

City of Sunland Park

New Mexico

*Basic Financial Statements and
Required Supplementary Information
For the Year Ended June 30, 2010
And Independent Auditors' Report*

CITY OF SUNLAND PARK, NEW MEXICO

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CITY OF SUNLAND PARK, NEW MEXICO

DIRECTORY OF OFFICIALS

2010

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

Jaime Aguilera
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 2010, 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 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 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.

White + Samaniego + Campbell, LLP

El Paso, Texas
October 28, 2011

CITY OF SUNLAND PARK, NEW MEXICO

STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 1,115,762	\$ 665,851	\$ 1,781,613
Investments	12,177,171	206,070	12,383,241
Receivables, net of allowance for uncollectibles			
Accounts	-	200,950	200,950
Taxes	644,866	202,190	847,056
Intergovernmental	209,166	-	209,166
Other	46,863	-	46,863
Internal balances	34,190	-	34,190
Restricted assets - cash	-	177,995	177,995
Capital assets, net of accumulated depreciation	7,833,394	26,714,516	34,547,910
Total assets	<u>\$ 22,061,412</u>	<u>\$ 28,167,572</u>	<u>\$ 50,228,984</u>
LIABILITIES:			
Accounts payable	\$ -	\$ 386,692	\$ 386,692
Accrued liabilities and other expenses	133,190	33,629	166,819
Deferred revenue	64,109	-	64,109
Due to other fund	-	34,190	34,190
Accrued interest on bonds payable	-	90,658	90,658
Tenant deposits	-	4,938	4,938
Customer deposits	-	171,169	171,169
Long-term liabilities:			
Portion due or payable within one year:			
Loan payable	48,093	-	48,093
Revenue bonds payable	-	46,000	46,000
Notes payable	-	28,937	28,937
Compensated absences	94,424	17,991	112,415
Portion due or payable after one year:			
Loan payable	128,996	-	128,996
Revenue bonds payable	-	3,136,800	3,136,800
Notes payable	-	88,560	88,560
Compensated absences	149,578	27,082	176,660
Total liabilities	<u>618,390</u>	<u>4,066,646</u>	<u>4,685,036</u>
NET ASSETS:			
Invested in capital assets, net of related debt	7,656,305	23,414,219	31,070,524
Restricted for:			
Debt service	-	-	-
Grants	47,239	-	47,239
Construction and improvements	12,404,556	-	12,404,556
Unrestricted	1,334,922	686,707	2,021,629
Total net assets	<u>\$ 21,443,022</u>	<u>\$ 24,100,926</u>	<u>\$ 45,543,948</u>

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

STATEMENT OF ACTIVITIES
JUNE 30, 2010

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	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	\$ 1,087,975	\$ 211,911	\$ 547,241	\$ -	\$ (328,823)	\$ -	\$ (328,823)
Public safety	3,233,400	20,306	243,369	-	(2,969,725)	-	(2,969,725)
Public works	1,237,030	-	423,125	-	(813,905)	-	(813,905)
Culture and recreation	499,241	-	-	832,371	333,130	-	333,130
Health and welfare	9,825	-	250	161,502	151,927	-	151,927
Total governmental activities	<u>6,067,471</u>	<u>232,217</u>	<u>1,213,985</u>	<u>993,873</u>	<u>(3,627,396)</u>	<u>-</u>	<u>(3,627,396)</u>
Business-type activities:							
Joint utilities:							
Water	2,917,862	1,916,120	322,203	-	-	(679,539)	(679,539)
Wastewater	1,875,190	1,384,187	-	-	-	(491,003)	(491,003)
Solid waste	(5,586)	219,831	-	-	-	225,417	225,417
Housing Authority	239,249	102,524	208,904	-	-	72,179	72,179
Interest on long-term debt	153,557	-	-	-	-	(153,557)	(153,557)
Total business-type activities	<u>5,180,272</u>	<u>3,622,662</u>	<u>531,107</u>	<u>-</u>	<u>-</u>	<u>(1,026,503)</u>	<u>(1,026,503)</u>
Total primary government	<u>\$ 11,247,743</u>	<u>\$ 3,854,879</u>	<u>\$ 1,745,092</u>	<u>\$ 993,873</u>	<u>(3,627,396)</u>	<u>(1,026,503)</u>	<u>(4,653,899)</u>
General Revenues and Transfers:							
Taxes:							
Gross receipts					3,162,286	139,245	3,301,531
Property					461,312	-	461,312
Franchise					84,537	-	84,537
Other tax					7,014	-	7,014
Other					814,906	8,462	823,368
Investment income					256,449	5,499	261,948
Transfers					(59,675)	59,675	-
Total general revenues and transfers					<u>4,726,829</u>	<u>212,881</u>	<u>4,939,710</u>
Change in net assets					1,099,433	(813,622)	285,811
Net assets, beginning of year, as previously reported					<u>20,215,675</u>	<u>24,768,062</u>	<u>44,983,737</u>
Restatement					127,914	146,486	274,400
Net assets, beginning of year, as restated					<u>20,343,589</u>	<u>24,914,548</u>	<u>45,258,137</u>
Net assets, end of year					<u>\$ 21,443,022</u>	<u>\$ 24,100,926</u>	<u>\$ 45,543,948</u>

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

BALANCE SHEET - GOVERNMENTAL FUNDS
 JUNE 30, 2010

	General Fund	Border Crossing	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 835,994	\$ 230,825	\$ 48,943	\$ 1,115,762
Investments	-	12,177,171	-	12,177,171
Receivables, net of allowance for uncollectibles				
Taxes	644,866	-	-	644,866
Intergovernmental	-	-	209,166	209,166
Other	46,863	-	-	46,863
Internal balances	<u>246,796</u>	<u>-</u>	<u>-</u>	<u>246,796</u>
Total assets	<u>\$ 1,774,519</u>	<u>\$ 12,407,996</u>	<u>\$ 258,109</u>	<u>\$ 14,440,624</u>
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accrued liabilities and other expenses	\$ 131,486	\$ -	\$ 1,704	\$ 133,190
Deferred revenue	64,109	-	-	64,109
Internal balances	<u>-</u>	<u>-</u>	<u>212,606</u>	<u>212,606</u>
Total liabilities	<u>195,595</u>	<u>-</u>	<u>214,310</u>	<u>409,905</u>
FUND BALANCES:				
Reserved for capital projects funds	-	12,407,996	(3,440)	12,404,556
Reserved for special revenue funds	-	-	47,239	47,239
Unreserved	<u>1,578,924</u>	<u>-</u>	<u>-</u>	<u>1,578,924</u>
Total fund balances	<u>1,578,924</u>	<u>12,407,996</u>	<u>43,799</u>	<u>14,030,719</u>
Total liabilities and fund balances	<u>\$ 1,774,519</u>	<u>\$ 12,407,996</u>	<u>\$ 258,109</u>	<u>\$ 14,440,624</u>

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT
OF NET ASSETS
JUNE 30, 2010

Total fund balances for governmental funds	\$ 14,030,719
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	2,490,793
Infrastructure	<u>13,766,897</u>
Total capital assets	23,349,185
Accumulated depreciation	<u>(15,515,791)</u>
Net capital assets	<u>7,833,394</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.	(177,089)
Compensated absences liabilities are not reported in governmental funds but are reported in the statement of net assets.	<u>(244,002)</u>
Net assets of governmental activities	<u>\$ 21,443,022</u>

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Border Crossing	Other Governmental Funds	Total Governmental Funds
REVENUES:				
State shared taxes	\$ 1,471,242	\$ -	\$ 38,746	\$ 1,509,988
Local effort taxes	2,205,164	-	-	2,205,164
Intergovernmental	16,786	-	1,660,167	1,676,953
Licenses and permits	128,169	-	-	128,169
Charges for services	7,164	-	500	7,664
Fines and forfeitures	76,078	-	20,306	96,384
Interest	-	256,449	-	256,449
Miscellaneous	530,905	-	814,906	1,345,811
Total revenues	<u>4,435,508</u>	<u>256,449</u>	<u>2,534,625</u>	<u>7,226,582</u>
EXPENDITURES:				
Current:				
General government	635,904	-	-	635,904
Public safety	1,593,806	-	558,768	2,152,574
Culture and recreation	274,818	-	191,993	466,811
Public works	392,142	-	-	392,142
Capital outlay	-	171,214	1,659,586	1,830,800
Total expenses	<u>2,896,670</u>	<u>171,214</u>	<u>2,410,347</u>	<u>5,478,231</u>
Excess (deficiency) of revenues over expenditures	1,538,838	85,235	124,278	1,748,351
OTHER FINANCING SOURCES:				
Transfers in (out)	<u>(65,675)</u>	<u>-</u>	<u>6,000</u>	<u>(59,675)</u>
Total other financing sources	<u>(65,675)</u>	<u>-</u>	<u>6,000</u>	<u>(59,675)</u>
Net changes in fund balances	<u>1,473,163</u>	<u>85,235</u>	<u>130,278</u>	<u>1,688,676</u>
Fund balances, beginning of year, as previously reported	<u>(22,153)</u>	<u>12,322,761</u>	<u>(86,479)</u>	<u>12,214,129</u>
Restatement	127,914	-	-	127,914
Fund balances, beginning of year, as restated	<u>105,761</u>	<u>12,322,761</u>	<u>(86,479)</u>	<u>12,342,043</u>
Fund balances, end of year	<u>\$ 1,578,924</u>	<u>\$ 12,407,996</u>	<u>\$ 43,799</u>	<u>\$ 14,030,719</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010

Net change in fund balances - total governmental funds \$ 1,688,676

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	(559,641)
Capital outlays	66,950

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	46,365
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This is the amount of compensated absences liability.

	<u>(142,917)</u>
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Changes in net assets of governmental activities	<u>\$ 1,099,433</u>
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See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Local Effort Taxes	\$ 1,990,145	\$ 1,990,145	\$ 2,205,164	\$ 215,019
State Shared Taxes	1,488,434	1,488,434	1,488,028	(406)
Licenses and permits	151,810	151,810	128,169	(23,641)
Charges for Services	222,268	222,268	7,164	(215,104)
Fines and forfeitures	146,427	146,427	76,078	(70,349)
Investment Income	9,000	9,000	-	(9,000)
Miscellaneous	224,782	224,782	530,905	306,123
Total revenues	<u>4,232,866</u>	<u>4,232,866</u>	<u>4,435,508</u>	<u>202,642</u>
Expenditures:				
General Government	1,035,904	1,035,904	635,904	400,000
Public Safety	2,098,878	2,098,834	1,593,806	505,028
Public Works	596,003	596,003	392,142	203,861
Culture and Recreation	526,888	526,888	274,818	252,070
Capital Outlay	-	-	-	-
Total expenditures	<u>4,257,673</u>	<u>4,257,629</u>	<u>2,896,670</u>	<u>1,360,959</u>
Excess (deficiency) of revenues over expenditures	(24,807)	(24,763)	1,538,838	1,563,601
Other financing sources(uses):				
Operating Transfers Out	(13,000)	(13,000)	(65,675)	(52,675)
Total other financing sources (uses)	<u>(13,000)</u>	<u>(13,000)</u>	<u>(65,675)</u>	<u>(52,675)</u>
Net change in fund balances	(37,807)	(37,763)	1,473,163	1,510,926
Cash balance - beginning of year	244,447	244,447	244,447	-
Cash balance - end of year	<u>\$ 206,640</u>	<u>\$ 206,684</u>	<u>\$ 1,717,610</u>	<u>\$ 1,510,926</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 1,473,163	
Capital outlay not budgeted			-	
Proceeds from loan			-	
Net changes in fund balance GAAP basis			<u>\$ 1,473,163</u>	

