238,039)</u>
Net income (loss) before transfers	576,116	576,116	(241,779)	(817,895)
Operating transfers, net	<u>33,256</u>	<u>33,256</u>	<u>94,612</u>	<u>61,356</u>
Net income (loss)	<u>\$ 609,372</u>	<u>\$ 609,372</u>	<u>\$ (147,167)</u>	<u>\$ (756,539)</u>
Excess revenues and other sources over expenses GAAP basis			\$ (591,845)	
Increases (decreases):				
Revenue accruals, net			-	
(Increases) decreases:				
Expenses accruals, net			-	
Depreciation expense			444,678	
Capital Outlay			-	
Excess of revenues over expenses and other sources, Non-GAAP budgetary basis			<u>\$ (147,167)</u>	

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

**HOUSING AUTHORITY FUND  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>OPERATING REVENUES:</b>				
Rental income	\$ 76,650	\$ 76,650	\$ 101,970	\$ 25,320
HUD Subsidy	102,567	102,567	158,353	55,786
Other revenue	800	800	-	(800)
Total operating revenues	<u>180,017</u>	<u>180,017</u>	<u>260,323</u>	<u>80,306</u>
<b>OPERATING EXPENSES:</b>				
Personnel services	100,550	100,550	86,825	13,725
Operating expenses	104,003	104,003	86,628	17,375
Capital outlay	71,605	295,891	368,833	(72,942)
Total operating expenses	<u>276,158</u>	<u>500,444</u>	<u>542,286</u>	<u>(41,842)</u>
Operating loss	<u>(96,141)</u>	<u>(320,427)</u>	<u>(281,963)</u>	<u>38,464</u>
<b>OTHER FINANCING SOURCES:</b>				
Interest revenue	10,000	10,000	5,718	(4,282)
Loss on disposal of assets	-	-	(14,747)	(14,747)
Transfers in	-	-	71,605	71,605
Transfers out	-	-	(71,605)	(71,605)
Total other financing sources	<u>10,000</u>	<u>10,000</u>	<u>(9,029)</u>	<u>(19,029)</u>
Net income (loss)	(86,141)	(310,427)	(290,992)	19,435
Cash balance, beginning of year	<u>302,177</u>	<u>302,177</u>	<u>302,177</u>	<u>-</u>
Cash balance, end of year	<u>\$ 216,036</u>	<u>\$ (8,250)</u>	<u>\$ 11,185</u>	<u>\$ 19,435</u>
Excess revenues and other sources over expenses GAAP basis			\$ 2,591	
Increases (decreases):				
Revenue accruals, net			(408)	
(Increases) decreases:				
Expenses accruals, net			-	
Depreciation expense			75,658	
Capital Outlay			<u>(368,833)</u>	
Excess of revenues over expenses and other sources, Non-GAAP budgetary basis			<u>\$ (290,992)</u>	

See accompanying notes to financial statements.

**OTHER SUPPLEMENTAL INFORMATION**

CITY OF SUNLAND PARK, NEW MEXICO

MOTOR VEHICLE AGENCY FUND  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2009

---

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
ASSETS:				
Cash and cash equivalents	<u>\$ 19,827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,827</u>
LIABILITIES:				
Due to other governmental agency	<u>\$ 19,827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,827</u>

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

SCHEDULE OF DEPOSIT ACCOUNTS

JUNE 30, 2009

Financial Institution/ Account Description	Type of Account	Per Institution	Reconciling Items	Per Financial Statement
Cash on hand		\$ 1,300	\$ -	\$ 1,300
<i>Wells Fargo Bank</i>				
General Operating	Checking	428,243	-	428,243
Border Crossing Account	Saving	246,416	-	246,416
Public Housing	Checking	159,943	-	159,943
Fire Protection	Checking	5,187	-	5,187
Reserve	Checking	122,122	-	122,122
Motor Vehicle	Checking	58,505	-	58,505
Confiscated Assets	Checking	78,736	-	78,736
NMED Replacement	Checking	24,365	-	24,365
Utility Account	Checking	231,606	-	231,606
Debt Service	Checking	41,606	-	41,606
Law Enforcement	Checking	172	-	172
CDBG	Checking	178,891	-	178,891
Unreconciled difference		-	476,366	476,366
Total deposits -non-agency		<u>1,577,092</u>	<u>476,366</u>	<u>2,053,458</u>
<i>NM State Treasurer</i>				
Local Govt' Investment Pool	Investment	<u>12,363,829</u>	<u>-</u>	<u>12,363,829</u>
Total investments		<u>12,363,829</u>	<u>-</u>	<u>12,363,829</u>
Total deposits and investment accounts-non-agency		<u>\$ 13,940,921</u>	<u>\$ 476,366</u>	<u>\$ 14,417,287</u>
Agency Fund Cash Account				
<i>Wells Fargo Bank</i>	Checking	<u>\$ -</u>	<u>\$ 19,827</u>	<u>\$ 19,827</u>

See accompanying notes to financial statements.

