



Accounting & Consulting Group, LLP
Certified Public Accountants

State of New Mexico
City of Sunland Park
Annual Financial Report
June 30, 2013



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City of Sunland Park
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City of Sunland Park
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STATE OF NEW MEXICO
City of Sunland Park
Official Roster
June 30, 2013

<u>Name</u>	<u>Elected Officials</u>	<u>Title</u>
Javier Perea		Mayor
Sergio Carrillo		Mayor Pro Tem
Isabel Santos		City Councilor
Christian Lira		City Councilor
Carmen Rodriguez		City Councilor
Jessica Avila		City Councilor
Vacant		City Councilor
Lizete Salinas		Municipal Judge
	<u>Administration</u>	
Vacant		City Manager
Michael P Steininger		Interim Finance Director

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FINANCIAL SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Hector H. Balderas
New Mexico State Auditor
To City Council
City of Sunland Park
Sunland Park, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the General Fund of the City of Sunland Park (the City) as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental funds and the budgetary comparisons for the major capital projects fund, proprietary funds and all nonmajor funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2013, and the respective changes in financial position and where applicable cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the City as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget comparisons referred to above present fairly, in all material respects, the respective budgetary comparisons for the year then ended in conformity with the budgetary basis of accounting as prescribed in the New Mexico Administrative Code, as more fully described in Note 2 to the financial statements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the City's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Supporting Schedules I through IV required by 2.2.2 NMAC and the U.S. Department of Housing and Urban Development are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Supporting Schedules I through IV required by 2.2.2 NMAC and the U.S. Department of Housing and Urban Development are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, Supporting Schedules I through IV required by 2.2.2 NMAC and the U.S. Department of Housing and Urban Development are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013 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* in considering the City's internal control over financial reporting and compliance.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 25, 2013

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

City of Sunland Park

Statement of Net Position

June 30, 2013

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current assets			
Cash and cash equivalents	\$ 1,331,963	\$ 760,164	\$ 2,092,127
Investments	10,548,097	173,060	10,721,157
Receivables:			
Property taxes	130,772	-	130,772
Other taxes	614,827	60,502	675,329
Other receivables	62,166	-	62,166
Customers	-	17,695	17,695
Prepays	28,992	-	28,992
Internal balances	445	(445)	-
Total current assets	<u>12,717,262</u>	<u>1,010,976</u>	<u>13,728,238</u>
Noncurrent assets			
Restricted cash and cash equivalents	115,104	5,680	120,784
Capital assets	26,698,666	3,474,852	30,173,518
Less: accumulated depreciation	<u>(17,596,943)</u>	<u>(1,257,893)</u>	<u>(18,854,836)</u>
Total noncurrent assets	<u>9,216,827</u>	<u>2,222,639</u>	<u>11,439,466</u>
Total assets	<u>\$ 21,934,089</u>	<u>\$ 3,233,615</u>	<u>\$ 25,167,704</u>

The accompanying notes are an integral part of these financial statements

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 31,261	\$ 988	\$ 32,249
Customer deposits	-	5,680	5,680
Accrued payroll	61,933	5,569	67,502
Accrued interest	893	-	893
Compensated absences	81,558	15,896	97,454
Loans payable	9,000	-	9,000
Total current liabilities	<u>184,645</u>	<u>28,133</u>	<u>212,778</u>
Noncurrent liabilities			
Compensated absences	129,481	16,585	146,066
Loans payable	21,000	-	21,000
Total noncurrent liabilities	<u>150,481</u>	<u>16,585</u>	<u>167,066</u>
Total liabilities	<u>335,126</u>	<u>44,718</u>	<u>379,844</u>
Net Position			
Net investment in capital assets	9,071,723	2,216,959	11,288,682
Restricted for:			
Special revenue	213,173	-	213,173
Capital projects	10,232,803	-	10,232,803
Unrestricted	2,081,264	971,938	3,053,202
Total net position	<u>21,598,963</u>	<u>3,188,897</u>	<u>24,787,860</u>
Total liabilities and net position	<u>\$ 21,934,089</u>	<u>\$ 3,233,615</u>	<u>\$ 25,167,704</u>

STATE OF NEW MEXICO
City of Sunland Park
Statement of Activities
For the Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities:				
General government	\$ 1,138,064	\$ 578,952	\$ 64,782	\$ -
Public safety	3,238,804	6,000	414,864	-
Public works	1,066,646	-	117,266	11,000
Culture and recreation	331,781	-	34,650	-
Health and welfare	1,395	-	-	16,166
Interest on long-term debt	2,741	-	-	-
<i>Total governmental activities</i>	<u>5,779,431</u>	<u>584,952</u>	<u>631,562</u>	<u>27,166</u>
Business-type Activities:				
Motor Vehicle Department	169,421	449,488	-	-
Solid waste	180,206	144,065	-	-
Housing authority	377,208	98,044	34,541	14,032
<i>Total business-type activities</i>	<u>726,835</u>	<u>691,597</u>	<u>34,541</u>	<u>14,032</u>
<i>Total primary government</i>	<u>\$ 6,506,266</u>	<u>\$ 1,276,549</u>	<u>\$ 666,103</u>	<u>\$ 41,198</u>

General Revenues and Transfers:

Taxes:

Property taxes, levied for general purposes

Gross receipts taxes

Gasoline and motor vehicle taxes

Other taxes

Investment income

Gain on sale of capital assets

Miscellaneous income

Transfer from agency fund

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (494,330)	\$ -	\$ (494,330)
(2,817,940)	-	(2,817,940)
(938,380)	-	(938,380)
(297,131)	-	(297,131)
14,771	-	14,771
(2,741)	-	(2,741)
<u>(4,535,751)</u>	<u>-</u>	<u>(4,535,751)</u>
-	280,067	280,067
-	(36,141)	(36,141)
-	(230,591)	(230,591)
<u>-</u>	<u>13,335</u>	<u>13,335</u>
<u>(4,535,751)</u>	<u>13,335</u>	<u>(4,522,416)</u>
1,053,264	-	1,053,264
3,428,868	104,552	3,533,420
41,002	-	41,002
280,643	-	280,643
17,423	284	17,707
-	95,574	95,574
135,304	1,075	136,379
-	82,297	82,297
28,274	(28,274)	-
<u>4,984,778</u>	<u>255,508</u>	<u>5,240,286</u>
449,027	268,843	717,870
<u>21,149,936</u>	<u>2,920,054</u>	<u>24,069,990</u>
<u>\$ 21,598,963</u>	<u>\$ 3,188,897</u>	<u>\$ 24,787,860</u>