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	Joint Utility	Housing Authority	Total Enterprise Funds
ASSETS:			
Current assets			
Cash and cash equivalents	\$ 387,899	277,952	\$ 665,851
Accounts receivable, net	199,765	1,185	200,950
Taxes receivable	202,190	-	202,190
Investments	-	206,070	206,070
Total current assets	<u>789,854</u>	<u>485,207</u>	<u>1,275,061</u>
Restricted assets			
Tenant deposits	-	6,826	6,826
Customer deposits	<u>171,169</u>	<u>-</u>	<u>171,169</u>
Total restricted assets	<u>171,169</u>	<u>6,826</u>	<u>177,995</u>
Capital assets			
Capital assets	29,241,264	3,350,687	32,591,951
Less accumulated depreciation and amortization	<u>(4,971,419)</u>	<u>(906,016)</u>	<u>(5,877,435)</u>
Net capital assets	<u>24,269,845</u>	<u>2,444,671</u>	<u>26,714,516</u>
Total assets	<u>\$ 25,230,868</u>	<u>\$ 2,936,704</u>	<u>\$ 28,167,572</u>

(Continued)

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2010

	Joint Utility	Housing Authority	Total Enterprise Funds
LIABILITIES:			
Current liabilities			
Accounts payable	\$ 386,438	254	\$ 386,692
Accrued liabilities and other expenses	31,008	2,621	33,629
Accrued compensated absences	16,112	1,879	17,991
Due from other funds	-	34,190	34,190
Notes payable within one year	28,937	-	28,937
	<u>462,495</u>	<u>38,944</u>	<u>501,439</u>
Total current liabilities			
Current liabilities payable from restricted assets			
Tenant deposits	-	4,938	4,938
Customer deposits	171,169	-	171,169
Revenue bonds payable within one year	46,000	-	46,000
Accrued interest on bonds payable	90,658	-	90,658
	<u>307,827</u>	<u>4,938</u>	<u>312,765</u>
Total payable from restricted assets			
Non-current liabilities			
Notes payable	88,560	-	88,560
Revenue bonds payable	3,136,800	-	3,136,800
Accrued compensated absences	10,172	16,910	27,082
	<u>3,235,532</u>	<u>16,910</u>	<u>3,252,442</u>
Total non-current liabilities			
Total liabilities			
	<u>4,005,854</u>	<u>60,792</u>	<u>4,066,646</u>
NET ASSETS:			
Invested in capital assets, net of related debt	20,969,548	2,444,671	23,414,219
Restricted for:			
Debt service	-	-	-
Grants	-	-	-
Unrestricted	255,466	431,241	686,707
	<u>21,225,014</u>	<u>2,875,912</u>	<u>24,100,926</u>
Total net assets			
Total liabilities and net assets			
	<u>\$ 25,230,868</u>	<u>\$ 2,936,704</u>	<u>\$ 28,167,572</u>

(Concluded)

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Joint Utility	Housing Authority	Total Enterprise Funds
Operating revenues			
Joint utilities sales	\$ 3,459,938	\$ -	\$ 3,459,938
Rental income	-	102,524	102,524
HUD operating revenue	-	208,904	208,904
Other charges for services	60,200	-	60,200
Total operating revenues	<u>3,520,138</u>	<u>311,428</u>	<u>3,831,566</u>
Operating expenses			
Personnel services	1,581,974	97,897	1,679,871
Professional services	693,328	-	693,328
Utilities	783,145	-	783,145
Operating expenses	1,284,305	65,049	1,349,354
Depreciation expense	444,714	76,303	521,017
Total operating expenses	<u>4,787,466</u>	<u>239,249</u>	<u>5,026,715</u>
Operating income (loss)	<u>(1,267,328)</u>	<u>72,179</u>	<u>(1,195,149)</u>
Nonoperating revenues (expenses)			
Gross receipts tax	139,245	-	139,245
Intergovernmental revenues	330,665	-	330,665
Interest income	-	5,499	5,499
Interest expense	(153,557)	-	(153,557)
Total nonoperating revenues (expenses)	<u>316,353</u>	<u>5,499</u>	<u>321,852</u>
Income before transfers	(950,975)	77,678	(873,297)
Transfers in	59,675	-	59,675
Total transfers, net	<u>59,675</u>	<u>-</u>	<u>59,675</u>
Changes in net assets	<u>(891,300)</u>	<u>77,678</u>	<u>(813,622)</u>
Net assets, beginning of year, as previously reported	<u>21,969,828</u>	<u>2,798,234</u>	<u>24,768,062</u>
Restatement	146,486	-	146,486
Net assets, beginning balance, as restated	<u>22,116,314</u>	<u>2,798,234</u>	<u>24,914,548</u>
Net assets, end of year	<u>\$ 21,225,014</u>	<u>\$ 2,875,912</u>	<u>\$ 24,100,926</u>

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

	Joint Utility	Housing Authority	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 3,325,291	\$ 102,524	\$ 3,427,815
Cash received from HUD	-	208,904	208,904
Cash payments to suppliers for goods and services	(4,592,131)	(64,770)	(4,656,901)
Cash payments to employees for services	-	(97,897)	(97,897)
Net cash provided by (used in) operating activities	<u>(1,266,840)</u>	<u>148,761</u>	<u>(1,118,079)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Payments to related government	252,045	(34,679)	217,366
Gross receipts tax	139,245	-	139,245
Change in interfund balances	330,665	-	330,665
Operating transfers, net	<u>59,675</u>	<u>-</u>	<u>59,675</u>
Net cash provided by (used in) non-capital financing activities	<u>781,630</u>	<u>(34,679)</u>	<u>746,951</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(59,674)	-	(59,674)
Principal payment on revenue bonds	(46,000)	-	(46,000)
Principal payment on notes payable	(26,651)	-	(26,651)
Interest paid on bonds, notes and lease obligations	<u>(157,435)</u>	<u>-</u>	<u>(157,435)</u>
Net cash used in capital and related financing activities	<u>(289,760)</u>	<u>-</u>	<u>(289,760)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest from investments	-	5,499	5,499
Purchase of investments, net	-	(352)	(352)
Proceeds from the sale of investments, net	<u>289,757</u>	<u>-</u>	<u>289,757</u>
Net cash provided by investing activities	289,757	5,147	294,904
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(485,213)	119,229	(365,984)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,044,281</u>	<u>165,549</u>	<u>1,209,830</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 559,068</u>	<u>\$ 284,778</u>	<u>\$ 843,846</u>
Cash and cash equivalents consist of:			
Unrestricted cash and cash equivalents	\$ 387,899	\$ 277,952	\$ 665,851
Restricted cash and cash equivalents	<u>171,169</u>	<u>6,826</u>	<u>177,995</u>
	<u>\$ 559,068</u>	<u>\$ 284,778</u>	<u>\$ 843,846</u>

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

	Joint Utility	Housing Authority	Total Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,267,328)	\$ 72,179	\$ (1,195,149)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	444,714	76,303	521,017
Changes in assets and liabilities:			
Restricted cash	146,486	(755)	145,731
Accounts receivable, tenants-net	(147,814)	1,094	(146,720)
Taxes receivable	(202,190)	-	(202,190)
Accounts payable	(250,635)	(9,043)	(259,678)
Accrued expenses	1,256	8,983	10,239
Compensated absences	1,262	-	1,262
Customer deposit	7,409	-	7,409
Total adjustment	<u>488</u>	<u>76,582</u>	<u>77,070</u>
Net cash (used in) provided by operating activities	<u>\$ (1,266,840)</u>	<u>\$ 148,761</u>	<u>\$ (1,118,079)</u>

(Concluded)

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Agency Fund
ASSETS:	
Cash and cash equivalents	\$ <u>45,004</u>
LIABILITIES:	
Due to other governmental agency	\$ <u>45,004</u>

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

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.

B. 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. The City incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

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. The City incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

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. 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 Town 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. The Town 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 Town 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 December 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 58 Accounting and Financial Reporting for Chapter 9 Bankruptcies, which is effective for reporting periods beginning after June 15, 2009. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (that is, approves) a new payment plan. The Town incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In June 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 59 Financial Instruments Omnibus, which is effective for financial statements for periods beginning after June 15, 2010. Earlier application is encouraged. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This Statement provides for the following amendments: National Council on Governmental Accounting Statement 4, Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences, is updated to be consistent with the amendments to GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, regarding certain financial guarantees. Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, are amended to remove the fair value exemption for unallocated insurance contracts. The effect of this amendment is that investments in unallocated insurance contracts should be reported as interest-earning investment contracts according to the provisions of paragraph 8 of Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Statement 31, is clarified to indicate that a 2a7-like pool, as described in Statement 31, is an external investment pool that operates in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Statement No. 40, Deposit and Investment Risk Disclosures, is amended to indicate that interest rate risk information should be disclosed only for debt investment

pools—such as bond mutual funds and external bond investment pools—that do not meet the requirements to be reported as a 2a7-like pool. Statement 53 is amended to: – Clarify that the net settlement characteristic of Statement 53 that defines a derivative instrument is not met by a contract provision for a penalty payment for nonperformance – Provide that financial guarantee contracts included in the scope of Statement 53 are limited to financial guarantee contracts that are considered to be investment derivative instruments entered into primarily for the purpose of obtaining income or profit – Clarify that certain contracts based on specific volumes of sales or service revenues are excluded from the scope of Statement 53 – Provide that one of the “leveraged yield” criteria of Statement 53 is met if the initial rate of return on the companion instrument has the potential for at least a doubled yield. The Town 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.

C. 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:

	Governmental Activities	Business-type Activities
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, 2010.

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, 2010, the City's bank balance total of \$1,820,843 was exposed to credit risk in the amount of \$1,570,843 as follows:

Uninsured and collateral held by pledging bank's trust department not in the City's name \$1,570,843

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.

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, 2010 was 50 days.

3. RECEIVABLES

Governmental activities receivables consist of the following at June 30, 2010:

	General Fund	Capital Project Funds	Total Governmental Activities
Taxes	\$ 644,866	\$ -	\$ 644,866
Grants	-	209,166	209,166
Other	<u>46,863</u>	<u>-</u>	<u>46,863</u>
Total	<u>\$ 691,729</u>	<u>\$ 209,166</u>	<u>\$ 900,895</u>

Business-type receivables are as follows at June 30, 2010:

	Joint Utilities	Housing Authority	Total
Customer receivables	<u>\$ 199,765</u>	<u>\$ 1,185</u>	<u>\$ 200,950</u>
Total	<u>\$ 199,765</u>	<u>\$ 1,185</u>	<u>\$ 200,950</u>

2. ACCRUED LIABILITIES AND OTHER EXPENSES

Governmental activities accrued liabilities and other expenses are as follows at June 30, 2010:

	General Fund	Special Revenue Funds	Capital Project Funds	Total Governmental Activities
Salaries and payroll taxes	\$ <u>131,486</u>	\$ <u>1,704</u>	\$ <u>-</u>	\$ <u>133,190</u>

Business-type accrued liabilities and other expenses are as follows at June 30, 2010:

	Joint Utilities	Housing Authority	Total
Salaries and payroll taxes	\$ <u>31,008</u>	\$ <u>2,621</u>	\$ <u>33,629</u>
Total	\$ <u>31,008</u>	\$ <u>2,621</u>	\$ <u>33,629</u>

3. 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, 2010 was \$2.705 per \$1,000 for non-residential and \$3.191 for residential property.