**CITY OF SUNLAND PARK, NEW MEXICO**

**SCHEDULE OF PLEDGE COLLATERAL  
JUNE 30, 2009**

---

	<b>Wells Fargo</b>
Deposits at June 30, 2009	\$ 1,575,792
Less: FDIC coverage	<u>500,000</u>
Uninsured public funds	1,075,792
Pledged collateral held by the pledging bank's trust department or agent but not in the City's name	<u>5,400,107</u>
Uninsured and uncollateralized	<u>\$ (4,324,315)</u>
50% pledged collateral requirement per statute	\$ 537,896
Total pledged collateral	<u>5,400,107</u>
Pledged collateral over the requirements	<u>\$ (4,862,211)</u>

Pledged collateral at June 30, 2009 consists of the following:

Security	CUSIP	Maturity	Market Value
FNCL 882693	31409YUS4	6/1/36	<u>\$ 5,400,107</u>
Total			<u>\$ 5,400,107</u>

The custodian of the pledged securities for Wells Fargo Bank is Wells Fargo Bank Safekeeping/Custodial Services in San Francisco, California.

CITY OF SUNLAND PARK, NEW MEXICO

SCHEDULE OF JOINT POWERS AGREEMENTS  
 JUNE 30, 2009

---

Joint Powers Agreement	Participant	Responsible Party	Description	Beginning and Ending Dates	Audit Responsibility	Fiscal agent and responsible reporting entity
Joint Water Operating Authority and Joint Subdivision, Zoning, Planning and Platting Authority	County of Dona Ana City of Sunland Park	County of Dona Ana	Establish an Interim Joint Authority leading to a Joint Water and Wastewater Utility Authority for the purpose of combining the city Water and Wastewater utility facilities	02/24/09, ending in 20 years	Dona Ana County	Dona Ana County



## COMPLIANCE SECTION

**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**

Hector H. Balderas, State Auditor  
and the Mayor and City Council of the  
City of Sunland Park, New Mexico

We were engaged to audit the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparison for the general fund, the combining and individual funds and budgetary comparisons presented as supplementary information of the City of Sunland Park, New Mexico (the "City") as of and for the year ended June 30, 2009, and have issued our report thereon dated April 27, 2011 in which we disclaim our opinions on the financial statements. The limitation in the scope of our audit preclude the conduct of our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses, as items 2002-01, 2003-04, 2002-06, 2003-10, 2003-11, 2002-03, 2002-04, 2008-01, 2008-02, 2008-03, 2008-04, 2008-05, 2008-06, 2008-08, 2008-09, 2009-01, IC 08-01, and CF08-01 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2002-01, 2003-04, 2002-06, 2003-10, and 2003-11, 2002-03, 2002-04, 2008-01, 2008-02, 2008-03, 2008-04, 2008-05, 2008-06, 2008-08, 2008-09, and 2009-01 to be material weaknesses.

### 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*. Items 2008-01, 2008-02, 2008-09, and 2009-01.

We noted certain matters that are required to be reported under *Government Auditing Standards* January 2007 revision paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and responses as items 2002-04 and 2002-03.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Council, the City's management, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*White + Sumaniga + Campbell, LLP*

April 27, 2011  
El Paso, Texas

CITY OF SUNLAND PARK, NEW MEXICO

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2009

---

**I. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS**

A. Reportable Conditions in Internal Control

**2002-01 Insufficient Attention Given to Accounting and Internal Control Process**

**Condition**

An accounting procedures manual was not adopted and policies and procedures that adequately define accounting and reporting responsibilities amount employees responsible for handling assets, liabilities, revenues and expenditures were not documented.

**Criteria**

Failure to implement and follow sound accounting and internal control policies and procedures increases the risk that unauthorized transactions could occur, funds could be inappropriately accounted for, and transactions could be inaccurately recorded and reported.

**Cause**

Inadequate accounting system and employees lack of proper training and supervision.

**Effect**

Employees are not performing the proper accounting procedures to generate reliable financial records that can be utilized for reporting and decision making.

**Recommendation**

Management should continue to monitor that corrective action is being taken and that all audit findings are resolved. Management should document Accounting Department responsibilities, policies and procedures to correct existing deficiencies in the accounting and internal controls environment and to cover situations where personnel are unavailable due to vacation, illness or termination. Because the City is growing rapidly, we recommend that procedures for transaction initiation and processing be formally documented as soon as possible.

Written procedures, instructions, and assignments of duties will also prevent or or reduce misunderstandings, errors inefficient or wasted effort, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. A well-devised accounting manual can help to assure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in a form that management can use to make sound and effective decisions. A good accounting manual should aid in the training of new employees and possibility allow for delegation to other employees of some accounting functions management performs. It will take some time and effort for management to develop a manual; however, that time and effort will be more than offset by time saved in training and supervising accounting personnel. The City has implemented a new accounting software systems which should improve the overall accounting process.

## **Management's Response**

City Management concurs with the finding that all aspects of the City's departments should be clearly documented in an up-to-date procedures manual. The lack of complete written policies and procedures has increased the risk of loss to the City, and disruptions in City operations. A Finance Procedure Manual is currently being written that will clearly describe in an easy-to-use document the internal control policies and procedures; these instructions will be supplemented with detailed policies and procedures related to all financial and accounting activities that the City is engaged in. These written procedures will be viewed as a beneficial training aid; and a valuable resource in the event that a City employee leaves. These manuals and/desk procedures will include sufficient information to permit an individual who is unfamiliar with the operations to perform the necessary financial activities. All City Departments will be encouraged to implement desk procedures manual by fiscal year end.