STATE OF NEW MEXICO

City of Sunland Park
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Border Crossing Facility	Other Governmental Funds
<i>Assets</i>			
Cash and cash equivalents	\$ 1,159,678	\$ 187,046	\$ 100,343
Investments	500,000	10,048,097	-
Receivables:			
Property taxes	130,772	-	-
Other taxes	614,827	-	-
Other receivables	48,742	889	12,535
Due from other funds	27,557	3,853	352
Prepaid expenses	28,992	-	-
<i>Total assets</i>	<u>\$ 2,510,568</u>	<u>\$ 10,239,885</u>	<u>\$ 113,230</u>
<i>Liabilities</i>			
Accounts payable	\$ 27,651	\$ -	\$ 3,610
Accrued payroll	59,130	2,803	-
Due to other funds	15,192	4,279	11,846
Deferred revenue	43,697	-	-
<i>Total liabilities</i>	<u>145,670</u>	<u>7,082</u>	<u>15,456</u>
<i>Fund balances</i>			
Nonspendable			
Prepaid expenses	28,992	-	-
Spendable			
Restricted for:			
General government	-	-	15,850
Public safety	-	-	82,219
Capital projects	-	10,232,803	-
Unassigned	2,335,906	-	(295)
<i>Total fund balances</i>	<u>2,364,898</u>	<u>10,232,803</u>	<u>97,774</u>
<i>Total liabilities and fund balances</i>	<u>\$ 2,510,568</u>	<u>\$ 10,239,885</u>	<u>\$ 113,230</u>

The accompanying notes are an integral part of these financial statements

<u>Total</u>	
\$	1,447,067
	10,548,097
	130,772
	614,827
	62,166
	31,762
	28,992
\$	<u>12,863,683</u>
\$	31,261
	61,933
	31,317
	43,697
	<u>168,208</u>
	28,992
	15,850
	82,219
	10,232,803
	2,335,611
	<u>12,695,475</u>
\$	<u>12,863,683</u>

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STATE OF NEW MEXICO
City of Sunland Park
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2013

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balances - total governmental funds	\$	12,695,475
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		9,101,723
Contract receivables not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities (see note 4)		43,697
Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable:		
Accrued interest		(893)
Some liabilities, including loans payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued compensated absences		(211,039)
Loans payable		(30,000)
		(241,139)
Total net position of governmental activities	\$	21,598,963

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Sunland Park
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	<u>General Fund</u>	<u>Border Crossing Facility</u>	<u>Other Governmental Funds</u>
<i>Revenues</i>			
Taxes:			
Property	\$ 1,076,416	\$ -	\$ -
Gross receipts	3,428,868	-	-
Gasoline and motor vehicle	26,224	-	14,778
Other	280,643	-	-
Intergovernmental income:			
Federal operating grants	-	-	136,434
State operating grants	51,958	-	443,170
State capital grants	-	-	27,166
Local sources:			
Charges for services	8,288	-	6,000
Licenses and fees	521,122	-	49,542
Investment income	915	16,508	-
Miscellaneous	130,029	-	5,275
<i>Total revenues</i>	<u>5,524,463</u>	<u>16,508</u>	<u>682,365</u>
<i>Expenditures</i>			
Current:			
General government	768,743	147,395	1,779
Public safety	2,763,597	-	414,001
Public works	645,181	-	-
Culture and recreation	334,433	-	11,000
Health and welfare	-	-	13,220
Capital outlay	-	-	76,684
Debt service:			
Principal	41,438	-	9,000
Interest and fees	805	-	2,337
<i>Total expenditures</i>	<u>4,554,197</u>	<u>147,395</u>	<u>528,021</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>970,266</u>	<u>(130,887)</u>	<u>154,344</u>
<i>Other financing sources (uses)</i>			
Transfers in	343,276	-	34,801
Transfers (out)	(35,952)	-	(313,851)
<i>Total other financing sources (uses)</i>	<u>307,324</u>	<u>-</u>	<u>(279,050)</u>
<i>Net change in fund balances</i>	1,277,590	(130,887)	(124,706)
<i>Fund balances - beginning of year</i>	<u>1,087,308</u>	<u>10,363,690</u>	<u>222,480</u>
<i>Fund balances - end of year</i>	<u>\$ 2,364,898</u>	<u>\$ 10,232,803</u>	<u>\$ 97,774</u>

The accompanying notes are an integral part of these financial statements

<u>Total</u>
\$ 1,076,416
3,428,868
41,002
280,643
136,434
495,128
27,166
14,288
570,664
17,423
135,304
<u>6,223,336</u>
917,917
3,177,598
645,181
345,433
13,220
76,684
50,438
3,142
<u>5,229,613</u>
<u>993,723</u>
378,077
<u>(349,803)</u>
<u>28,274</u>
1,021,997
<u>11,673,478</u>
<u>\$ 12,695,475</u>

STATE OF NEW MEXICO

City of Sunland Park

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2013

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds \$ 1,021,997

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:

Capital expenditures recorded in capital outlay 76,684
Depreciation expense (715,153)

Revenues in the Statement of Activities that do not provide current financial
resources are not reported as revenue in the funds:

Change in deferred revenue related to prior year property taxes receivable
and contract receivables not collected within 60 days (see note 4) (23,132)

Decrease in accrued compensated absences 37,792
Decrease in accrued interest 401
Principal payments on bonds payable 50,438