4. CAPITAL ASSETS

Changes in Capital Assets-Capital asset activity for the City's primary government for the year ended June 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 124,097	\$ -	\$ -	\$ 124,097
Construction in progress	2,839,245	-	-	2,839,245
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	723,190	-	-	723,190
Vehicles	2,423,843	66,950	-	2,490,793
Infrastructure	13,766,897	-	-	13,766,897
Total other capital assets	<u>20,318,893</u>	<u>66,950</u>	<u>-</u>	<u>20,385,843</u>
Less accumulated depreciation for:				
Buildings and improvements	1,122,006	67,616	-	1,189,622
Land improvements	375,626	25,371	-	400,997
Furniture, equipment and library books	434,889	73,234	-	508,123
Vehicles	1,719,549	194,554	-	1,914,103
Infrastructure	11,304,080	198,866	-	11,502,946
Total accumulated depreciation	<u>14,956,150</u>	<u>559,641</u>	<u>-</u>	<u>15,515,791</u>
Total other capital assets, net	<u>5,362,743</u>	<u>(492,691)</u>	<u>-</u>	<u>4,870,052</u>
Governmental Activity Capital Assets, Net	<u>\$ 8,326,085</u>	<u>\$ (492,691)</u>	<u>\$ -</u>	<u>\$ 7,833,394</u>
Business-type activities:				
Capital assets not being depreciated:				
Land and water rights	\$ 2,192,782	\$ -	\$ -	\$ 2,192,782
Construction in progress	5,183,447	-	-	5,183,447
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	3,222,302	-	-	3,222,302
Land improvements	77,235	-	-	77,235
Vehicles	36,051	59,674	-	95,725
Equipment	178,337	-	-	178,337
Infrastructure	21,642,122	-	-	21,642,122
Total capital assets being depreciated	<u>25,156,047</u>	<u>59,674</u>	<u>-</u>	<u>25,215,721</u>
Less accumulated depreciation	<u>5,356,417</u>	<u>521,017</u>	<u>-</u>	<u>5,877,434</u>
Total capital assets being depreciated, net	<u>19,799,630</u>	<u>(461,343)</u>	<u>-</u>	<u>19,338,287</u>
Business-type activities capital assets, net	<u>\$ 27,175,859</u>	<u>\$ (461,343)</u>	<u>\$ -</u>	<u>\$ 26,714,516</u>

Depreciation Expense-Depreciation expense was charged to functions of the government as follows, for the year ended 2010

	Governmental Activities	Business-Type Activities
General government	\$ 445,450	\$ -
Public safety	51,302	-
Public works	45,785	-
Health and welfare	7,279	-
Culture and recreation	9,825	-
Joint utilities	-	444,714
Housing authority	-	76,303
	<hr/>	<hr/>
Total depreciation expense	<u>\$ 559,641</u>	<u>\$ 521,017</u>

5. LONG TERM OBLIGATIONS

Long term liability activity for the year ended June 30, 2010, was as follows:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
Governmental Activities:					
NM Finance Authority	\$ 223,454	\$ -	\$ (46,365)	\$ 177,089	\$ 48,093
Compensated absences	101,085	244,002	(101,085)	244,002	94,424
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 324,539</u>	<u>\$ 244,002</u>	<u>\$ (147,450)</u>	<u>\$ 421,091</u>	<u>\$ 142,517</u>
Business Type Activities:					
Water and Sewer					
Revenue Bonds	\$ 3,226,800	\$ -	\$ (44,000)	\$ 3,182,800	\$ 46,000
NM Environment					
Improvement Division	146,148	-	(28,651)	117,497	28,937
Compensated absences	22,020	45,073	(22,020)	45,073	17,991
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 3,394,968</u>	<u>\$ 45,073</u>	<u>\$ (94,671)</u>	<u>\$ 3,345,370</u>	<u>\$ 92,928</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:

Year Ending June 30:	Principal	Interest	Total
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	<u>21,000</u>	<u>567</u>	<u>21,567</u>
Totals	<u>\$ 177,089</u>	<u>\$ 13,435</u>	<u>\$ 190,524</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:

Year Ending June 30:	Principal	Interest	Total
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	57,000	140,269	197,269
2016-2020	325,000	657,615	982,615
2021-2025	412,000	571,125	983,125
2026-2030	523,000	460,800	983,800
2031-2035	562,800	322,917	885,717
2036-2040	523,000	203,490	726,490
2041-2045	<u>579,000</u>	<u>79,605</u>	<u>658,605</u>
Totals	<u>\$ 3,182,800</u>	<u>\$ 3,021,862</u>	<u>\$ 6,204,662</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:

Year Ending June 30:	Principal	Interest	Total
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>\$ 117,497</u>	<u>\$ 2,950</u>	<u>\$ 120,447</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, 2010, the minimum future lease payments due under the operating lease are as follows:

Year Ending June 30:	Total
2011	\$ 5,000
2012	<u>3,750</u>
Totals	<u>\$ 8,750</u>

6. INTERFUND RECEIVABLES, PAYABLES, TRANSFERS

The composition of interfund balances as of June 30, 2010, is as follows:

Due to / from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Amount
General fund	Enterprise fund - Housing Authority	34,190
General fund	CDBG Fire-Police Substation	3,440
General fund	Sports Complex	125,688
General fund	Community Park Improvements	83,478

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

General Fund	Emergency Medical Services Fund	Enterprise Fund - General Joint Utilities	Total
Transfers In:			
<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ 59,675</u>	<u>\$ 65,675</u>
Transfers Out:			
<u>\$ 65,675</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,675</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.

7. 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.

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, 2010, 2009, and 2008 were \$180,233, \$173,738, and \$207,235, respectively, which equal the amount of the required contributions for each fiscal year.

8. 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, 2010, 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, 2010.

9. 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.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. In the fiscal year ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise.

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FYE11	1.666%	.0833%
FYE12	1.834%	.917%
FYE13	2.000%	1.000%

For employees who are members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FYE11	2.084%	1.042%
FYE12	2.292%	1.146%
FYE13	2.500%	1.250%

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, 2010, 2009, and 2008 were \$7,102, \$16,961, and \$18,988, respectively, which equal the required contributions for each year.

10. 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.

11. 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.

12. 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.

13. 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.

Through the ordinary course of its operations, the City becomes subject to various claims and litigation. Management and legal counsel are of the opinion that settlement of these claims and pending litigation will not have a material adverse effect on the City's financial statements.

14. EXPENDITURES BEYOND APPROPRIATIONS

Individual funds with deficit fund balances at June 30, 2010 are as follows:

	Deficit Fund Balance/ Net Assets
Special Revenue - COPS Federal	\$ 1,378
Special Revenue - Traffic Safety	326
Capital Project - CDBG Fire/Police Sub-station	3,440

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

The following funds over-expended budgeted amounts at June 30, 2010 as follows:

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures
Special Revenue - Fire Protection	\$ 130,532	\$ 185,294	\$ (54,762)
Special Revenue - Juvenile Recreation	-	44,461	(44,461)
Special Revenue - Emergency Medical Services	14,500	24,760	(10,260)
Special Revenue - Correctional	56,000	154,533	(98,533)
Special Revenue - Law Enforcement	29,600	30,352	(752)
Special Revenue - Court Automation	-	29,057	(29,057)
Special Revenue - COPS Federal Grant	-	48,308	(48,308)
Special Revenue - Child and Family Program	-	36,926	(36,926)
Special Revenue - Traffic Safety	-	760	(760)
Special Revenue - High Intensity Drug Trafficking	-	5,295	(5,295)
Special Revenue - Federal Equitable Sharing	-	82,430	(82,430)
Special Revenue - 911 Rural Addressing	-	10,409	(10,409)
Special Revenue - SAP Grant	-	70,000	(70,000)
Capital Projects- CDBG Fire Police	-	3,439	(3,439)
Capital Projects- Street Phase II	-	9,507	(9,507)
Capital Projects- Sports Complex	-	1,058,996	(1,058,996)
Capital Projects- Red Mender	-	78,853	(78,853)
Capital Projects- GUY Keating	-	48,735	(48,735)
Capital Projects- Library	-	21,205	(21,205)
Capital Projects- Crawford Anapra Road	-	10,502	(10,502)
Capital Projects- City Sidewalk Improvement	-	184,650	(184,650)
Capital Projects- Community Park Improvements	-	64,262	(64,262)
Joint Utilities	3,572,870	4,342,752	(769,882)

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

Fund	Budgeted Deficit
Special Revenue - Paso Del Norte Walk Path II	\$ 58,711

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

15. PRIOR PERIOD ADJUSTMENT

Certain errors resulting in an understatement of previously reported cash were discovered during the current year. Accordingly, an adjustment of \$127,914 was made during fiscal year ending June 30, 2010 to increase cash as of the beginning of the year for the General Fund and Governmental Activities. A corresponding entry was made to increase previously reported net assets by \$127,914. In addition, an adjustment of \$146,486 was made during fiscal year ending June 30, 2010 to increase cash as of the beginning of the year for the Joint Utilities. A corresponding entry was made to increase previously reported net assets by \$127,914.

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.

Senior Citizen Center - To account for a portion of the operations of the City's Senior Citizens Center. The sales of ceramics, fees, and dues are accounted for in this fund and a portion of the operating expenses.

SAP Grant - 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, 2010

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS:			
Cash and cash equivalents	\$ 48,943	\$ -	\$ 48,943
Receivables, net of allowance for uncollectibles			
Intergovernmental	<u>-</u>	<u>209,166</u>	<u>209,166</u>
Total assets	<u>\$ 48,943</u>	<u>\$ 209,166</u>	<u>\$ 258,109</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accrued liabilities and other expenses	\$ 1,704	\$ -	\$ 1,704
Internal balances	<u>-</u>	<u>212,606</u>	<u>212,606</u>
Total liabilities	<u>1,704</u>	<u>212,606</u>	<u>214,310</u>
FUND BALANCES:			
Reserved for capital project funds	-	(3,440)	(3,440)
Reserved for special revenues funds	<u>47,239</u>	<u>-</u>	<u>47,239</u>
Total net assets	<u>47,239</u>	<u>(3,440)</u>	<u>43,799</u>
Total net assets and fund balances	<u>\$ 48,943</u>	<u>\$ 209,166</u>	<u>\$ 258,109</u>

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES:			
State shared taxes	\$ 2,345	36,401	\$ 38,746
Intergovernmental	666,294	993,873	1,660,167
Fines and forfeitures	20,306	-	20,306
Charges for services	500	-	500
Miscellaneous	175,882	639,024	814,906
Total revenues	<u>865,327</u>	<u>1,669,298</u>	<u>2,534,625</u>
EXPENDITURES:			
Current:			
Public safety	558,768	-	558,768
Culture and recreation	191,993	-	191,993
Capital outlay	-	1,659,586	1,659,586
Total expenses	<u>750,761</u>	<u>1,659,586</u>	<u>2,410,347</u>
Excess (deficiency) of revenues over expenditures	114,566	9,712	124,278
OTHER FINANCING SOURCES:			
Transfers in (out)	6,000	-	6,000
Total other financing sources	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Net changes in fund balances	<u>120,566</u>	<u>9,712</u>	<u>130,278</u>
Fund balances, beginning of year	<u>(73,327)</u>	<u>(13,152)</u>	<u>(86,479)</u>
Fund balances, end of year	<u>\$ 47,239</u>	<u>\$ (3,440)</u>	<u>\$ 43,799</u>