## **2003-04 Lack of Separation of Duties**

### **Condition**

The same person who records cash receipts, also reconciles the general ledger for all bank accounts, prepares certain deposit slips, transfers funds between accounts, prepares journal entries to correct errors in posting of all transactions and posts the budget on the system. There are no controls in place to ensure separation of duties among employees.

### **Criteria**

A strong system of controls required separation between custody of assets, recording of transactions and authorization of transactions. If a small number of employees does not allow for proper separation of duties, supervisory review can be used to compensate for the lack of separation of duties.

### **Cause**

Separation of duties over cash receipts and disbursements is difficult to achieve in a small office environment.

### **Effect**

Theft or defalcation could occur and remain undetected when proper controls are not in place over cash receipts and disbursements.

### **Recommendation**

Although the City's office staff is small, steps could be taken to separate incompatible duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Internal control is most effective when the bank reconciliation is prepared by someone not responsible for entries in the cash receipt. The person that posts and generates payroll checks should not be the same person that adds new employees to the system and the same person that reconciles payroll cash transactions. Also, the person that posts and reconciles transactions should not be the same person that corrects his or her own errors. Because this difficult to implement with an accounting department of just a few individuals, all of whom are involved in day-to-day record keeping, test reconciliation's should be made periodically by management, who, in addition, should review and approve, in writing, all reconciliation's which he or she does not prepare personally.

## **Management's Response**

The City Finance Department concurs with the finding. City Management is aware that the fundamental element of

internal control is the separation of duties so that an individual cannot perpetuate and conceal errors and irregularities in the normal course of his/her duties. The City Finance Director will perform the following to address the auditor's recommendation:

- Will establish internal controls for the separation of duties within the department and the INCODE System.
- Establishment of review and approval procedures.
- Desk procedures with sufficient information to permit an individual who is unfamiliar with the operations to perform the necessary financial activities will be put into place.
- Establishment of a Finance Procedure Manual (account payable through fixed asset management).
- Establishment of Cash Control Policies.

## **2002-06 Accounting for Grants**

### **Condition**

The Grant Department has implemented procedures to track cash receipts and disbursements for most grants but there is no system in place to record revenues and expenses accrued and to agree the amounts submitted for grant reimbursement to the amounts recorded in the cash basis general ledger listing. The departments that are receiving funding from granting agencies prepare reports without reconciling the data to the general ledger.

### **Criteria**

Generally accepted accounting principles for reimbursable type grants require that revenues equal expenses for each accounting period. This is achieved through the recording of grant receivables or deferred revenue, as appropriate.

### **Cause**

The City does not have a procedure in place to reconcile expenditures charged to the grants to the general ledger. In addition, there are no procedures in place to provide for the proper line of communications between the grant's department and the accounting office.

### **Effect**

Without a system in place to agree reimbursement requests to the general ledger, the City's accounting records will not reflect an accurate presentation of grant funds received and spent. In addition, errors in accounting for grants may remain undetected and the reports submitted to granting agencies may not be correct or agree to the City's general ledger transaction listing report.

### **Recommendation**

Grant reimbursement requests should be agreed to and reconciled to the general ledger transactions listing, prior to submission, and supervisory review should be used to ensure that grants accounted for are recorded properly. Also, the records should show amounts owed by the granting agencies and amounts owed to vendors and contractors. If the grant is received in advance, the City should record the amount received as deferred revenue. Reconciliations to the general should be prepared at least monthly to ensure proper recording of transactions. Converting the City's records to a full accrual basis will also help facilitate proper accounting and reporting for all grants.

### **Management's Response**

City Management and the Finance Department concur with the finding. The City Finance Department and the Community Development Grant Administrators will perform the following to address the auditor's recommendation:

- A Grant/Project record (spreadsheet) will be kept by both departments (Grant award, expiration date, revenue (to include identifiable AIR), expenditures, encumbrances, and project balance);
- Draw-down request will be sent to the Finance Department prior submittal to the granting agency;
- Finance will update its Grant/Project spreadsheets and review draw-down request prior to giving the Grant Administrator approval to proceed;
- Finance will have the responsibility of determination of proper accounting of revenue received.
- Departments will complete a Grant/Project Schedule Summary that will allow management and staff to monitor the status of Grants and/or projects.

## **2003-10 Accounts Payable**

### **Condition**

An aging of accounts payable is not being prepared periodically. Vendor and contractor accounts payable are not aged by days or months outstanding. The accounting department does not maintain a list of invoices outstanding by vendor nor does it reconcile the list with vendor statements periodically. The City does not record payable in any type of subsidiary ledger that would flow to a general ledger.

### **Criteria**

To ensure accuracy and reliability of the City's records, invoices should be recorded as payables in a separate subsidiary ledger when received and reconciled with the vendor statements periodically.