Change in net position of governmental activities \$ 449,027

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-1

City of Sunland Park

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ 1,095,632	\$ 1,095,632	\$ 957,213	\$ (138,419)
Gross receipts	3,119,008	3,119,008	3,432,636	313,628
Gasoline and motor vehicle	28,735	28,735	26,315	(2,420)
Other	2,544	2,544	2,654	110
Franchise tax	329,266	329,266	270,341	(58,925)
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	34,650	51,958	17,308
State capital grants	-	-	-	-
Charges for services	52,299	4,889	8,288	3,399
Licenses and fees	488,908	541,206	648,254	107,048
Investment income	-	-	915	915
Miscellaneous	27,059	22,169	86,332	64,163
<i>Total revenues</i>	<u>5,143,451</u>	<u>5,178,099</u>	<u>5,484,906</u>	<u>306,807</u>
<i>Expenditures</i>				
Current:				
General government	1,426,209	1,130,612	793,346	337,266
Public safety	2,552,004	2,721,132	2,742,961	(21,829)
Public works	689,575	712,609	640,012	72,597
Culture and recreation	249,205	373,533	337,236	36,297
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>4,916,993</u>	<u>4,937,886</u>	<u>4,513,555</u>	<u>424,331</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>226,458</u>	<u>240,213</u>	<u>971,351</u>	<u>731,138</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(455,250)	(656,798)	-	656,798
Transfers in	238,792	468,104	313,850	(154,254)
Transfers (out)	(10,000)	(51,519)	(51,307)	212
<i>Total other financing sources (uses)</i>	<u>(226,458)</u>	<u>(240,213)</u>	<u>262,543</u>	<u>502,756</u>
<i>Net change in fund balance</i>	-	-	1,233,894	1,233,894
<i>Fund balances - beginning of year</i>	-	-	438,149	438,149
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,672,043</u>	<u>\$ 1,672,043</u>
Net change in fund balance (non-GAAP budgetary basis)				1,233,894
Adjustments to revenues and transfers for taxes and state operating grants.				32,380
Adjustments to expenditures for salaries, professional services, supplies.				11,316
Net change in fund balance (GAAP basis)				<u>\$ 1,277,590</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Sunland Park
Statement of Net Position
Proprietary Funds
June 30, 2013

	Motor Vehicle Department	Solid Waste Fund	Housing Authority
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 358,146	162,416	\$ 239,602
Investments	-	-	173,060
Accounts receivable			
Customers	17,115	-	580
Other	-	11,914	48,588
Due from other funds	6,080	23,490	4,907
<i>Total current assets</i>	<u>381,341</u>	<u>197,820</u>	<u>466,737</u>
<i>Noncurrent assets</i>			
Restricted cash:			
Customer deposits	-	-	5,680
Capital assets	-	-	3,474,852
Less: accumulated depreciation	-	-	(1,257,893)
<i>Total noncurrent assets</i>	<u>-</u>	<u>-</u>	<u>2,222,639</u>
<i>Total assets</i>	<u>\$ 381,341</u>	<u>\$ 197,820</u>	<u>\$ 2,689,376</u>
<i>Liabilities and net position</i>			
<i>Liabilities</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 988	\$ -	\$ -
Customer deposits	-	-	5,680
Accrued payroll	3,095	-	2,474
Due to other funds	6,913	-	28,009
Compensated absences	878	-	15,018
<i>Total current liabilities</i>	<u>11,874</u>	<u>-</u>	<u>51,181</u>
<i>Noncurrent liabilities</i>			
Compensated absences	7,103	-	9,482
<i>Total noncurrent liabilities</i>	<u>7,103</u>	<u>-</u>	<u>9,482</u>
<i>Total liabilities</i>	<u>18,977</u>	<u>-</u>	<u>60,663</u>
<i>Net position</i>			
Net investment in capital assets	-	-	2,216,959
Unrestricted net position	362,364	197,820	411,754
<i>Total net position</i>	<u>362,364</u>	<u>197,820</u>	<u>2,628,713</u>
<i>Total liabilities and net position</i>	<u>\$ 381,341</u>	<u>\$ 197,820</u>	<u>\$ 2,689,376</u>

The accompanying notes are an integral part of these financial statements

Total

\$		760,164							
		173,060							
		17,695							
		60,502							
		34,477							
		<u>1,045,898</u>							

		5,680							
		3,474,852							
		<u>(1,257,893)</u>							
		<u>2,222,639</u>							
\$		<u>3,268,537</u>							

\$		988							
		5,680							
		5,569							
		34,922							
		15,896							
		<u>63,055</u>							

		<u>16,585</u>							
		<u>16,585</u>							
		<u>79,640</u>							

		2,216,959							
		<u>971,938</u>							
		<u>3,188,897</u>							
\$		<u>3,268,537</u>							

STATE OF NEW MEXICO
City of Sunland Park
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Motor Vehicle Department	Solid Waste Fund	Housing Authority
<i>Operating revenues</i>			
Charges for services	\$ 449,488	\$ 144,065	\$ 98,044
<i>Total operating revenues</i>	<u>449,488</u>	<u>144,065</u>	<u>98,044</u>
<i>Operating expenses</i>			
Personnel services	131,015	31,488	162,708
Contractual services	30	-	27,420
Supplies	3,079	11,982	2,979
Maintenance and materials	1,925	2,408	24,776
Utilities	7,707	65,179	25,765
Insurance	11,348	12,685	17,859
Depreciation	-	15,590	111,466
Rent	8,725	35,087	2,330
Miscellaneous	5,592	-	1,905
<i>Total operating expenses</i>	<u>169,421</u>	<u>174,419</u>	<u>377,208</u>
<i>Operating income (loss)</i>	<u>280,067</u>	<u>(30,354)</u>	<u>(279,164)</u>
<i>Non-operating revenues (expenses)</i>			
Gross receipts tax	-	104,552	-
Interest expense	-	(5,787)	-
Interest income	-	-	284
Gain on sale of capital asset	-	95,574	-
Miscellaneous income	-	-	1,075
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>194,339</u>	<u>1,359</u>
<i>Income (loss) before contributions, grants and transfers</i>	<u>280,067</u>	<u>163,985</u>	<u>(277,805)</u>
Government contributions	-	-	48,573
Transfers from agency fund	82,297	-	-
Transfers in	-	1,151	-
Transfers (out)	-	(29,425)	-
<i>Contributions, Grants and net transfers</i>	<u>82,297</u>	<u>(28,274)</u>	<u>48,573</u>
<i>Change in net position</i>	362,364	135,711	(229,232)
<i>Net position- beginning of year</i>	<u>-</u>	<u>62,109</u>	<u>2,857,945</u>
<i>Net position - end of year</i>	<u>\$ 362,364</u>	<u>\$ 197,820</u>	<u>\$ 2,628,713</u>

The accompanying notes are an integral part of these financial statements

<u>Total</u>	
\$	691,597
	<u>691,597</u>
	325,211
	27,450
	18,040
	29,109
	98,651
	41,892
	127,056
	46,142
	7,497
	<u>721,048</u>
	<u>(29,451)</u>
	104,552
	(5,787)
	284
	95,574
	1,075
	<u>195,698</u>
	<u>166,247</u>
	48,573
	82,297
	1,151
	<u>(29,425)</u>
	<u>102,596</u>
	268,843
	<u>2,920,054</u>
\$	<u><u>3,188,897</u></u>