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	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
ASSETS:								
Cash	\$ 10,256	\$ -	\$ 3,037	\$ -	\$ 1,326	\$ -	\$ -	\$ -
Intergovernmental receivable	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Total assets	\$ 10,256	\$ -	\$ 3,037	\$ -	\$ 1,326	\$ -	\$ -	\$ -
LIABILITIES AND FUND BALANCE:								
Liabilities:								
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities and other expenses	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-
Fund Balance:								
Reserved for special revenue funds	10,256	-	3,037	-	1,326	-	-	-
Total fund balance	10,256	-	3,037	-	1,326	-	-	-
Total liabilities and fund balances	\$ 10,256	\$ -	\$ 3,037	\$ -	\$ 1,326	\$ -	\$ -	\$ -

(Continued)

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	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
ASSETS:								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,978	\$ -
Intergovernmental receivable	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,978	\$ -
LIABILITIES AND FUND BALANCE:								
Liabilities:								
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities and other expenses	-	1,378	-	326	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	1,378	-	326	-	-	-	-
Fund Balance:								
Reserved for special revenue funds	-	(1,378)	-	(326)	-	-	33,978	-
Total fund balance	-	(1,378)	-	(326)	-	-	33,978	-
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,978	\$ -

(Continued)

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

	Operation Safe Border	Operation Safe Border	SAP Grant	Total
ASSETS:				
Cash	\$ -	\$ 346	\$ -	\$ 48,943
Intergovernmental receivable	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ -	\$ 346	\$ -	\$ 48,943
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accrued liabilities and other expenses	-	-	-	1,704
Due to other funds	-	-	-	-
Total liabilities	-	-	-	1,704
Fund Balance:				
Reserved for special revenue funds	-	346	-	47,239
Total fund balance	-	346	-	47,239
Total liabilities and fund balances	\$ -	\$ 346	\$ -	\$ 48,943

(Concluded)

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

	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:								
State shared taxes	\$ -	\$ 2,345	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	191,483	-	6,990	-	29,600	-	3,859	-
Fines and forfeitures	-	-	-	20,306	-	-	-	-
Charges for services	500	-	-	-	-	-	-	-
Miscellaneous	5,195	-	-	-	-	5,428	-	1,000
Total revenues	<u>197,178</u>	<u>2,345</u>	<u>6,990</u>	<u>20,306</u>	<u>29,600</u>	<u>5,428</u>	<u>3,859</u>	<u>1,000</u>
Expenditures:								
Current								
Public safety	185,294	-	24,760	154,533	30,352	-	29,057	-
Culture and recreation	-	44,461	-	-	-	-	-	-
Total expenditures	<u>185,294</u>	<u>44,461</u>	<u>24,760</u>	<u>154,533</u>	<u>30,352</u>	<u>-</u>	<u>29,057</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>11,884</u>	<u>(42,116)</u>	<u>(17,770)</u>	<u>(134,227)</u>	<u>(752)</u>	<u>5,428</u>	<u>(25,198)</u>	<u>1,000</u>
Other financing sources:								
Transfers in	-	-	6,000	-	-	-	-	-
Net changes in fund balance	<u>11,884</u>	<u>(42,116)</u>	<u>(11,770)</u>	<u>(134,227)</u>	<u>(752)</u>	<u>5,428</u>	<u>(25,198)</u>	<u>1,000</u>
Fund balance, beginning 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>
Fund balance, end of year	<u>\$ 10,256</u>	<u>\$ -</u>	<u>\$ 3,037</u>	<u>\$ -</u>	<u>\$ 1,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

	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:								
State shared taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	86,214	11,237	266,911	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Miscellaneous	17,269	-	-	11,235	103,862	-	26,489	-
Total revenues	17,269	-	86,214	22,472	370,773	-	26,489	-
Expenditures:								
Current								
Public safety	-	48,308	-	760	-	5,295	-	10,409
Culture and recreation	-	-	36,926	-	28,176	-	82,430	-
Total expenditures	-	48,308	36,926	760	28,176	5,295	82,430	10,409
Excess (deficiency) of revenues over expenditures	17,269	(48,308)	49,288	21,712	342,597	(5,295)	(55,941)	(10,409)
Net changes in fund balance	17,269	(48,308)	49,288	21,712	342,597	(5,295)	(55,941)	(10,409)
Fund balance, beginning of year	(17,269)	46,930	(49,288)	(22,038)	(342,597)	5,295	89,919	10,409
Fund balance, end of year	\$ -	\$ (1,378)	\$ -	\$ (326)	\$ -	\$ -	\$ 33,978	\$ -

(Continued)

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

	Operation Safe Border	Senior Citizen Center	SAP Grant	Total
Revenues:				
State shared taxes	\$ -	\$ -	\$ -	\$ 2,345
Intergovernmental	-	-	70,000	666,294
Fines and forfeitures	-	-	-	20,306
Charges for services	-	-	-	500
Miscellaneous	<u>5,058</u>	<u>346</u>	<u>-</u>	<u>175,882</u>
Total revenues	<u>5,058</u>	<u>346</u>	<u>70,000</u>	<u>865,327</u>
Expenditures:				
Current				
Public safety	-	-	70,000	558,768
Culture and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,993</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>70,000</u>	<u>750,761</u>
Excess (deficiency) of revenues over expenditures	<u>5,058</u>	<u>346</u>	<u>-</u>	<u>114,566</u>
Other financing sources:				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Net changes in fund balance	<u>5,058</u>	<u>346</u>	<u>-</u>	<u>120,566</u>
Fund balance, beginning of year	<u>(5,058)</u>	<u>-</u>	<u>-</u>	<u>(73,327)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 346</u>	<u>\$ -</u>	<u>\$ 47,239</u>

(Concluded)

See accompanying notes to financial statements and independent auditor's report.

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, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 130,532	\$ 130,532	\$ 191,483	\$ 60,951
Miscellaneous	-	-	5,695	5,695
Total revenues	<u>130,532</u>	<u>130,532</u>	<u>197,178</u>	<u>66,646</u>
EXPENDITURES:				
Current:				
Public safety	<u>130,532</u>	<u>130,532</u>	<u>185,294</u>	<u>(54,762)</u>
Total expenditures	<u>130,532</u>	<u>130,532</u>	<u>185,294</u>	<u>(54,762)</u>
Excess (deficiency) of revenues over expenditures	-	-	11,884	11,884
Cash balance, beginning of year	<u>9,736</u>	<u>9,736</u>	<u>9,736</u>	-
Cash balance, end of year	<u>\$ 9,736</u>	<u>\$ 9,736</u>	<u>\$ 21,620</u>	<u>\$ 11,884</u>

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ 11,884
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>\$ 11,884</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State shared taxes	\$ -	\$ -	\$ 2,345	\$ 2,345
Total revenues	<u>-</u>	<u>-</u>	<u>2,345</u>	<u>2,345</u>
EXPENDITURES:				
Current:				
Culture and recreation	<u>-</u>	<u>-</u>	<u>44,461</u>	<u>(44,461)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>44,461</u>	<u>(44,461)</u>
Excess (deficiency) of revenues over expenditures	-	-	(42,116)	(42,116)
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>\$ (42,116)</u>	<u>\$ (42,116)</u>

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ (42,116)
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>\$ (42,116)</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 7,000	\$ 7,000	\$ 6,990	\$ (10)
EXPENDITURES:				
Current:				
Public safety	14,500	14,500	24,760	(10,260)
Total expenditures	14,500	14,500	24,760	(10,260)
Excess (deficiency) of revenue over expenditures	(7,500)	(7,500)	(17,770)	(10,270)
OTHER FINANCING SOURCES:				
Transfers in (out)	7,000	7,000	6,000	1,000
Total other financing sources	7,000	7,000	6,000	1,000
Net change in fund balance	(500)	(500)	(11,770)	(9,270)
Cash balance, beginning of year	1,749	1,749	1,749	-
Cash balance, end of year	\$ 1,249	\$ 1,249	\$ (10,021)	\$ (9,270)

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ (11,770)
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	<u>\$ (11,770)</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Fines and forfeitures	\$ 56,000	\$ 56,000	\$ 20,306	\$ (35,694)
EXPENDITURES:				
Current:				
Public safety	56,000	56,000	154,533	(98,533)
Total expenditures	56,000	56,000	154,533	(98,533)
Excess (deficiency) of revenues over expenditures	-	-	(134,227)	(134,227)
Cash balance, beginning of year	55,302	55,302	55,302	-
Cash balance, end of year	<u>\$ 55,302</u>	<u>\$ 55,302</u>	<u>\$ (78,925)</u>	<u>\$ (134,227)</u>
<u>Budget to GAAP reconciliation</u>				
Net excess of revenues and other sources over expenditures budgetary basis			\$ (134,227)	
Change in transfers not budgeted			-	
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds			<u>\$ (134,227)</u>	
See accompanying notes to financial statements and independent auditor's report.				

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 29,600	\$ 29,600	\$ 29,600	\$ -
EXPENDITURES:				
Current:				
Public safety	29,600	29,600	30,352	(752)
Total expenditures	29,600	29,600	30,352	(752)
Excess (deficiency) of revenues over expenditures	-	-	(752)	752
Cash balance, beginning of year	226	226	226	752
Cash balance, end of year	\$ 226	\$ 226	\$ (526)	\$ 1,504

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ (752)
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	\$ (752)

See accompanying notes to financial statements and independent auditor's report.

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, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Miscellaneous	\$ -	\$ -	\$ 5,428	\$ 5,428
EXPENDITURES:				
Current:				
Health and welfare	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	5,428	5,428
Cash balance, beginning of year	4,372	4,372	4,372	-
Cash balance, end of year	<u>\$ 4,372</u>	<u>\$ 4,372</u>	<u>\$ 9,800</u>	<u>\$ 5,428</u>

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ 5,428
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	<u>\$ 5,428</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 3,859	\$ 3,859
EXPENDITURES:				
Current:				
Public safety	-	-	29,057	(29,057)
Total expenditures	-	-	29,057	(29,057)
Excess (deficiency) of revenues over expenditures	-	-	(25,198)	(25,198)
Cash balance, beginning of years	18,313	18,313	18,313	-
Cash balance, end of year	<u>\$ 18,313</u>	<u>\$ 18,313</u>	<u>\$ (6,885)</u>	<u>\$ (25,198)</u>

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ (25,198)
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>\$ (25,198)</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Miscellaneous	\$ -	\$ -	\$ 1,000	\$ 1,000
EXPENDITURES:				
Current:				
Culture and recreation	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ 1,000
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>\$ 1,000</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Miscellaneous	\$ -	\$ -	\$ 17,269	\$ 17,269
EXPENDITURES:				
Current:				
Culture and recreation	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ 17,269	\$ 17,269

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ 17,269
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	<u>\$ 17,269</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State shared taxes	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public safety	-	-	48,308	(48,308)
Total expenditures	-	-	48,308	(48,308)
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ (48,308)	\$ (48,308)

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ (48,308)
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	\$ (48,308)

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 86,214	\$ 86,214
EXPENDITURES:				
Current:				
Culture and recreation	-	-	36,926	(36,926)
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ 49,288	\$ 123,140

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ 49,288
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	<u>\$ 49,288</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 11,237	\$ 11,237
Miscellaneous	-	-	11,235	11,235
Total revenues	-	-	22,472	22,472
EXPENDITURES:				
Current:				
Public safety	-	-	760	(760)
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ 21,712	\$ 23,232

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ 21,712
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	<u>\$ 21,712</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 7,693,311	\$ 7,693,311	\$ 266,911	\$ (7,426,400)
Federal grants	15,000	15,000	-	(15,000)
Miscellaneous	<u>94,655</u>	<u>94,655</u>	<u>103,862</u>	<u>9,207</u>
Miscellaneous	<u>7,802,966</u>	<u>7,802,966</u>	<u>370,773</u>	<u>(7,432,193)</u>
EXPENDITURES:				
Current:				
Culture and recreation	<u>7,872,797</u>	<u>7,872,797</u>	<u>28,176</u>	<u>7,844,621</u>
Total expenditures	<u>7,872,797</u>	<u>7,872,797</u>	<u>28,176</u>	<u>7,844,621</u>
Excess (deficiency) of revenues over expenditures	(69,831)	(69,831)	342,597	(15,276,814)
OTHER FINANCING SOURCES:				
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>\$ 342,597</u>	<u>\$ (15,287,934)</u>
<u>Budget to GAAP reconciliation</u>				
Net excess of revenues and other sources over expenditures budgetary basis			\$ 342,597	
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>\$ 342,597</u>	
See accompanying notes to financial statements and independent auditor's report.				