### **Cause**

There were no procedures in place to ensure the recording of the payables in a separate subsidiary ledger.

### **Effect**

The City is relying on third party statements to determine the balance of some major payables. Consequently, the City is unable to readily identify outstanding invoices and accounts payable information, unable to prevent incorrect charges on timely basis, and unable to provide management with accurate interim reports and cash flow analysis.

### **Recommendation**

The City should establish a separate subsidiary ledger and record all approved invoices from vendors as they are received. Balances should be analyzed on a monthly basis with all reconciling items noted and discrepancies resolved with the vendors. Timely analysis can help prevent incorrect charges, and should result in more accurate interim reports and cash flow analysis for management's use.

### **Management's Response**

The City Finance Department concurs with the finding. An Accounts Payable Module is part of the new financial management software program (INCODE) that the City placed on line in fall 2006. This Module has the capability to produce aging schedules of 30, 60, 90 and 120 day intervals. It enables the Finance Department to readily identify outstanding invoices and accounts payable information. Accounts payable personnel will undergo the necessary training to enable them to access and utilize the software system's features. The accounting operations manual that staff is currently drafting (described in Finding 2002-01) will include procedures for properly handling payables.

## **2003-11 Budget Reconciliation**

### **Condition**

Budgeted revenues, expenditures and transfers approved by the DFA are posted by line item on the system. Actual receipts and disbursements are not being reconciled to the approved amounts after posting of the original budget and amendments. The original budget posted on the system is not updated for the amendments approved throughout the year.

### **Criteria**

Budgeted revenues, expenditures and transfers posted to the accounting system should reflect amounts approved by the DFA including the approved amendments made throughout the year.

### **Cause**

A supervisory review process is not in place to ensure that approved original and amendments to the budget are correctly posted to the accounting records.

### **Effect**

System reports that compare actual amounts to budgeted amounts may be misstated and erroneous decisions could be made based on these reports.

### **Recommendation**

The City should reconcile any data entered on the system to the source departments periodically to ensure reliability of the data and usefulness of the information.

### **Management's Response**

The City Finance Department will schedule a budgetary and cash walkthrough spreadsheet at the end of the 6th, 9th, 11th and 12th of the month. This review will indicate the variance between the City's Budgets to General Ledger actuals. These spreadsheet schedules will ensure that City's actual line item revenues and/or expenditures do not supersede budgetary authority. The Finance Department will be responsible for overseeing and notifying City Departments for department funds which exceed budgetary authority; so that the proper budget resolution and revision can be submitted to City Council and DFA for approval prior to year-end.

## **B. Compliance Findings**

### **2002-03 Submission of Audit Report for Fiscal Year June 30, 2009**

#### **Condition**

The 2009 audit report for the City was delivered to the Office of the State Auditor in May 2011, after the December 1, 2009 due date.

#### **Criteria**

State regulation 2.2.2.9 NMAC requires that audit reports for municipalities and special districts be submitted by December 1, and that late audits be reported as findings in the next audit report.



**Cause**

The City's records were not in a condition to be audited and enable the external auditors to timely prepare and submit the audit report.

**Effect**

Delays on the submission of the audit report could have an impact on State of New Mexico appropriations as the Legislature begins their session in January of each calendar year. Further, users of the financial statements such as legislators, creditors, state and federal grantor, etc., do not have timely audit reports and financial statements for their review.

**Recommendation**

It is recommended that the City adhere to the New Mexico State Audit Rule governing audits and ensure that an auditor is selected on a timely basis. The conversion from cash basis to the accrual basis, reconciliation's of general ledger accounts to subsidiary ledgers should be performed during the fiscal year to allow for timely, accurate closing and to eliminate end-of-year audit adjustments as much as possible.

**Management's Response**

The City hired a new Finance Director in October 2010 who possesses the necessary background in accounting. The new Finance Director will enable the City to properly record transactions and generate financial records to provide management with the necessary tools to make timely decisions and comply with any reporting compliance requirements. Furthermore, the preparation of timely financial information will enable the external auditors to perform the audit and report to the appropriate regulatory agencies in a timely manner.

**2002-04 Legal Compliance With Budget**

**Condition**

Section 6-6-6 of the New Mexico state statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. Additionally, Section 6-6-6 prohibits any payments in excess of the approved budget. During the fiscal year ended June 30, 2009, the City remitted payments for goods and services in excess of the adopted budget within the following funds:

<b>Fund</b>	<b>Budgeted Expenditures</b>	<b>Actual Expenditures</b>	<b>Excess Expenditures</b>
General Fund	\$ 4,193,420	\$ 4,233,973	\$ (40,553)
Special Revenue - Fire Protection	142,359	146,860	(4,501)
Special Revenue - Emergency Medical Services	8,000	8,058	(58)
Capital Projects- Municipal Road	-	326,610	(326,610)
Joint Utilities	3,069,433	3,358,592	(289,159)
Housing Authority	500,444	542,286	(41,842)

In addition, the City budgeted a deficit for the following funds:

<b>Fund</b>	<b>Budgeted Deficit</b>
Special Revenue - Paso del Norte Walk Path	\$ 58,711
Capital Project - CDBG Fire/Police Sub-station	100,000

## **Criteria**

New Mexico State Statutes Section 6-6-6 states that all approved budgets shall bind all officials and governing authorities and no official can pay any claims in excess of the approved budget. City Officials and governing authorities have the obligation to follow applicable state statutes.