STATE OF NEW MEXICO
City of Sunland Park
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Motor Vehicle Department	Solid Waste	Housing Authority
<i>Cash flows from operating activities</i>			
Cash received from user charges	\$ 432,373	\$ 213,777	\$ 99,400
Cash payments to employees for services	(119,939)	(134,159)	(161,379)
Cash payments to suppliers for goods and services	(37,418)	(40,197)	(103,034)
<i>Net cash provided (used) by operating activities</i>	<u>275,016</u>	<u>39,421</u>	<u>(165,013)</u>
<i>Cash flows from noncapital financing activities</i>			
Taxes received	-	104,552	-
Miscellaneous income	-	-	1,075
Transfer from agency funds	82,297	-	-
Internal cash transfers in (out)	833	(51,764)	23,102
<i>Net cash provided by noncapital financing activities:</i>	<u>83,130</u>	<u>52,788</u>	<u>24,177</u>
<i>Cash flows from capital and related financing activities</i>			
Acquisition of capital assets	-	-	(14,032)
Proceeds from sale of capital assets	-	281,559	-
Principal paid on capital debt	-	(205,565)	-
Interest paid on capital debt	-	(5,787)	-
<i>Net cash provided (used) by capital and related financing activities</i>	<u>-</u>	<u>70,207</u>	<u>(14,032)</u>
<i>Cash flows from investing activities</i>			
Interest on investments	-	-	15
<i>Net cash provided by investing activities</i>	<u>-</u>	<u>-</u>	<u>15</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	358,146	162,416	(154,853)
<i>Cash and cash equivalents - beginning of year</i>	<u>-</u>	<u>-</u>	<u>400,135</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 358,146</u>	<u>\$ 162,416</u>	<u>\$ 245,282</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i>			
Operating income (loss)	\$ 280,067	\$ (30,354)	\$ (279,164)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	15,590	111,466
Changes in assets and liabilities:			
Receivables	(17,115)	69,712	1,356
Accounts payable	988	(6,818)	-
Accrued payroll expenses	3,095	(2,352)	279
Compensated absences	7,981	(6,357)	450
Customer deposits	-	-	600
<i>Net cash provided (used) by operating activities</i>	<u>\$ 275,016</u>	<u>\$ 39,421</u>	<u>\$ (165,013)</u>

Note: Cash and cash equivalents at the beginning of the year exclude cash reported in the Joint Utility Fund in the amount of \$884,132. The amount was transferred to the Camino Real Regional Utility Authority (CRRUA) during fiscal year 2013. A cash flow statement is not presented for the Joint Utility fund as operations of the Joint Utility were transferred to CRRUA in March of 2012 and the City did not operate the Joint Utility during fiscal year 2013.

The accompanying notes are an integral part of these financial statements

<u>Total</u>	
\$	745,550
	(415,477)
	(180,649)
	<u>149,424</u>
	104,552
	1,075
	82,297
	<u>(27,829)</u>
	<u>160,095</u>
	(14,032)
	281,559
	(205,565)
	<u>(5,787)</u>
	<u>56,175</u>
	15
	<u>15</u>
	365,709
	400,135
\$	<u><u>765,844</u></u>

\$	(29,451)
	127,056
	53,953
	(5,830)
	1,022
	2,074
	<u>600</u>
\$	<u><u>149,424</u></u>

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies

The City of Sunland Park (City) operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police, fire, etc), highways and streets, public utilities (wastewater, water, solid waste, etc), health and social services, culture-recreation, public improvements, housing, planning and zoning, and general administrative services.

The City is a body, political and corporate, under the name and form of government selected by its qualified electors. The City may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

This summary of significant accounting policies of the City is presented to assist in the understanding of City's financial statements. The financial statements and notes are the representation of City's management who is responsible for their integrity and objectivity. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2013, the City adopted GASB Statements No. 60 through 63. GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. The City does not have any Service Concession Arrangements. GASB Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA Pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

A. Financial Reporting Entity

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

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14 as amended by GASB Statements No. 39 and No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations.

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

A. *Financial Reporting Entity (continued)*

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based on the criteria above the City does not have any component units.

B. *Government-wide and fund financial statements*

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's Net Position are reported in three parts—net investment in capital assets; restricted net position; and unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements (continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, net of estimated refunds, are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues, except for property taxes, to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to the availability criterion. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the City's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of City facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The City does not currently employ indirect cost allocation systems. Depreciation expense is allocated to separate functions on the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Border Crossing Fund* is a capital projects fund that accounts for the funding received from donations to plan, design, and construction of border crossing facilities in the City.

The City reports the following proprietary funds as major funds. Proprietary funds include:

The *Motor Vehicle Department* fund accounts for the activities of the City's operation of the Motor Vehicle Department, which provides vehicle registration services to residents of the City and surrounding areas.

The *Solid Waste Fund* accounts for the activities of the City solid waste utility, which provides services to residents of the City and Santa Teresa, New Mexico. The City transferred operations of Solid Waste fund to the South Central Solid Authority on October 1, 2012.

The *Housing Authority* accounts for pre-construction, construction, maintenance, and operation of the local Housing Authority. The Housing Authority is not a legal separate organization with a separate elected governing body; rather, it is a department of the City.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the City's enterprise fund is charges for services for the City's utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position

Deposits and Investments: The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the City are reported at fair market value. Fair market value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Interest income, unrealized and realized gains and losses on investment transactions, and amortization of premiums/discounts on investment purchases are included for financial statement purposes as investment income and are allocated to participating funds based on the specific identification of the source of funds for a given investment.

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources in the event they are not received within 60 days of year end.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied. Property taxes are considered to be 100% collectible.

Restricted Assets: Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be used.

Capital Assets: Capital assets, which include property, plant, utility systems, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Library books and periodicals are estimated to have a useful life of less than one year or are under the capitalization threshold and are expensed when purchased.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense capitalized by the City during the current fiscal year was \$0. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Buildings & building improvements	5-40
Land improvements	20
Vehicles	5-10
Furniture, fixtures and equipment	5-10
Infrastructure	50

Accrued Expenses: Accrued expenses are comprised of payroll expenditures based on amounts earned by the employees through June 30, 2013, along with applicable PERA and Retiree Health Care.