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Interest	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public Safety	-	-	5,295	(5,295)
Excess (deficiency) of revenues over expenditures	-	-	(5,295)	5,295
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ -	\$ (5,295)	\$ 5,295

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ (5,295)
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	<u>\$ (5,295)</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Miscellaneous	\$ -	\$ -	\$ 26,489	\$ 26,489
EXPENDITURES:				
Current:				
Culture and recreation	-	-	82,430	(82,430)
Excess (deficiency) of revenues over expenditures	-	-	(55,941)	(55,941)
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ -	\$ (55,941)	\$ (55,941)

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ (55,941)
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	\$ (55,941)

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public Safety	-	-	10,409	(10,409)
Excess (deficiency) of revenues over expenditures	-	-	(10,409)	(10,409)
OTHER FINANCING SOURCES:				
Transfers out	-	-	(10,409)	(10,409)
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ -	\$ (10,409)	\$ (10,409)

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ (10,409)
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	<u>\$ (10,409)</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Miscellaneous	\$ -	\$ -	\$ 5,058	\$ 5,058
EXPENDITURES:				
Current:				
Public Safety	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	5,058	5,058
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ -	\$ 5,058	\$ 5,058

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ 5,058
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	<u>\$ 5,058</u>

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

SENIOR CITIZEN CENTER
 STATEMENT OF REVENUES AND EXPENDITURES
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Miscellaneous	\$ -	\$ -	\$ 346	\$ 346
EXPENDITURES:				
Current:				
Public Safety	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	346	346
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ -	\$ 346	\$ 346

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ 346
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	<u>\$ 346</u>

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

SAP GRANT
 STATEMENT OF REVENUES AND EXPENDITURES
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 70,000	\$ 70,000
EXPENDITURES:				
Current:				
Public Safety	-	-	70,000	(70,000)
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ -	\$ -	\$ -
<u>Budget to GAAP reconciliation</u>				
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 and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2010

	CDBG Fire-Police Substation	Municipal Road Fund	Street Phase II Fund	Sports Complex	Red Mender	Guy Keating	La Clinica De Familia
ASSETS:							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receivable	-	-	-	125,688	-	-	-
Due from other funds	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE:							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash overdraft	-	-	-	-	-	-	-
Due to other funds	3,440	-	-	125,688	-	-	-
Total liabilities	<u>3,440</u>	<u>-</u>	<u>-</u>	<u>125,688</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:							
Reserved for Capital Projects Funds	<u>(3,440)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2010

	Library	Crawford Anapra Road	City Sidewalk Improvement	Community Park Improvements	Total
ASSETS:					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receivable	-	-	-	83,478	209,166
Due from other funds	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,478</u>	<u>\$ 209,166</u>
LIABILITIES AND FUND BALANCE:					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Cash overdraft	-	-	-	-	-
Due to other funds	-	-	-	83,478	212,606
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,478</u>	<u>212,606</u>
Fund Balance:					
Reserved for Capital Projects Funds	-	-	-	-	(3,440)
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,478</u>	<u>\$ 209,166</u>

(Concluded)

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2010

	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	\$ -	\$ 36,401	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	582,861	78,024	-	-
Miscellaneous	<u>316,922</u>	<u>26,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>696</u>
Total revenues	<u>316,922</u>	<u>62,433</u>	<u>-</u>	<u>582,861</u>	<u>78,024</u>	<u>-</u>	<u>696</u>
Expenditures:							
Current							
Capital outlay	<u>3,439</u>	<u>179,437</u>	<u>9,507</u>	<u>1,058,996</u>	<u>78,853</u>	<u>48,735</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>313,483</u>	<u>(117,004)</u>	<u>(9,507)</u>	<u>(476,135)</u>	<u>(829)</u>	<u>(48,735)</u>	<u>696</u>
Net changes in fund balance	<u>313,483</u>	<u>(117,004)</u>	<u>(9,507)</u>	<u>(476,135)</u>	<u>(829)</u>	<u>(48,735)</u>	<u>696</u>
Fund balance, beginning 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>
Fund balance, end of year	<u>\$ (3,440)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2010

	Library	Crawford Anapra Road	City Sidewalk Improvement	Community Park Improvements	Total
Revenues:					
State shared taxes	\$ -	\$ -	\$ -	\$ -	\$ 36,401
Intergovernmental	21,205	-	228,305	83,478	993,873
Miscellaneous	-	295,374	-	-	639,024
Total revenues	<u>21,205</u>	<u>295,374</u>	<u>228,305</u>	<u>83,478</u>	<u>1,669,298</u>
Expenditures:					
Current					
Capital outlay	<u>21,205</u>	<u>10,502</u>	<u>184,650</u>	<u>64,262</u>	<u>1,659,586</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>284,872</u>	<u>43,655</u>	<u>19,216</u>	<u>9,712</u>
Net changes in fund balance	<u>-</u>	<u>284,872</u>	<u>43,655</u>	<u>19,216</u>	<u>9,712</u>
Fund balance, beginning of year	<u>-</u>	<u>(284,872)</u>	<u>(43,655)</u>	<u>(19,216)</u>	<u>(13,152)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,440)</u>

(Concluded)

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State Grants	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	316,922	316,922
Total revenues	-	-	316,922	316,922
EXPENDITURES:				
Current:				
Capital outlay	-	-	3,439	(3,439)
Total expenditures	-	-	3,439	(3,439)
Excess (deficiency) of revenues over expenditures	-	-	313,483	(313,483)
OTHER FINANCING SOURCES:				
Transfers in	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	-	-	313,483	(313,483)
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ 313,483	\$ (313,483)

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ 313,483
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	<u>\$ 313,483</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State share taxes	\$ 439,957	\$ 439,957	\$ 36,401	\$ (403,556)
Miscellaneous	-	-	26,032	26,032
Total revenues	<u>439,957</u>	<u>439,957</u>	<u>62,433</u>	<u>(377,524)</u>
EXPENDITURES:				
Current:				
Capital outlay	<u>371,053</u>	<u>371,053</u>	<u>179,437</u>	<u>191,616</u>
Total expenditures	<u>371,053</u>	<u>371,053</u>	<u>179,437</u>	<u>191,616</u>
Excess (deficiency) of revenues over expenditures	68,904	68,904	(117,004)	185,908
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	<u>\$ 68,904</u>	<u>\$ 68,904</u>	<u>\$ (117,004)</u>	<u>\$ 185,908</u>

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ (117,004)
Difference 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>\$ (117,004)</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	9,507	(9,507)
Total expenditures	-	-	9,507	(9,507)
Excess (deficiency) of revenues over expenditures	-	-	(9,507)	9,507
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	\$ -	\$ -	\$ (9,507)	\$ 9,507

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ (9,507)
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	<u>\$ (9,507)</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 582,861	\$ 582,861
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	1,058,996	(1,058,996)
Total expenditures	-	-	1,058,996	(1,058,996)
Excess (deficiency) of revenues over expenditures	-	-	(476,135)	476,135
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	\$ -	\$ -	\$ (476,135)	\$ 476,135

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ (476,135)
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	<u>\$ (476,135)</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 78,024	\$ 78,024
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	78,853	(78,853)
Total expenditures	-	-	78,853	78,853
Excess (deficiency) of revenues over expenditures	-	-	(829)	(829)
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	\$ -	\$ -	\$ (829)	\$ (829)

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ (829)
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	<u>\$ (829)</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State share taxes	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	48,735	(48,735)
Total expenditures	-	-	48,735	48,735
Excess (deficiency) of revenues over expenditures	-	-	(48,735)	(48,735)
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	\$ -	\$ -	\$ (48,735)	\$ (48,735)

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ (48,735)
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	<u>\$ (48,735)</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Miscellaneous	\$ -	\$ -	\$ 696	\$ 696
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	696	696
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 696</u>	<u>\$ 696</u>

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ 696
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>\$ 696</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 21,205	\$ 21,205
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	21,205	(21,205)
Total expenditures	-	-	21,205	21,205
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source 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 and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Miscellaneous	\$ -	\$ -	\$ 295,374	\$ 295,374
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	10,502	(10,502)
Total expenditures	-	-	10,502	10,502
Excess (deficiency) of revenues over expenditures	-	-	284,872	284,872
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	\$ -	\$ -	\$ 284,872	\$ 284,872

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ 284,872
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	<u>\$ 284,872</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 228,305	\$ 228,305
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	184,650	(184,650)
Total expenditures	-	-	184,650	184,650
Excess (deficiency) of revenues over expenditures	-	-	43,655	43,655
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	\$ -	\$ -	\$ 43,655	\$ 43,655

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ 43,655
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	<u>\$ 43,655</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 83,478	\$ 83,478
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	64,262	(64,262)
Total expenditures	-	-	64,262	64,262
Excess (deficiency) of revenues over expenditures	-	-	19,216	19,216
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	\$ -	\$ -	\$ 19,216	\$ 19,216

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ 19,216
Change in transfers not budgeted	-
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-Nonmajor Governmental Funds	<u>\$ 19,216</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State share taxes	\$ 441,975	\$ 441,975	\$ -	\$ (441,975)
Interest	-	-	256,449	256,449
Total revenues	<u>441,975</u>	<u>441,975</u>	<u>256,449</u>	<u>(185,526)</u>
EXPENDITURES:				
Capital outlay	-	-	171,214	171,214
Total expenditures	<u>-</u>	<u>-</u>	<u>171,214</u>	<u>171,214</u>
Excess (deficiency) of revenues over expenditures	441,975	441,975	85,235	(356,740)
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	-
Excess (deficiency) of revenues and other source over expenditures	<u>\$ 441,975</u>	<u>\$ 441,975</u>	<u>\$ 85,235</u>	<u>\$ (356,740)</u>

Budget to GAAP reconciliation

Net excess of revenues and other sources over expenditures budgetary basis	\$ 85,235
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>\$ 85,235</u>

See accompanying notes to financial statements and independent auditor's report.