## **Cause**

The City does not have controls in place to ensure that it is not expending funds in excess of approved budgeted amounts.

## **Effect**

Non-compliance with New Mexico state statutes subjects City officials and personnel to punishment as defined by state statutes.

## **Recommendation**

Accounting personnel should closely monitor expenditures and budget restrictions, if a change is needed to the budget, accounting personnel should ensure that such changes are presented to the Council and the New Mexico Department of Finance and Administration. If no changes in the budget are deemed necessary, then no payments should be remitted that would cause the total expenditures to exceed the legal budget.

## **Management's Response**

As with the audit finding 2003-11 Budget Reconciliation, schedules will be completed to indicate variances between the City's Departmental Budgets to General Ledger actuals. These spreadsheet schedules will ensure that City's actual line item revenues and/or expenditures do not supersede budgetary authority. The Finance Department will be responsible for overseeing and notifying City Departments for department funds which exceed budgetary authority; so that the proper budget resolution and revision can be submitted to City Council and DFA for approval prior to year-end.

## **2008-01 Loss of General Ledger**

### **Condition**

The City lost its general ledger detail, for the fiscal years ended June 30, 2008 and 2009.

### **Criteria**

Auditing standards adopted in the United States of America in particular Statement on Auditing Standards (SAS) 109, paragraph 41 states the following: "Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with laws and regulations. Internal control over safeguarding of assets against unauthorized acquisition, use, or disposition may include control relating to financial reporting and operations objectives."

SAS 112 paragraph 11 provides examples of factors that may affect the likelihood that a control, or combination of controls could fail to prevent or detect a misstatement. One such example is "The nature of the financial statements accounts, disclosures, and assertions involved."

SAS 112 paragraph 19 provides a list of indicators of a control deficiency that should be regarded as at least a

significant deficiency and a strong indicator of a material weakness in internal control.

Two such examples are (1) "Ineffective oversight of the entity's financial reporting and internal control by those charged with governance", and (2) "Restatement of previously issued financial statements to reflect the correction of a material misstatement". Appropriate internal control procedures over financial reporting include the ability to prepare financial statements in accordance with GAAP. Financial statements prepared in accordance with GAAP include all required statements of financial position, statements of changes in financial position, changes in cash flow, and notes.

### **Cause**

Certain City records and financial information, were lost due to failure of the accounting software. The City's software backup system also failed and the data could not be recovered.

### **Effect**

- Loss of general ledger detail
- Accounts receivable detail could not be determined
- Accounts payable subsidiary ledger was not available
- Detail to accrued expenses was not maintained, and could not be calculated
- Capital assets detail was not provided
- General ledger detail for revenues and expenses are not available
- None of the applicable state compliance requirements as listed in 2.2.210 G NMAC could be tested because there was no general ledger detail
- There is little support for accounting transactions
- No capital assets were capitalized in 2008 or 2009 because the City does not have the detail to capital outlay

### **Recommendation**

The City must develop a system for backing up accounting data. A good backup plan would include multiple backups at different dates which would mitigate the chances that all data would be lost in the event of a failure. Also, the City should try to determine what should have been capitalized in 2008 and 2009, by a combination of taking a full inventory of capital assets and reviewing invoices.

### **Management's Response**

The new City Management concurs with the finding. The City has developed a system for backing up accounting data. Multiple backs ups are being implemented in the event of a failure.

### **2008-02 Bank Reconciliations**

#### **Condition**

Bank reconciliations were not provided for testwork. There is a total of \$476,336 unreconciled items for the fiscal year ended June 30, 2009.

#### **Criteria**

According to NMAC 6.20.2.14, "the City shall establish and maintain cash management programs to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the office of management and budget (OMB) Circular A-102, and applicable state and federal laws and regulations."

**Cause**

The previous Business Manager failed to reconcile cash. The City's accounting department did not have adequate internal control and supervision that would require bank reconciliations be performed.

**Effect**

Transactions may not been properly recorded.

**Recommendation**

Perform complete and accurate bank reconciliations at month end and assign another member of management the responsibility of reviewing each month's bank reconciliation. All unusual reconciling items should be investigated and dealt with promptly so errors do not accumulate thereby making the reconciliation process more difficult and time consuming.

**Management's Response**

The new City management concurs with the finding. The City is performing complete and accurate bank reconciliations and for all bank accounts.

**2008-03 Failure to Reconcile Account Balances**

**Condition**

During our test of due to/due from accounts, we noted that these accounts had not been reconciled. In prior years due to/due from had been recorded by the City but never considered again. These amounts are still present on the records of the City when they should have been zeroed out to reflect repayment of interfund loans. We also noted the "due to" account totals did not equal the "due from" account totals.

**Criteria**

GASB 34 paragraph 112 requires that interfund loans should be recorded as interfund receivables in the lender fund and interfund payables in the borrower fund. When reimbursements are received the interfund receivables and payables should be reversed to reflect the repayment of the loan.