Deferred Revenues: Accounting principles generally accepted in the United States of America require that grant revenue (voluntary nonexchange transactions) be recognized as revenue in the government-wide financial statements when all eligibility requirements have been met and recognized as revenue in the governmental fund financial statements based on the same factors subject to the availability criterion. Amounts received from reimbursement basis grants are recorded as deferred revenue in the governmental fund financial statements when received more than 90 days after year end and amounts received after 60 days after year end for property taxes.

Compensated Absences: City employees accrue vacation leave at various rates depending on the employee's length of service. Accumulated sick leave shall not be taken as annual paid leave. Accordingly, no liability is recorded for non-vesting accumulated rights to receive sick pay benefits.

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position (continued)

Employees earn vacation leave at various rates depending on the employee’s length of service, as follows:

No more than thirty-six (36) working days of accrued leave may be carried over from year to year. When an employee terminates his/her employment with the City, he/she shall be paid for all unused earned annual leave hours.

<u>Employment Duration</u>	<u>Regular Employees</u>
1 to 5 years	96 hours
6 to 10 years	144 hours
11 years and over	192 hours

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental or proprietary fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

Long-term Obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method or straight-line method, if the difference is inconsequential.

Fund Balance Classification Policies and Procedures: For committed fund balance the City’s highest level of decision-making authority is the City Council. The formal action that is required to establish, modify, or rescind a fund balance commitment is a resolution approved by the Council at a City Council meeting. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made.

For assigned fund balance, the City Council has approved the City Manager as an authorized official to assign fund balance to a specific purpose.

When multiple categories of fund balance are available for expenditures, the City will start with the most restricted category and spend those funds first before moving down to the next category of available funds.

Nonspendable Fund Balance: At June 30, 2013, the City had nonspendable fund balance in the amount of \$28,992 related to prepaid expenses.

Restricted and Committed Fund Balance: At June 30, 2013, the City has presented restricted fund balance on the governmental funds balance sheet in the amount of \$10,330,872 for various City operations as restricted by enabling legislation. The details of these fund balance items are located on the governmental funds balance sheet and more fully described on pages 35 and 54-55.

Equity Classifications: Equity is classified as Net Position and displayed in three components in the Government-wide Financial Statements:

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position (continued)

- a. Net investment in capital assets: These amounts represent capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position: Consist of Net Position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for related restrictions for the Net Position restricted for “special revenue, debt service, and capital projects” are described on pages 35 and 54-55.
- c. Unrestricted Net Position: All other Net Position amounts that do not meet the definition of “restricted” or “net investment in capital assets.”

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the City’s financial statements include the allowance for uncollectible accounts in the enterprise funds, depreciation on capital assets over their estimated useful lives, and the current portion of accrued compensated absences.

Reclassifications: Certain amounts included in the prior year financial statements have been reclassified to conform to the current year presentation.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets of the City are prepared prior to June 1 and must be approved by resolution of the City Council Members, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments that increase or decrease a individual fund’s budget must also be approved by the City Council Members and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total by fund.

For Governmental Funds these budgets are prepared on a Non-GAAP cash budgetary 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.

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 2. Stewardship, Compliance and Accountability (continued)

Proprietary fund budgets are prepared on the GAAP 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 City does not budget for depreciation expense, only capital outlay.

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

Formal budgetary integration is employed as a management control device at the fund level during the year for the General Fund, Special Revenue Funds, Capital Projects Funds, and Proprietary Funds.

The City is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

For governmental funds the accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on the budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2013 is presented. Reconciliations between the non-GAAP budgetary basis amounts and the financial statements on the GAAP basis, by fund, can be found on each individual budgetary statement.

For proprietary funds the accompanying Statements of Revenues, Expenses, and Changes in Net Position Budget (GAAP Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

NOTE 3. Deposits and Investments

State statutes authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the City properly followed State investment requirements as of June 30, 2013.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the City. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account (including an Interest on Lawyer Trust Account) no longer will receive unlimited deposit insurance coverage by the FDIC. Beginning January 1, 2013, all of the City's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the Standard Maximum Deposit Insurance Amount of \$250,000.

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 3. Deposits and Investments (continued)

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2013, \$2,349,419 of the City’s bank balance of \$2,849,419 was subject to custodial credit risk. \$2,349,419 was uninsured and collateralized by collateral held by the pledging bank’s trust department, not in the City’s name. None of the City’s deposits were uninsured and uncollateralized at June 30, 2013.

	Wells Fargo
Amount of deposits	\$ 2,849,419
FDIC Coverage	(500,000)
Total uninsured public funds	2,349,419
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	2,349,419
Uninsured and uncollateralized	-
Collateral requirement (50% of uninsured funds)	1,174,710
Pledged Collateral	3,673,133
Over (Under) collateralized	\$ 2,498,423

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the City’s Statement of Net Position as follows:

Cash and cash equivalents - Governmental Activities Exhibit A-1	\$ 1,331,963
Cash and cash equivalents - Business-type Activities Exhibit A-1	760,164
Restricted cash and cash equivalents - Governmental Activities Exhibit A-1	115,104
Restricted cash and cash equivalents - Business-type Activities Exhibit A-1	5,680
Investments - Governmental Activities Exhibit A-1	10,548,097
Investments - Business-type Activities Exhibit A-1	173,060
Total cash, cash equivalents, and investments	12,934,068
Less Petty cash	(200)
Add: outstanding checks and other reconciling items	253,183
Less: deposits in transit	(1,371)
Less: cash held by NMFA	(115,104)
Less: investments held in NM State Treasurer's LGIP	(10,221,157)
Bank balance of deposits	\$ 2,849,419

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 3. Deposits and Investments (continued)

Investments

The City's investments at June 30, 2013 include the following:

<u>Investments</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>	<u>Fair Market Value</u>
<i>New MexiGROW</i> LGIP	AAAm	59 Days	\$ 10,221,157

The New MexiGrow Local Government Investment Pool's (LGIP) investments are valued at fair market value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico 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 Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The pool does not have unit shares. Per section 6-10-10(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 the LGIP is voluntary. As of June 30, 2013, the City's investment in the State Treasurer Local Government Investment Pool was rated AAAm by Standard & Poor's.

The City has presented a certificate of deposit in the amount of \$500,000 as an investment on the Statement of Net Position. The amount is considered a deposit for disclosure purposes. The City has restricted cash of \$115,104 associated with the City's NMFA loans payable at June 30, 2013.