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, 2010

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
OPERATING REVENUES:				
Joint utilities sales	\$ 3,744,569	\$ 3,744,569	\$ 3,459,938	\$ (284,631)
Other operating revenues	-	-	60,200	60,200
Total operating revenues	<u>3,744,569</u>	<u>3,744,569</u>	<u>3,520,138</u>	<u>(224,431)</u>
OPERATING EXPENSES:				
Personnel services	3,572,870	3,572,870	1,581,974	1,990,896
Professional services	-	-	693,328	(693,328)
Utilities	-	-	783,145	(783,145)
Operating expenses	-	-	1,284,305	(1,284,305)
Total operating expenses	<u>3,572,870</u>	<u>3,572,870</u>	<u>4,342,752</u>	<u>(769,882)</u>
Operating income (loss)	<u>171,699</u>	<u>171,699</u>	<u>(822,614)</u>	<u>(994,313)</u>
Nonoperating revenues (expenses)				
Gross receipts tax	287,177	287,177	139,245	(147,932)
Intergovernmental revenue	-	-	330,665	330,665
Interest expense	-	-	(153,557)	(153,557)
Total nonoperating revenue (expenses)	<u>287,177</u>	<u>287,177</u>	<u>316,353</u>	<u>29,176</u>
Net income (loss) before transfers	458,876	458,876	(506,261)	(965,137)
Operating transfers, net	<u>33,256</u>	<u>33,256</u>	<u>59,675</u>	<u>26,419</u>
Net income (loss)	<u>\$ 492,132</u>	<u>\$ 492,132</u>	<u>\$ (446,586)</u>	<u>\$ (938,718)</u>
Excess revenues and other sources over expenses				
GAAP basis			\$ (891,300)	
Increases (decreases):				
Revenue accruals, net			-	
(Increases) decreases:				
Expenses accruals, net			-	
Depreciation expense			444,714	
Capital Outlay			<u>-</u>	
Excess of revenues over expenses and other sources, Non-GAAP budgetary basis			<u>\$ (446,586)</u>	

See accompanying notes to financial statements and independent auditor's report.

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, 2010**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
OPERATING REVENUES:				
Rental income	\$ 84,314	\$ 84,314	\$ 102,524	\$ 18,210
HUD Subsidy	<u>203,739</u>	<u>203,739</u>	<u>208,904</u>	<u>5,165</u>
Total operating revenues	<u>288,053</u>	<u>288,053</u>	<u>311,428</u>	<u>23,375</u>
OPERATING EXPENSES:				
Personnel services	100,550	100,550	97,897	2,653
Operating expenses	99,692	99,692	65,049	34,643
Capital outlay	<u>69,738</u>	<u>69,738</u>	<u>-</u>	<u>69,738</u>
Total operating expenses	<u>269,980</u>	<u>269,980</u>	<u>162,946</u>	<u>107,034</u>
Operating loss	<u>18,073</u>	<u>18,073</u>	<u>148,482</u>	<u>130,409</u>
OTHER FINANCING SOURCES:				
Interest revenue	<u>10,000</u>	<u>10,000</u>	<u>5,499</u>	<u>(4,501)</u>
Total other financing sources	<u>10,000</u>	<u>10,000</u>	<u>5,499</u>	<u>(4,501)</u>
Net income (loss)	28,073	28,073	153,981	125,908
Cash balance, beginning of year	<u>165,549</u>	<u>165,549</u>	<u>165,549</u>	<u>-</u>
Cash balance, end of year	<u>\$ 193,622</u>	<u>\$ 193,622</u>	<u>\$ 319,530</u>	<u>\$ 125,908</u>
Excess revenues and other sources over expenses GAAP basis			\$ 77,678	
Increases (decreases):				
Revenue accruals, net			-	
(Increases) decreases:				
Expenses accruals, net			-	
Depreciation expense			76,303	
Capital Outlay			<u>-</u>	
Excess of revenues over expenses and other sources, Non-GAAP budgetary basis			<u>\$ 153,981</u>	

See accompanying notes to financial statements and independent auditor's report.

CITY OF SUNLAND PARK, NEW MEXICO

MOTOR VEHICLE AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
ASSETS:				
Cash and cash equivalents	<u>\$ 19,827</u>	<u>\$ 26,418</u>	<u>\$ 1,241</u>	<u>\$ 45,004</u>
LIABILITIES:				
Due to other governmental agency	<u>\$ 19,827</u>	<u>\$ 26,418</u>	<u>\$ 1,241</u>	<u>\$ 45,004</u>

See accompanying notes to financial statements and independent auditor's report.

OTHER SUPPLEMENTAL INFORMATION

CITY OF SUNLAND PARK, NEW MEXICO

SCHEDULE OF DEPOSIT ACCOUNTS
 JUNE 30, 2010

Financial Institution/ Account Description	Type of Account	Per Institution	Reconciling Items	Per Financial Statement
<i>Wells Fargo Bank</i>				
General Operating	Checking	\$ 776,037	\$ (67,957)	\$ 708,080
Senior Citizen Center	Checking	346	-	346
Fire Protection	Checking	20,146	(6,853)	13,293
Reserve	Checking	122,122	-	122,122
Confiscated Assets	Checking	34,481	(503)	33,978
NMED Replacement	Checking	24,365	-	24,365
Utility Account	Checking	55,905	(8,144)	47,761
Debt Service	Checking	14,546	-	14,546
Law Enforcement	Checking	2,462	(1,136)	1,326
CRRUA	Checking	411,694	(61,419)	350,275
Border Crossing	Checking	230,825	-	230,825
General Fund	CD	127,914	-	127,914
Unreconciled difference		-	284,777	284,777
Total deposits -non-agency		<u>\$ 1,820,843</u>	<u>\$ 138,765</u>	<u>1,959,608</u>
NM State Treasurer				
Local Govt' Investment Pool	Investment	<u>12,383,241</u>	<u>-</u>	<u>12,383,241</u>
Total investments		<u>12,383,241</u>	<u>-</u>	<u>12,383,241</u>
Total deposits and investment accounts-non-agency		<u>\$ 14,204,084</u>	<u>\$ 138,765</u>	<u>\$ 14,342,849</u>
Agency Fund Cash Account				
<i>Wells Fargo Bank</i>	Checking	<u>\$ 46,131</u>	<u>\$ (1,127)</u>	<u>\$ 45,004</u>

See accompanying notes to financial statements.

CITY OF SUNLAND PARK, NEW MEXICO

SCHEDULE OF PLEDGE COLLATERAL
 JUNE 30, 2010

	Wells Fargo
Deposits at June 30, 2010	\$ 1,820,843
Less: FDIC coverage	<u>250,000</u>
Uninsured public funds	1,570,843
Pledged collateral held by the pledging bank's trust department or agent but not in the City's name	<u>2,691,022</u>
Uninsured and uncollateralized	<u>\$ (1,120,179)</u>
50% pledged collateral requirement per statute	\$ 785,422
Total pledged collateral	<u>2,691,022</u>
Pledged collateral over the requirements	<u>\$ (1,905,600)</u>

Pledged collateral at June 30, 2010 consists of the following:

Security	CUSIP	Maturity	Market Value
FNCL 882693	31409YUS4	6/1/36	<u>\$ 2,691,022</u>
Total			<u>\$ 2,691,022</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, 2010

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 have audited 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, each major fund, aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, and the combining and individual funds and related 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, 2010, and have issued our report thereon dated October 28, 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there are can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. 2002-01, 2003-04, 2002-06, 2003-10, 2003-11, 2002-03, 2002-04, 2008-03, 2008-04, 2008-05, 2008-06, 2008-08, 2008-09, 2009-01, 2010-01, 2010-02, 2010-03, 2010-04, 2010-05, 2010-06, 2010-07, 2010-08, 2010-09, 2010-10, 2010-11, 2010-12, 2010-13, 2010-14 and 2010-15.

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 2008-09, 2009-01, 2010-05, 2010-07, 2010-08 and 2010-15.

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 + Samaniego + Campbell, LLP

October 28, 2011

CITY OF SUNLAND PARK, NEW MEXICO

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2010

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

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 about 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 a desk procedures manual by fiscal year end.

2002-03 Submission of Audit Report for Fiscal Year June 30, 2010

Condition

The 2010 audit report for the City was delivered to the Office of the State Auditor in October 2011, after the December 1, 2010 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.

Individual funds with deficit fund balances at June 30, 2010 are as follows:

	Deficit Fund Balance/ Net Assets
Special Revenue - COPS Federal	\$ 1,378
Special Revenue - Traffic Safety	326
Capital Project - CDBG Fire/Police Sub-station	3,440

During the fiscal year ended June 30, 2010, the City remitted payments for goods and services in excess of the adopted budget within the following funds:

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures
General Fund	\$ -	\$ -	\$ -
Special Revenue - Fire Protection	130,532	185,294	(54,762)
Special Revenue - Juvenile Recreation	-	44,461	(44,461)
Special Revenue - Emergency Medical Services	14,500	24,760	(10,260)
Special Revenue - Correctional	56,000	154,533	(98,533)
Special Revenue - Law Enforcement	29,600	30,352	(752)
Special Revenue - Court Automation	-	29,057	(29,057)
Special Revenue - COPS Federal Grant	-	48,308	(48,308)
Special Revenue - Child and Family Program	-	36,926	(36,926)
Special Revenue - Traffic Safety	-	760	(760)
Special Revenue - High Intensity Drug Trafficking	-	5,295	(5,295)
Special Revenue - Federal Equitable Sharing	-	82,430	(82,430)
Special Revenue - 911 Rural Addressing	-	10,409	(10,409)
Special Revenue - SAP Grant	-	70,000	(70,000)
Capital Projects- CDBG Fire Police	-	3,439	(3,439)
Capital Projects- Street Phase II	-	9,507	(9,507)
Capital Projects- Sports Complex	-	1,058,996	(1,058,996)
Capital Projects- Red Mender	-	78,853	(78,853)
Capital Projects- GUY Keating	-	48,735	(48,735)
Capital Projects- Library	-	21,205	(21,205)
Capital Projects- Crawford Anapra Road	-	10,502	(10,502)
Capital Projects- City Sidewalk Improvement	-	184,650	(184,650)
Capital Projects- Community Park Improvements	-	64,262	(64,262)
Joint Utilities	3,572,870	4,342,752	(769,882)

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

Fund	Budgeted Deficit
Special Revenue - Paso Del Norte Walk Path II	\$ 58,711

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.

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.

2003-04 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.

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.

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 \$1,830,800.

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) as of June 30, 2010. Compensated absences were provided as of December 31, 2010.

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 2009, 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 2009 audit adjustments entries.

Effect

Significant audit adjustments were required in 2009 to reconcile beginning fund balance and net assets to the 2009 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 115, 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 115, paragraph 15 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 115, 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, 2010, 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.

2010-01 Investment Accounts

Condition

The City did not record investment accounts as assets anywhere on the books of record. During our test work, we noted that the City did not record investments of \$12,177,171.

Criteria

According to GASB 34 ¶ 12 (e) the City will "Measure and report all assets and revenues (both financial and capital)." Thus, all assets must be posted to the general ledger as soon as they are received.

Cause

The previous Business Manager failed to reconcile and record the investment accounts.

Effect

Investments and revenues are being understated.

Recommendation

An employee should be given the duties of reconciling and recording the investment accounts and posting all interest earned to the books of records.

Management's Response

The new City management concurs with the finding. The City lost its software and data resulting from a system crash. There was not any supporting documentation to determine which Fund the investment accounts needed to be recorded in on the general ledger. After research, the city determined which Funds to record the investments to in the general ledger.

2010-02 Accounts Receivables

Condition

An aging of accounts receivable is not being prepared periodically. Accounts receivable are not aged by days or months outstanding. The accounting department does not maintain a list of deposits outstanding by grantor/public nor does it reconcile the list with depositor's statements periodically. The City does not record receivables in any type of subsidiary ledger that would flow to a general ledger.

Criteria

To ensure accuracy and reliability of the City's records, expected deposits should be recorded as receivables in a separate subsidiary ledger when received and reconciled with the grantor's/public's statements periodically.

Cause

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

Effect

The City is unable to readily identify outstanding deposits and accounts receivable information, unable to record revenue in the correct period, due to receivables not being recorded, 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 expected deposits that are received. Balances should be analyzed on a monthly basis with all reconciling items noted and discrepancies resolved. Timely analysis should result in more accurate interim reports and cash flow analysis for management's use.