**Cause**

The City did not make the appropriate reconciliations in a timely manner causing due to/due from balances to be incorrect.

**Effect**

Readers of financial statements could be misled when assets and liabilities appear in the financial data that do not exist anymore.

**Recommendation**

We recommend that the City establish a policy of reviewing due to/due from reconciliations monthly and make the necessary adjustments in a timely manner.

### **Management's Response**

The new city management concurs with the finding. The City is reviewing the due to/due from accounts monthly and making necessary adjustments in a timely manner.

### **2008-04 Capital Assets**

#### **Condition**

An inventory of capital assets was not performed during FY08. The inventory listing is not maintained. Additions and disposals are not recorded. During our test work, we noted that the City's capital asset records did not include any additions in the current year. It appears there may have been some additions as the city reported capital outlay of \$1,047,334.

#### **Criteria**

GASB 34 requires movements to report general infrastructure assets in the Statement of Net Assets. State law requires an annual inventory of capital assets be performed. Section 12-6-10, NMSA 1978, requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year.

#### **Cause**

The City has not had the time and resources to update their fixed assets records.

#### **Effect**

Lack of an annual inventory and incomplete supporting documentation could lead to theft, misuse or unauthorized disposal without detection. Material misstatements of capital assets may result.

#### **Recommendation**

The City should maintain and update an accurate listing of all capital assets, including infrastructure, owned by the City and obtain services of an appraisal company to conduct an inventory of their infrastructure and produce an accurate listing. In addition, detail on current year activity should be maintained.

### **Management's Response**

The new city management concurs with the finding. The City will maintain and update an accurate listing of all fixed assets.

### **2008-05 Compensated Absences**

#### **Condition**

Detail was not provided for test work of compensated absences (sick and annual leave).

#### **Criteria**

According to NMAC 6.20.2.18, the local board shall establish written payroll policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP.

**Cause**

General ledger detail was loss due to failure of the accounting software (2008-01).

**Effect**

Employees of the City could be credited with too little or too much leave according to what they're entitled to based on the City's personnel policies and procedures. Also, employee may be unaware of the number of days' leave they actually have accrued.

**Recommendation**

The City should recalculate compensated absences for all employees as soon as possible.

**Management's Response**

The new city management concurs with the finding. The City has developed a system for backing up accounting data. Multiple backs ups are being implemented in the event of a failure. The City has recalculated compensated absences for all employees.

**2008-06 Prior Year Adjustments**

**Condition**

The City did not record the auditing adjusting entries from 2008, causing fund balance and net assets accounts to be misstated.

**Criteria**

The Governmental Accounting Standards Board, Codification of Governmental Accounting and Financial Reporting Standards (GASB), Section 1100 requires governments to prepare financial statements on the modified accrual basis for governmental type funds and full accrual basis for enterprise type funds.

**Cause**

The City did not record 2008 audit adjustments entries.

**Effect**

Significant audit adjustments were required in 2009 to reconcile beginning fund balance and net assets to the 2008 ending balances.

**Recommendation**

The City must implement a control system in accordance with NMAC 6.20.2.22 C in order to post all prior year adjustments.

**Management's Response**

The new city management concurs with the finding. The City has implemented a control system to post any prior year adjustments.

## **2008-08 Financial Statements and Disclosures**

### **Condition**

The City relies upon their independent auditor to prepare the financial statements in accordance with generally accepted accounting principles (GAAP). The accounting staff lacks the knowledge to prepare such statements, as well as the ability to detect accuracy and completeness of all required notes that explain financial activity contained in the financial statements. The City requires the independent auditor to gather all necessary information in order to convert their cash basis accounting information into financial statements prepared in accordance with GAAP.

### **Criteria**

Auditing standards adopted in the United States of America, in particular Statement on Auditing Standards (SAS) 109, paragraph 41 states the following: "Internal control is a process - effected by those charged with governance, management, and other personnel - designed to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with laws and regulations. Internal control over safeguarding of assets against unauthorized acquisition, use, or disposition may include control relating to financial reporting and operations objectives."

Appropriate internal control procedures over financial reporting include the ability to prepare financial statements in accordance with GAAP or at a minimum; management should have the ability to comprehend the requirements for financial reporting. Financial statements prepared in accordance with GAAP include all required statements of financial position, statements of changes in financial position, changes in cash flow and notes.

SAS 112, paragraph 11 provides examples of factors that may affect the likelihood that a control, or combination of controls could fail to prevent or detect a misstatement. One such example is "The nature of the financial statements accounts, disclosures, and assertions involved."

SAS 112, paragraph 19 provides a list of indicators of a control deficiency that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control. One such example is "Ineffective oversight of the entity's financial reporting and internal control by those charged with governance."

### **Cause**

The City's staff lacks the proper ability to prepare financial statements and the associated disclosures. When audit services are sought, there is a requirement that the auditor will prepare the financial statements.