Interest Rate Risk – Investments. The City's policy related to interest rate risk with investments is to comply with the statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the City. The investment in the New Mexico State Treasurer Local Government Investment Pool is 100% of the investment portfolio. Since the City only purchases investments with the highest credit rating, concentration is not viewed to be an additional risk by the City. The City's policy related to concentration of credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 4. Receivables

Governmental funds receivables as of June 30, 2013, are as follows:

	General Fund	Border Crossing Facility	Other Governmental Funds	Total
Property taxes	\$ 130,772	\$ -	\$ -	\$ 130,772
Other taxes:				
Gross receipts taxes	554,024	-	-	554,024
Franchise taxes	58,788	-	-	58,788
Gasoline & motor vehicle taxes	2,015	-	-	2,015
Other receivables				
Accrued interest	-	889	-	889
State sources	-	-	10,255	10,255
Federal sources	5,045	-	2,280	7,325
Local sources	43,697	-	-	43,697
Totals by category	<u>\$ 794,341</u>	<u>\$ 889</u>	<u>\$ 12,535</u>	<u>\$ 807,765</u>

The above receivables are deemed 100% collectible. In accordance with GASB 33, the property tax revenues that were not collected within the period of availability, \$0 have been reclassified as deferred revenue in the governmental fund financial statements as the entire amount was collected within 60 days.

Receivables from local sources include amounts owed to the City from El Paso Electric Company (Company) under an agreement dated December 9, 2010. In January of 2011 the City made a refundable cash advance to the Company in the amount of \$52,645 for installation of underground phase three electric service for the City's Sports Complex. The Company refunds annually in September to the City the annual amount of electric bill paid for the year. The amount refunded to the City in fiscal year 2013 was \$8,948. The amount owed to the City at June 30, 2013 was \$43,697. In addition \$43,697 has been recorded as deferred revenue in the governmental funds balance sheet as of June 30, 2013 as none of the amount was collected within 60 days of June 30, 2013.

Proprietary fund receivables as of June 30, 2013, are as follows:

	Motor Vehicle Department	Solid Waste Fund	Housing Authority	Total
Customer receivables	\$ 17,115	\$ -	\$ 580	\$ 17,695
Gross receipts taxes	-	11,914	-	11,914
HUD Operating Subsidy	-	-	48,588	48,588
Total customer receivables	<u>\$ 17,115</u>	<u>\$ 11,914</u>	<u>\$ 49,168</u>	<u>\$ 78,197</u>

The above receivables are deemed 100% collectible.

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 5. Transfers and Internal Balances

Net operating transfers and internal amounts owed are made to close out funds and to supplement other funding sources in the normal course of operations. Internal due from/to amounts are expected to be repaid within 1 year.

Transfers to other funds	Transfers from other funds	Amount
General fund	Solid waste	\$ 1,151
General fund	Senior Citizens Center	208
General fund	Corrections fund	24,593
General fund	Sports complex	10,000
Fire protection fund	General fund	129,091
Court automation	General fund	1,202
Cops federal fund	General fund	101,652
Traffic safety fund	General fund	20,762
State LRF Grant	General fund	56,803
Community center	General fund	4,341
Solid waste	General fund	<u>29,425</u>
	Total transfers	<u><u>\$ 379,228</u></u>

During fiscal year 2013 the Motor Vehicle Department proprietary fund received \$82,297 in transfers from agency funds to supplement operations and close out agency funds.

Due from other funds	Due to other funds	Amount
General fund	Court Automation	\$ 1,800
General fund	New Mexico Beautification	7,250
General fund	Confiscated assets	2,796
General fund	Border Crossing Facility	303
General fund	Housing Authority	4,519
General fund	Motor Vehicle Division	6,913
General fund	Border Crossing Facility	3,976
Border Crossing Facility	General fund	3,853
Confiscated assets	General fund	352
Motor Vehicle Division	General fund	6,080
Solid Waste	Housing Authority	23,490
Housing Authority	General fund	<u>4,907</u>
		<u><u>\$ 66,239</u></u>

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2013, are as follows. Land and construction in progress are not subject to depreciation.

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Governmental activities:				
Capital assets, not depreciated:				
Land	\$ 124,097	\$ -	\$ -	\$ 124,097
Construction in progress	284,268	-	284,268	-
Total capital assets, not depreciated	408,365	-	284,268	124,097
Capital assets, depreciated:				
Buildings & building improvements	3,191,680	284,268	-	3,475,948
Land Improvements	5,486,679	-	-	5,486,679
Furniture, fixtures, & equipment	784,190	8,221	-	792,411
Vehicles	2,605,853	8,000	-	2,613,853
Equipment	14,145,215	60,463	-	14,205,678
Total capital assets, depreciated	26,213,617	360,952	-	26,574,569
Less accumulated depreciation:				
Buildings & building improvements	1,345,799	87,670	-	1,433,469
Land improvements	719,907	262,016	-	981,923
Furniture, fixtures, & equipment	633,156	42,744	-	675,900
Vehicles	2,263,359	113,349	-	2,376,708
Equipment	11,919,569	209,374	-	12,128,943
Total accumulated depreciation	16,881,790	715,153	-	17,596,943
Net book value	<u>\$ 9,740,192</u>			<u>\$ 9,101,723</u>

Depreciation expense for the year ended June 30, 2013 was charged to governmental activities as follows:

General government	\$ 193,935
Public works	80,577
Public safety	440,641
	<u>\$ 715,153</u>

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 6. Capital Assets (continued)

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Business-type activities:				
Capital assets, not depreciated:				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Total capital assets, not depreciated	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Capital assets, depreciated:				
Buildings & building improvements	3,233,548	9,442	-	3,242,990
Vehicles	256,309	-	233,788	22,521
Furniture, fixtures, & equipment	54,751	-	-	54,751
Infrastructure	-	4,590	-	4,590
Total capital assets, depreciated	<u>3,544,608</u>	<u>14,032</u>	<u>233,788</u>	<u>3,324,852</u>
Less accumulated depreciation:				
Buildings & building improvements	1,071,422	109,952	-	1,181,374
Vehicles	54,732	15,586	47,803	22,515
Furniture, fixtures, & equipment	52,486	1,518	-	54,004
Total accumulated depreciation	<u>1,178,640</u>	<u>127,056</u>	<u>47,803</u>	<u>1,257,893</u>
Net book value	<u>\$ 2,515,968</u>			<u>\$ 2,216,959</u>