Management's Response

The new City management concurs with the finding. Due to the system failure and lost data, the City was unable to readily identify outstanding deposits and accounts receivable information as well as unable to record revenue in the correct period, separate subsidiary ledger, and record all expected deposits that are received. The city has designated the Procurement Officer to establish and maintain a subsidiary ledger in order to identify and track any outstanding deposits and accounts receivable.

2010-03 Misclassifications and Lack of Supporting Documentation for Disbursements

Condition

During audit test work of cash disbursements, it was noted that 6 items tested were not classified into appropriate accounts for a total of \$107,397. Additionally, 1 disbursement was listed in the check register under a vendor name that did not match the vendor name that was listed on the actual check and supporting invoice.

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

The City does not have sufficient internal controls in place to ensure all disbursements are supported by adequate documentation.

Effect

Lack of adequate documentation of disbursements increases the risk of preventing or detecting errors or irregularities on a timely basis.

Recommendation

We recommend that the City re-evaluate the transition of management, so that the new management may assess what went wrong in order to ensure that such problems do not re-occur, and follow its own policies and procedures for record retention. Also, the City must implement internal controls during the disbursement process to ensure supporting documentation is available for all payments.

Management's Response

The new city management concurs with the finding. After the city lost its software and data during the computer system failure (November 2009), the city hired an outside contractor to provide the City with accounting services. The City also hired a temporary employee for data entry services to re-enter expenses into the system. Due to the lack of supporting documents it was difficult to determine which accounts the revenue should be recorded in on the general ledger. The revenue was therefore entered into the General Ledger as miscellaneous revenue to the correct funds. As of March 2010, the city transactions have been accurately recorded and reported along with the adequate support documentation.

2010-04 Lack of Supporting Documentation for Receipts

Condition

During our test work of cash receipts, it was noted that supporting documentation was not found for several recorded revenue receipts, including: \$3,101 in state cigarette tax receipts, \$16,905 in gasoline tax receipts, \$51,489 in motor vehicle registration tax receipts, \$56,249 in property tax receipts and \$5,175 in business registration receipts.

Criteria

Good internal controls and sound business practices require that the City provide adequate support for receipts and ensure that receipts are correctly recorded in deposit books and the general ledger.

Cause

The City was not keeping good records. Supporting documentation for the receipts was missing and there is no way to verify that the receipt was deposited.

Effect

There did not appear to be a system to verify if a receipt was deposited, creating a high risk in the area of receipts.

Recommendation

We recommend that the City implement a process to ensure that supporting documentation for all receipts and deposits is retained and readily available.

Management's Response

The new City management concurs with the finding. The City receives a percentage of revenue from the taxation and revenue department by Automated Clearing House (ACH) deposits with a deposit of notice sent by mail to the City. The Dona Ana county sends a check for the payments collected for property tax minus their administration fee along with the proper documentation. Once these funds are received, they are entered into the general ledger. The City was unable to locate the supporting documents from November 2009 to February 2010 for the recorded entries to the general ledger. As of March 2010, the City's journal entries that are recorded and receipted have the adequate supporting documentation.

The Water/Wastewater department receipts all cash payments for the City. During their relocation from city hall to another separate building, the records were moved over by temporary personal. Not all records have been located for previous years, however, the City hired new management in that department which has assured the City that all supporting documentation of all cash receipts are available.

2010-05 Overpayment of Mileage

Condition

During audit test work of travel, it was noted that for 2 out of the 2 items sampled, both travel advance vouchers were issued for a mileage rate in excess of the State maximum rate. The first voucher was issued at \$.505 per mile, an excess of \$.065 per mile, for a total over payment of \$24.19. The second voucher was issued at \$.50 per mile, an excess of \$.096 per mile, for a total over payment of \$62.78. It appears that the City's approved rate of a maximum of .505 per mile is larger than the State maximum rate.

Criteria

According to NMAC section 2.42.2.11 MILEAGE-PRIVATE CONVEYANCE: (B) Rate: Public officers and employees of state agencies shall be reimbursed for mileage accrued in the use of a private automobile or aircraft in the discharge of official duties as follows: (1) unless the secretary has reduced the rates set for mileage for any class of public officials and for employees of state agencies pursuant to Section 10-8-5 (D) NMSA 1978, 80% of the internal revenue service standard mileage rate set January 1 of the previous year for each mile traveled in a privately owned vehicle. According to the IRS, the rate on January 1, 2009 was \$.55 per mile and on January 1, 2008, \$.505 per mile.

Cause

The City approved mileage rate is larger than the State maximum rate allowed.

Effect

The City is over-paying for mileage reimbursement and not complying with State mileage rates.

Recommendation

The City should set the approved mileage rate in accordance with State provisions.

Management's Response

The new City management concurs with the finding. The City personnel that is responsible for mileage payments was erroneously using the IRS Federal Mileage rates instead of the State mileage rates. The City is working on correcting the errors.

2010-06 Incomplete Personnel Files

Condition

During audit test work of personnel files, it was noted that 3 out of the 7 files tested were missing employee annual evaluations and 1 out of the 7 files tested was missing an employee application for employment.

Criteria

Good internal controls and sound business practices require that the City maintain complete, detail personnel files. Additionally, City of Sunland Park Personnel Rules and Regulations policy 3-5-22 Performance Evaluation, states that employees will receive an annual evaluation.

Cause

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

Effect

Application for employment and annual evaluations are documents found within personnel files that contain measurable value of an employee's qualifications and performance. Without these documents, the City can expose itself to questionable or unfair treatment of employees with no measurable document to reference.

Recommendation

All personnel files should contain an application for employment and an annual evaluation in accordance with the City of Sunland Park Personnel Rules and Regulations.

Management's Response

The new City management concurs with the finding. The City Manager has directed all department heads to complete an annual evaluation for every employee by November 30, 2011. The City Clerk will audit each personnel file to ensure that all proper documentation is in place.

2010-07 Incomplete Payroll Records

Condition

During audit test work of payroll, it was noted that the City does not have adequate payroll records for FY 2010.

Criteria

The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

The SAS No. 115 Appendix lists the following circumstances as possible control deficiency, significant deficiency, or material weakness, "inadequate documentation of the components of internal control." SAS 115 paragraph 15 states that ineffective oversight of the agency's financial reporting and internal control by those charged with governance.

Cause

The City hired an outside accounting firm to prepare payroll from November 2009 to December 2010. The accounting firm did not transfer all payroll related expenses to the City's accounting software. In addition, the City does not have proper supporting documentation for the work that was performed by the accounting firm; such as payroll registers, pay check copies, etc. for the entire year of FY 2010.

Effect

The City has increased exposure that pay to employees was not paid correctly, proper classification into City's accounting system was not complete or correct and proper payroll deductions were not made.

Recommendation

When hiring an outside accounting firm to perform any accounting related procedures for the City, the City should obtain supporting documentation for all work performed by the accounting firm. Additionally, all transactions created or adjusted by the accounting firm should be reviewed and approved by knowledgeable City management.

Management's Response

The new City management concurs with the finding. After the City lost its software and data during the computer system failure, the City hired an outside contractor to provide the City with payroll services. The contractor has retained electronic records that are not in a manner that the auditors are able to use. The City now utilizes its own payroll service provider and maintains all records on site.

2010-08 Purchasing Order Lack of Detail

Condition

During audit test work of procurement procedures, it was noted that the City's purchase orders and invoices lacked sufficient detail to determine which contract each purchase order or invoice was related to, if the amount was greater than \$30,000. Due to the inability to determine the contract each purchase order or invoice related to, no evidence exists to determine if total purchases from a single vendor should have resulted from a formal bid/proposal procedure.

Criteria

Good internal controls and sound business practices require that the City maintain complete, detail documentation regarding purchases and requirements to ensure state procurement policy, such as the following is followed: According to NMAC, 1.4.1.15 COMPETITIVE SEALED BIDS REQUIRED: All procurement shall be achieved by competitive sealed bids except procurement achieved pursuant to the following methods: A. competitive sealed proposals; B. small purchases; C. sole source procurement; D. emergency procurement; E. procurement under existing contracts; and F. purchases from anti-poverty program businesses. NMAC, 1.4.1.52 SMALL PURCHASES OF PROFESSIONAL SERVICES: A. Application. A central purchasing office may procure professional services having a value not to exceed thirty thousand dollars (\$30,000) except for the services of architects, engineers, landscape architects, or surveyors for state public works projects, as that term is defined in Section 13-1-91 NMSA 1978, in accordance with Subsections B, C, and D of this section.

Cause

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

Effect

No evidence exists to determine if total purchases from a single vendor should have results from formal bid/proposal procedure, exposing the City to an increase risk of non-compliance with State policy.

Recommendation

The City should develop a process for tracking purchase orders to specific contracts to ensure all payments to vendors are properly accounted for and if necessary a formal bid/proposal procedure has been completed.

Management's Response

The new City management concurs with the finding. The Purchasing Officer has changed the manner in which purchase orders are tracked with contracts. All contracts and purchase orders will be matched by a sequential numbering system and tracked.

2010-09 Lack of Contract for Services

Condition

During audit test work of procurement procedures, it was noted that the City did not have a copy of the general engineering contract for Molzen-Corbin & Associates for FY 2010. Additionally, no contract for the City's IT services for FY 2010 with N.E.R.D.S. was found.

Criteria

Good internal controls and sound business practices require that the City maintain all contracts awarded from the City.

Cause

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

Effect

The City increases its risk of exposure to the vendor not being held contractual liable for services rendered without a signed authorized contract.

Recommendation

The City should maintain signed supporting documentation for all contracts entered into.

Management's Response

The new City management concurs with the finding. The Information Technologies (IT) contract for N.E.R.D.S. was executed sometime in 2009 and no record is available. The contractor was terminated in 2009. The contract for Molzen-Corbin could not be located either. The current IT contractor has an existing verifiable contract. There is an existing contract for the same general engineering services for 2011. The 2010 contract will be reproduced.

2010-10 Incorrect Payment to City Councilors/Mayor

Condition

During audit test work of payroll, it was noted that on July 31, 2009, it appears that all councilors were overpaid by a gross amount of \$42. Additionally, for pay dates July 31, 2009 and June 20, 2010 it appears that the Mayor was being paid bi-monthly as opposed to monthly.

Criteria

Per Ordinance No. 00-02 effective January 18, 2000, "That the Councilors shall receive a salary of \$500.00 per month as compensation for their attendance of official work sessions scheduled by the Mayor and for attendance at official Council meeting held pursuant to the Open Meeting Act, payable upon the first day of each calendar month". Additionally, "That the Mayor shall receive a salary of \$2,085 payable upon the first day of each calendar month" Per Ordinance No. 09-01 effective February 16, 2010, "The Mayor shall receive a salary of twenty five hundred dollars (\$2,500) payable upon the first day of each calendar month."

Cause

Councilors were overpaid due to an incorrect hourly rate entered to calculate monthly payroll. The Mayor was incorrectly being paid bi-monthly due to lack of oversight. Both cases involve a lack of proper training and supervision.

Effect

The City has an increase risk of overpayment to Councilors and Mayor, which that can result in a financial loss and a possible loss of public confidence.

Recommendation

Accounting personnel should closely monitor all payroll expenditures timely and ensure compliance with City Ordinance No. 09-01.

Management's Response

The new City management concurs with the finding. The payroll clerk was using an hourly rate to pay what is supposed to be a flat amount per month. This resulted in overpayment to some Councilors by several dollars. This will be corrected by November 21, 2011. The Mayor was being paid bi-weekly instead of monthly as required by ordinance; no overpayment resulted. This will be corrected as of November 21, 2011.