In the past this may have been sufficient, however, the accounting profession, by issuance of SAS 112, now requires recognition and reporting of significant deficiencies in internal control when there is an ineffective oversight of the financial reporting and internal control by those charged with governance

### **Effect**

Since the City personnel lack the ability to prepare, and did not prepare the financial statements, there is an increased risk that a misstatement of the City's financial statements that is more than inconsequential, will not be prevented or detected. Further, since the City accounting staff lacks the proper knowledge or training regarding the requirements of GAAP financial reporting, there is more than a remote possibility that a material misstatement of the financial statements will not be prevented or detected.

### **Recommendation**

The City should have its current staff undergo training so they can develop the ability to prepare the financial statements and the related notes or employ an individual to serve in the position of director of finance, that has the

ability to prepare financial statements in accordance with GAAP. Alternatively, the City could choose to consult with a separate accounting firm prior to and during the audit process that would assist the City in the preparation of the financial statements and related notes.

### **Management's Response**

The new city management concurs with the finding. The City personnel is unable to prepare the financial statements and the City is financially unable to hire an accountant specifically to prepare financial statements.

### **2008-09 Information Technology**

#### **Condition**

During our audit, we noted that:

Adequate controls have not been established for the protection of IT resources including data and information in the following areas:

- Information Security Policy/User Awareness
- Physical Security
- Disaster Recovery/Contingency Planning

#### **Criteria**

State of New Mexico Statewide Guideline S-GUIDE-002.003 (per NMSA 1978 Section 15-1C-1 et. Seq. and NMAC 1.12.6 and NMAC 1.12.2) establishes an Enterprise Security Policy for the protection of IT assets and resources including data and information. The policy establishes that protection must be provided for IT assets, resources, and data/information from unauthorized access, use, disclosure, disruption, modification, or destruction in order to provide integrity, confidentiality, availability, accountability, and assurance, and establishes that controls must be maintained over information systems, resources, and data/information sufficient to contain risk of loss or misuse of information.

#### **Cause**

The City is not properly safeguarding IT assets and resources. The following deficiencies were noted:

- Lack of IT policies
- Lack of physical controls over servers
- Lack of contingency planning

#### **Effect**

Loss of general ledger information. Lack of IT policies, lack of physical controls over servers, and lack of contingency planning leave the City at risk for loss or misuse of data and information.

#### **Recommendation**

The City should consider implementing the following recommendations:

- Establish policies to govern IT use and security
- Develop a contingency plan detailing how to recover IT systems and become operational in the event of a disaster or interruption of the IT function.



## **Management's Response**

The new city management concurs with the finding. The City has developed a system for backing up accounting data. Multiple backs ups are being implemented in the event of a failure.

## **2009-01 Tracking of Federal and State Awards**

### **Condition**

While performing the audit and reviewing the grant activity for the year ended June 30, 2009, it was observed that schedule the City uses to track its grants did not accurately distinguish those awards that were federally funded and those that were state funded.

### **Criteria**

OMB Circular A-133 Subpart C states:

The auditee shall:

(a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

### **Cause**

The process for capturing federal awards and contributed federal funds has gradually relaxed over time and it is no longer fully effective.

### **Effect**

City personnel could unknowingly not be following the compliance requirements on state or federal money received due to misidentifying the source of the funds.

The potential exists for federal awards to escape inclusion in the Single Audit procedures. This City runs the risk of being out of compliance with OMB Circular A-133 Subpart C.

### **Recommendation**

The process for tracking federal grants should be improved to ensure the source funds for all grants are properly identified and recorded as such. This should include the CFDA number when applicable. As new grants are obtained, a determination should be made at the inception of the grant to determine its source.

It is recommended that a process be put in place to require all departments that receive contributed property be required to notify the finance department of the acquisition at the time of the contribution so it can be properly recorded in the accounting system and recorded on the schedule of federal awards, if applicable.

## **Management's Response**

The new city management concurs with the finding. The City hired a new Finance Director in October 2010 who possesses the necessary background in accounting. The new Finance Director will enable the City to properly record transactions and generate financial records to provide management with the necessary tools to make timely decisions and comply with any reporting compliance requirements. Furthermore, the preparation of timely financial information will enable the external auditors to perform the audit and report to the appropriate regulatory agencies in a timely manner.

### **Housing Authority only:**

#### **A. Reportable Conditions on Internal Control**

### **IC 08-01 Submission of Audit Report for Fiscal Year Ended June 30, 2009**

#### **Condition**

The 2009 audit report for the Housing Authority was delivered to the Office of the State Auditor after the December 1 due date. The audit report was submitted to the Office of the State Auditor on January 2010.

#### **Criteria**

State regulation 2.2.2.9 NMAC requires that the audit reports for municipalities and special districts be submitted by December 1, and that late audits be reported as findings in the next audit report.

#### **Cause**

The City of Sunland Park did not request an approved contract in a timely manner.

#### **Effect**

Delays on the submission of the audit report could have an impact on State of New Mexico appropriations as the Legislature begins their session in January of each calendar year. Further, users of the financial statements such as legislators, creditors, state and federal grantors, etc., do not have timely audit reports and financial statements for their review.