Proceeds from the sale of capital assets for Business-type activities totaled \$281,559

Depreciation expense for the year ended June 30, 2013 was charged to business-type activities as follows:

Solid Waste Fund	\$ 15,590
Housing Authority	<u>111,466</u>
Total	<u>\$ 127,056</u>

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 7. Long-term Debt

Governmental Activities

During the year ended June 30, 2013, the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
NMFA Loans	\$ 80,438	\$ -	\$ 50,438	\$ 30,000	\$ 9,000
Compensated Absences	248,831	43,766	81,558	211,039	81,558
Total long-term debt	<u>\$ 329,269</u>	<u>\$ 43,766</u>	<u>\$ 131,996</u>	<u>\$ 241,039</u>	<u>\$ 90,558</u>

The City's leave policy allows employs to accumulate sick leave and vacation leave. Upon termination, any accumulated vacation will be paid out to the employee. Generally compensated absence is liquidated through the general fund. Employees are paid unused sick leave in excess of ninety days each year on December 31, on the basis of one day paid sick leave for each three days accumulated over the ninety day maximum accumulated allowed. Sick leave is paid to employees on separation on the basis of 10% of their accumulated sick leave upon separation, provided that the employee has five years or more service with the city. Sick leave is not paid out to employees on termination.

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 6.15% and maturing in July, 2015. The loan agreement is secured by Fire Protection Funds.

The annual requirements to amortize the NMFA notes as of June 30, 2013, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2014	\$ 9,000	\$ 1,733	\$ 10,733
2015	10,000	1,097	11,097
2016	11,000	393	11,393
	<u>\$ 30,000</u>	<u>\$ 3,223</u>	<u>\$ 33,223</u>

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 7. Long-term Debt (continued)

Business-type activities

During the year ended June 30, 2013, the following changes occurred in the liabilities reported in the proprietary Statement of Net Position:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
Capital Leases	\$ 205,565	\$ -	\$ 205,565	\$ -	\$ -
Compensated Absences	30,407	17,970	15,896	32,481	15,896
Total long-term debt	<u>\$ 7,248,287</u>	<u>\$ 17,970</u>	<u>\$ 221,461</u>	<u>\$ 32,481</u>	<u>\$ 15,896</u>

NOTE 8. Risk Management

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The City participates in the New Mexico Self-Insurers' Fund risk pool.

The City has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the City which exceeds the insurance coverage, the City would not be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverages have not changed significantly from prior years and coverages are expected to be continued.

At June 30, 2013, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. New Mexico Self-Insurers' Fund has not provided information on an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

NOTE 9. Pension Plan – Public Employee Retirement Association (PERA)

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, New Mexico 87504-2123. The report is also available on PERA's website at <http://www.pera.state.nm.us>

Funding Policy: Plan members are required to contribute the following percentages of their gross salary: 7% for law enforcement and regular employees and 8% fire protection employees. The City is required to contribute the following percentages of the gross covered salary: 15% for law enforcement and 11% fire protection plan members; and 7% for City plan members. 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 ended June 30, 2013, 2012, and 2011 were \$260,360, \$340,061, and \$325,061, respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 10. 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 employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The City's contributions to the RHCA for the years ended June 30, 2013, 2012, and 2011 were \$50,019, \$68,386, and \$52,555 respectively which equal the required contributions for each year.

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 11. Concentrations

The Housing Authority received 33% of its revenues from programs directed by the United States Department of Housing and Urban Development. Receipt of these revenues is contingent upon the Public Housing Authority's continued compliance with the grant provisions and the maintenance of the grant program by the United States Department of Housing and Urban Development.

NOTE 12. Contingent Liabilities

The City is also a defendant in other lawsuits arising in the normal course of business. The outcome of these claims cannot be determined at this time and litigation where loss to the City is reasonably possible has not been accrued in the financial statements.

Amounts received or receivables from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. There are no known disallowed claims as of the date of this report.

NOTE 13. Deficit Fund Balances and Budget Noncompliance Issues

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

- A. Deficit fund balance of individual funds. The following funds reflected a deficit fund balance as of June 30, 2013:

Law Enforcement Protection	\$	126
Court Automation		5
Confiscated Assets		164
		164
	\$	295

- B. Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2013:

None

- C. Designated cash appropriations. The following funds had designated cash appropriations in excess of available balances for the year ended June 30, 2013:

None

NOTE 14. Subsequent Events

The date to which events occurring after June 30, 2013, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is November 25, 2013, which is the date on which the financial statements were available to be issued.

NOTE 15. Restricted Net Position

The government-wide statement of net position reports \$10,445,976 of restricted amounts, all of which is restricted by enabling legislation. For descriptions of the related enabling legislation for special revenue, capital projects, see pages 35 and 54-55.

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 16. Joint Powers Agreements and Memorandums of Understanding

A joint powers agreement was executed on February 24, 2009 between the City and the County of Dona Ana for purposes of establishing an independent entity to own and operate sewer and water utilities, and to sell sewer and water utility services. Fiscal agent and audit responsibility rest with Dona Ana County which is the responsible reporting entity. Board membership is comprised of two elected officials from Sunland Park and two County Commissioners from Dona Ana County. The term of the agreement is for a period of 20 years from the date the agreement was approved by the New Mexico Department of Finance and Administration which was March 11, 2009.

A memorandum of understanding was executed on October 19, 2012 between the City and the South Central Solid Waste Authority (Authority) for purposes of assigning exclusive right to collect and dispose of all solid waste to the Authority. The agreement term is indefinite but can be terminated as specified in the MOU. Audit and fiscal agent responsibility rest with the South Central Solid Waste Authority which is the responsible reporting entity.

A memorandum of understanding was executed on May 11, 2011 between the New Mexico Gang Task Force and the Sunland Park Police Department for purpose of preventing, documenting, and prosecuting criminal activity perpetrated by members of criminal gangs and their associates. There is no fiscal agent responsibility. Audit and reporting responsibility remains with both parties.

A joint powers agreement was executed on March 5, 2013 between the City and the City of Las Cruces, Dona Ana County, Town of Mesilla, Village of Hatch for purpose of governing the Mesilla Valley Regional Dispatch Authority. The City of Las Cruces is the fiscal agent and has audit responsibility. The City is required to contribute an amount annually determined by the Mesilla Valley Regional Dispatch Authority. The City contributed \$145,386 to the Mesilla Valley Regional Dispatch Authority in fiscal year 2013.