2010-11 Lack of Supporting Documentation for Motor Vehicle Department

Condition

During test work of the Motor Vehicle Department (MVD), it was noted that supporting documentation for deposits to the State MVD and electronic records generated from the MVD for FY 2010 were either not available or did not match City records. Auditor was unable to determine whether amounts collected from MVD were remitted to the State. Additionally, for individual customer payments, MVD could not provide supporting documentation sufficient to determine whether amounts collected were in accordance with State fees.

Criteria

The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

The SAS No. 115 Appendix lists the following circumstances as possible control deficiency, significant deficiency, or material weakness, "inadequate documentation of the components of internal control." SAS 115 paragraph 15 states that ineffective oversight of the agency's financial reporting and internal control by those charged with governance.

Cause

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

Effect

The City does not have proper MVD records to determine if the City is remitting all required payments collected to the State of New Mexico.

Recommendation

MVD should retain supporting documentation for all payments remitted to the State of New Mexico.

Management's Response

The new City management concurs with the finding. A new manager has been hired and will make sure that all supporting information is available in the future.

2010-12 Incomplete Record for the Court

Condition

During audit test work of the Court, it was noted that the courts record of bench warrants were not complete. Due to the system failure, several months of FY 2010 do not contain outstanding bench warrants.

Criteria

The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

The SAS No. 115 Appendix lists the following circumstances as possible control deficiency, significant deficiency, or material weakness, "inadequate documentation of the components of internal control." SAS 115 paragraph 15 states that ineffective oversight of the agency's financial reporting and internal control by those charged with governance.

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

The City does not have proper court records to ensure that defendants have paid the correct amount owed to the City and that bench warrants have been issued properly. Incomplete court records increase the risk that the City could be held liable for incorrect financial or criminal charges to the public.

Recommendation

The City should re-evaluate all outstanding cases for defendants and ensure that the court's records reflect the current standing of each defendant, including any fees and bench warrants issued.

Management's Response

The new City management concurs with the finding. The documented computer system failure caused the loss of some of the historical records for the court. During a period from November 2009 to approximately March 2010 much of the court recordkeeping was done manually and the transferred onto the database; this also caused some of the records to be incomplete. The system is now operating efficiently.

2010-13 Lack of Supporting Documentation for Transfer from Utility Department

Condition

During audit test work, it was noted that one transfer for \$61,945 from the Utility account into the General fund account was made on 7/10/2009 without any supporting documentation. Auditor cannot determine if this transfer is appropriate due to limited information.

Criteria

The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

The SAS No. 115 Appendix lists the following circumstances as possible control deficiency, significant deficiency, or material weakness, "inadequate documentation of the components of internal control." SAS 115 paragraph 15 states that ineffective oversight of the agency's financial reporting and internal control by those charged with governance.

Cause

The previous Finance Director failed to keep proper supporting documentation for transfers as a part of the accounting records.

Effect

Without proper supporting documentation for transfers, the City's transactions may not have been properly recorded and the City may not have reliable financial records that can be utilized for reporting and decision making.

Recommendation

Accounting personnel should closely monitor expenditures and budget restrictions, if any transfers are needed, accounting personnel should ensure that all transfers have proper supporting documentation and are presented to the City Council and the New Mexico Department of Finance and Administration (DFA).

Management's Response

The new City management concurs with the finding. This occurred under a Finance Director, who has since been released from duty. The current Finance Director documents all transfer activities.

2010-14 Lack of Supporting Documentation for Travel Reimbursement

Condition

During audit test work of travel, it was noted that one travel reimbursements did not have a per diem request attached to supporting documentation.

Criteria

According to the City of Sunland Park Travel & Per Diem Reimbursement, "every in-state request for travel reimbursement, claim for reimbursement, request for actual reimbursement and advance of per diem, mileage, meals and other reimbursable travel expense shall be on a travel voucher form and approved by the Department Heads and review by the Finance office or designee."

Cause

The City did not maintain proper supporting documentation for travel taken.

Effect

There is an increased risk that the City may pay for travel not taken, additional costs not approved or pay incorrect per diem or mileage rates.

Recommendation

The City should ensure that every travel reimbursement, claim for reimbursement, request for actual reimbursement and advance of per diem, mileage and meals is supported by a travel voucher with the approval of the Department Head and Finance designee.

Management's Response

The new City management concurs with the finding. The City will maintain all proper documentation with the travel reimbursement and per diem requests.

2010-15 Loss of Resolutions from January 2009 to July 2011

Condition

During audit test work, it was noted by the City Clerk that all original resolutions from January 2009 to July 2011 are missing.

Criteria

According to NMAC 1.13.3.10 INTRODUCTION: ACCOUNTABILITY A. Public acceptance of New Mexico state government and the roles of its employees depend on trust and confidence. This trust is founded on all of government being accountable for its actions. Access to full and accurate records is at the heart of the accountability process. Records are the means by which the evidence of past and current action, decisions, procedures and policy are preserved for future analysis and access. (1) Records are fundamental tools in the business of government and their absence can lead to inefficiencies or failure in operational procedures. The absence of records can open agency employees to accusations of fraud and impropriety, political embarrassment and an inability to defend the state in cases of legal action or claims against the government. (2) Records can also be transferred from one medium to another and from one context to another through copying, imaging or digital transfer. Electronic records are easily updated, deleted, altered and manipulated. If appropriate measures are not taken, the essential characteristics of

records (content, structure, context) can be altered or lost in the process. Careful planning and system design are required to ensure that these characteristics of records are both captured and maintained.

Cause

The City's original resolutions were lost and no electronic backup copy of all resolutions was created before the loss.

Effect

Records are fundamental tools in the business of government and their absence can lead to inefficiencies or failure in operational procedures. The absence of records can open agency employees to accusations of fraud and impropriety, political embarrassment and an inability to defend the state in cases of legal action or claims against the government.

Recommendation

The City must implement a control system according to NMAC 1.13.3.10 to maintain all original resolutions. The City should create an electronic database backup of all original resolutions.

Management's Response

The new City management concurs with the finding. The records were kept in a secure area and only one resolutions book is missing. It is unknown who confiscated the records. The City Clerk is in the process of recreating the record by reviewing the minutes of the meetings in question. All records should be recreated by the end of November 2011.

CITY OF SUNLAND PARK, NEW MEXICO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

<u>Prior Audit Findings</u>		<u>Current Status</u>
City:		
<u>Financial Statement Findings</u>		
2002-01	General Compliance Insufficient Attention Given to Accounting and Internal Control Process Repeat	Repeat
2002-03	State Compliance Submission of Audit Report for Fiscal Year June 30, 2010	Revised
2002-04	State Compliance Legal Compliance with Budget	Revised
2002-06	General Compliance Accounting for Grants	Repeat
2003-04	General Compliance Lack of Separation of Duties	Repeat
2003-10	General Compliance Accounts Payable	Repeat
2003-11	State Compliance Budget Reconciliations	Repeat
2008-01	General Compliance Loss of General Ledger	Resolved
2008-02	General Compliance Bank reconciliation	Resolved
2008-03	General Compliance Failure to Reconcile Account Balances	Repeat
2008-04	General Compliance Capital Assets	Repeat
2008-05	General Compliance Compensated Absences	Revised
2008-06	General Compliance Prior Period Adjustments	Repeat
2008-08	General Compliance Financial Statements and Disclosures	Repeat
2008-09	General Compliance Information Technology	Repeat
2009-01	General Compliance Tracking of Federal and State Awards	Repeat

Housing Authority:

Financial Statement Findings	Internal Control	
IC 08-01 Submission of Audit Report	Late Submission of Audit Report	Resolved

Compliance and Other Matters Findings	State Compliance	
CF 08-01 Legal Compliance with Budget	Actual Expenditures exceed Budgeted Expenditures	Resolved

CITY OF SUNLAND PARK, NEW MEXICO

**EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2010**

An exit conference was conducted on October 20, 2011 at City Hall, Sunland Park, New Mexico with the following individuals in attendance:

City of Sunland Park

Daniel Salinas, Mayor Pro-Tem
Jaime Aguilera, City Manager
Helen Gonzalez, Finance Director

White + Samaniego + Campbell, LLP

Roxie Samaniego, Partner
Joanna Favela, Staff

Financial Statement Preparation

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

CITY OF SUNLAND PARK, NEW MEXICO

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2010**

Audit Finding	Corrective Action Plan	Person Responsible	Completion Date
2002-01	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.	City Management	June 30, 2011
2003-04	The City will establish internal controls for the separation of duties within the department and the INCODE System, establish review and approval procedures, establish desk procedures with sufficient information to permit an individual who is unfamiliar with the operations to perform the necessary financial activities, establish a Finance Procedure Manual (account payable through fixed asset management), and establish Cash Control Policies.	City Management	June 30, 2011
2002-06	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), a 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.	Finance Department	June 30, 2011

2003-10	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.	Accounts Payable Department	June 30, 2011
2003-11	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.	Finance Department	June 30, 2011
2002-04	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.	Finance Department	June 30, 2011
2002-03	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.	Finance Department	June 30, 2011
2008-03	The City is reviewing the due to/due from accounts monthly and making necessary adjustments in a timely manner.	Finance Department	June 30, 2011
2008-04	The City will maintain and update an accurate listing of all fixed assets.	Purchasing Department	June 30, 2011
2008-05	The City has recalculated compensated absences for all employees.	Payroll Department	June 30, 2011
2008-06	The City has implemented a control system to post any prior year adjustments.	Finance Department	June 30, 2011
2008-08	The City personnel will utilize the help of the auditing firm to create the financial statements at year end.	Finance Department	June 30, 2011

2008-09	The City has developed a system for backing up accounting data. Multiple backs ups are being implemented in the event of a failure.	City Management	June 30, 2011
2009-01	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.	Finance Department	June 30, 2011
2010-01	The City will record investments in the general ledger by fund.	Finance Department	October 26, 2011
2010-02	The City will establish and maintain a subsidiary ledger in order to identify and track any outstanding deposits and accounts receivable.	Procurement Officer	October 26, 2011
2010-03	The City transactions will be accurately recorded and reported along with the adequate supporting documentation.	Finance Department	June 30, 2011
2010-04	The Water Department maintains all receipts and supporting documentation in their building available for use by City management as needed.	Water Department Management	June 30, 2011
2010-05	Personnel in charge of mileage payments has been trained per the State Mileage rules in order to compensate employees with the correct mileage rate.	Finance Department	November 21, 2011
2010-06	The City Manager has directed all department heads to complete an annual evaluation for every employee. The City Clerk will audit each personnel file to insure that all proper documentation is in place.	City Clerk	November 30, 2011
2010-07	The City has taken over the duties of payroll from the previous contractor and maintains all records on site.	Payroll Department	June 30, 2011
2010-08	Purchasing will now number all contracts to match to the subsequent sequentially numbered purchase orders.	Purchasing Department	November 21, 2011
2010-09	The City has an existing contract for the Information Technology services being provided for 2011. The 2010 contract will be reproduced.	Finance Department	June 30, 2011

2010-10	The City Councilors and Mayor's compensation will be corrected to reflect the ordinance voted into effect.	Payroll Department	November 21, 2011
2010-11	The City has hired a new Motor Vehicle Department manager that will maintain all of the departments records for all transactions that take place.	Motor Vehicle Department	June 30, 2012
2010-12	The City Court has entered all manual records up to date and continually enters new records as they are created.	City Court	June 30, 2011
2010-13	The Finance Director documents all transfer activities.	Finance Department	June 30, 2011
2010-14	The City will maintain all proper documentation with the travel reimbursement and per diem requests.	Finance Department	June 30, 2011
2010-15	The City Clerk is recreating the resolution records utilizing the previous minutes of the City Councilors.	City Clerk	November 30, 2011