#### **Recommendation**

It is recommended that the Housing Authority adhere to the New Mexico State Audit rule governing audits and ensure that an auditor is selected on a timely basis. The conversion from cash basis to the accrual basis, reconciliation's of general ledger accounts to subsidiary ledgers should be performed during the fiscal year to allow for timely, accurate closing and to eliminate end-of-year audit adjustments as much as possible.

#### **Authority's response**

The Housing Authority Management will work towards generating timely financial records in order to provide management with the necessary tools to make timely decisions and comply with any reporting compliance requirements. Furthermore, the preparation of timely financial information will enable the external auditors to perform the audit and report to the appropriate regulatory agencies in a timely manner.

**B. Compliance and Other Matters Findings**

**CF 08-01 Legal Compliance With Budget**

**Condition**

Section 6-6-6 of the New Mexico state statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. Additionally, Section 6-6-6 prohibits any payments in excess of the approved budget. During the fiscal year ended June 30, 2009, the Housing Authority remitted payments for goods and services in excess of the adopted budget as follows:

	<b>Budgeted Expenditures</b>	<b>Actual Expenditures</b>	<b>Excess Expenditures</b>
Housing Authority	\$ 500,444	\$ 542,286	\$ (41,842)

**Criteria**

New Mexico State Statutes Section 6-6-6 states that all approved budgets shall bind all officials and governing authorities and no official can pay an claims in excess of the approved budget. Housing Authority Officials and governing authorities have the obligation to follow applicable state statutes.

**Cause**

The Housing Authority does not have controls in place to ensure that it is not expending funds in excess of approved budget amounts.

**Effect**

Non-compliance with New Mexico state statutes subjects Housing Authority officials and personnel to punishment as defined by state statutes.

**Recommendation**

Accounting personnel should closely monitor expenditures and budget restrictions, if a change is needed to the budget, accounting personnel should ensure that such changes are presented to the City Council and the New Mexico Department of Finance and Administration (DFA). If no changes in the budget are deemed necessary, then no payments should be remitted that would cause the total expenditures to exceed the legal budget.

**Authority's response**

Schedules will be completed to indicate variances between the Budget and actual amounts. These spreadsheet schedules will ensure that the Housing Authority's actual line item revenues and/or expenditures do not supersede budgetary authority. The Finance Department will be responsible for overseeing and notifying the Housing Authority which exceed budgetary authority; so that the proper budget resolution and revision can be submitted to City Council and DFA for approval prior to year-end.

CITY OF SUNLAND PARK, NEW MEXICO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009

---

<u>Prior Audit Findings</u>		<u>Current Status</u>
City:		
<u>Financial Statement Findings</u>		
2002-01	<b>General Compliance</b> Insufficient Attention Given to Accounting and Internal Control Process Repeat	Repeat
2003-04	<b>General Compliance</b> Lack of Separation of Duties	Repeat
2002-06	<b>General Compliance</b> Accounting for Grants	Repeat
2003-10	<b>General Compliance</b> Accounts Payable	Repeat
2003-11	<b>State Compliance</b> Budget Reconciliations	Repeat
2002-04	<b>State Compliance</b> Legal Compliance with Budget	Repeat
2002-03	<b>State Compliance</b> Submission of Audit Report for Fiscal Year June 30, 2009	Repeat
2008-01	<b>General Compliance</b> Loss of General Ledger	Repeat
2008-02	<b>General Compliance</b> Bank reconciliation	Repeat
2008-03	<b>General Compliance</b> Failure to Reconcile Account Balances	Repeat
2008-04	<b>General Compliance</b> Capital Assets	Repeat
2008-05	<b>General Compliance</b> Compensated Absences	Repeat
2008-06	<b>General Compliance</b> Prior Period Adjustments	Repeat
2008-07	<b>General Compliance</b> Investment Accounts	Resolved
2008-08	<b>General Compliance</b> Financial Statements and Disclosures	Repeat
2008-09	<b>General Compliance</b> Information Technology	Repeat
<b>Housing Authority:</b>		
<b>Financial Statement Findings</b>		<b>Internal Control</b>
IC 08-01	Submission of Audit Report	Late Submission of Audit Report
		Repeat -IC 08-01
<b>Compliance and Other Matters Findings</b>		<b>State Compliance</b>
CF 08-01	Legal Compliance with Budget	Actual Expenditures exceed Budgeted Expenditures
		Repeat -CF 08-01
<b>Compliance and Other Matters Findings</b>		<b>State Compliance</b>
CF 07-01	Excess Cash	Excess Cash List Procedures
		Resolved

**CITY OF SUNLAND PARK, NEW MEXICO**

**EXIT CONFERENCE  
FOR THE YEAR ENDED JUNE 30, 2009**

---

An exit conference was conducted on May 2, 2011 at City Hall, Sunland Park, New Mexico with the following individuals in attendance:

**City of Sunland Park**

Christian Lira, Councilor

Andrew Moralez, City Manager

Helen Gonzalez, Finance Director

**White + Samaniego + Campbell, LLP**

Roxie Samaniego, Partner

Luis Molina, Supervisor

**Financial Statement Preparation**

The City's independent public accountants prepared the accompanying financial statements: however, the City is responsible for the financial statement content.