NOTE 17. Subsequent Pronouncements

In March 2012, GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2014.

In March 2012, GASB Statement No. 66 *Technical Corrections-2012—an amendment of GASB Statements No. 10 and No. 62*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2014.

In June 2012, GASB Statement No. 67 *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The standard is expected to have no effect on the City in upcoming years.

In June 2012, GASB Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The City will implement this standard during the fiscal year June 30, 2016.

In January 2013, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*, Effective Date: The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application is encouraged. The provisions of this Statement generally are required to be applied prospectively. The City is still evaluating how this reporting standard will affect the City.

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2013

NOTE 17. Subsequent Pronouncements-(continued)

In April 2013, GASB Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, Effective Date: The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively. The City is still evaluating how this reporting standard will affect the City.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
City of Sunland Park
Nonmajor Fund Descriptions
June 30, 2013

SPECIAL REVENUE FUNDS

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).

Emergency Medical Services - State Statutes Section 24-I OA 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-I OA-I to 24-I OA-IO).

Corrections 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).

Senior Citizens 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. Authority for the creation of this fund is City Council.

Law Enforcement Protection - 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).

Court Automation - This fund was established by legislation to assist municipal courts in the cost associated with the automation requirements. Authority for the creation of this fund is City Council.

New Mexico Beautification - 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).

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 oriented policing services (Title I-Omnibus Crime Control and Safe Streets Act of 1968 CFDA 16.710).

Confiscated Assets - To account for federal funds from federally forfeited cash, property and proceeds to be used for law enforcement purposes. This fund is authorized by the federal government 21 U.S. C. Section 881 (E)(1) and 19 U.S.C. Section 1616A.

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).

State LRF Grant- To account for state grant funds received by the City for purposes of maintaining and improving local roads within the City limits. Authority for the creation of this fund is City Council.

STATE OF NEW MEXICO
City of Sunland Park
Nonmajor Fund Descriptions
June 30, 2013

CAPITAL PROJECTS FUNDS

Community Center - To account for the development of a community center for City of Sunland Park. Funds are provided by State and local appropriations.

Sports Complex - To account for the development of recreational facilities for the community of the City of Sunland Park. Funds are provide by state and local appropriations.

Municipal Road - To account for all resources used for the resurfacing and renovation of municipal streets. Funds are provided primarily by state grants and gasoline tax.

STATE OF NEW MEXICO
City of Sunland Park
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue			
	Fire Protection Fund	Emergency Medical Services	Corrections Fund	Senior Citizens Center
<i>Assets</i>				
Cash and cash equivalents	\$ 81,395	\$ 3,180	\$ -	\$ 136
Receivables:				
Other receivables	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 81,395</u>	<u>\$ 3,180</u>	<u>\$ -</u>	<u>\$ 136</u>
<i>Liabilities</i>				
Accounts payable	\$ 2,629	\$ -	\$ -	\$ 136
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>2,629</u>	<u>-</u>	<u>-</u>	<u>136</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
General government	-	-	-	-
Public safety	78,766	3,180	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>78,766</u>	<u>3,180</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 81,395</u>	<u>\$ 3,180</u>	<u>\$ -</u>	<u>\$ 136</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Law Enforcement Protection	Court Automation	New Mexico Beautification	COPS Federal Fund	Confiscated Assets	Traffic Safety Fund	State LRF Grant
\$ 714	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,800	7,250	-	2,280	273	-
-	-	-	-	352	-	-
<u>\$ 714</u>	<u>\$ 1,800</u>	<u>\$ 7,250</u>	<u>\$ -</u>	<u>\$ 2,632</u>	<u>\$ 273</u>	<u>\$ -</u>
\$ 840	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,800	7,250	-	2,796	-	-
<u>840</u>	<u>1,805</u>	<u>7,250</u>	<u>-</u>	<u>2,796</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	273	-
(126)	(5)	-	-	(164)	-	-
<u>(126)</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>(164)</u>	<u>273</u>	<u>-</u>
<u>\$ 714</u>	<u>\$ 1,800</u>	<u>\$ 7,250</u>	<u>\$ -</u>	<u>\$ 2,632</u>	<u>\$ 273</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
City of Sunland Park
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Capital Projects			Total Other Governmental Funds
	Community Center	Sports Complex	Municipal Road	
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ 14,918	\$ 100,343
Receivables:				
Other receivables	-	-	932	12,535
Due from other funds	-	-	-	352
<i>Total assets</i>	\$ -	\$ -	\$ 15,850	\$ 113,230
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 3,610
Due to other funds	-	-	-	11,846
<i>Total liabilities</i>	-	-	-	15,456
<i>Fund balances</i>				
Spendable				
Restricted for:				
General government	-	-	15,850	15,850
Public safety	-	-	-	82,219
Unassigned	-	-	-	(295)
<i>Total fund balances</i>	-	-	15,850	97,774
<i>Total liabilities and fund balances</i>	\$ -	\$ -	\$ 15,850	\$ 113,230

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Sunland Park
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue			
	Fire Protection Fund	Emergency Medical Services	Corrections Fund	Senior Citizens Center
<i>Revenues</i>				
Taxes:				
Gasoline and motor vehicle	\$ -	\$ -	\$ -	\$ -
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	254,129	6,234	-	-
State capital grants	-	-	-	-
Local sources:				
Charges for services	6,000	-	-	-
Licenses and fees	-	-	49,542	-
Miscellaneous	625	-	-	-
<i>Total revenues</i>	<u>260,754</u>	<u>6,234</u>	<u>49,542</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	207,361	9,504	67,560	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	1,395
Capital outlay	-	-	-	-
Debt service:				
Principal	9,000	-	-	-
Interest and fees	2,337	-	-	-
<i>Total expenditures</i>	<u>218,698</u>	<u>9,504</u>	<u>67,560</u>	<u>1,395</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>42,056</u>	<u>(3,270)</u>	<u>(18,018)</u>	<u>(1,395)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	24,593	208
Transfers (out)	(129,091)	-	-	-
<i>Total other financing sources (uses)</i>	<u>(129,091)</u>	<u>-</u>	<u>24,593</u>	<u>208</u>
<i>Net change in fund balances</i>	(87,035)	(3,270)	6,575	(1,187)
<i>Fund balances - beginning of year</i>	<u>165,801</u>	<u>6,450</u>	<u>(6,575)</u>	<u>1,187</u>
<i>Fund balances - end of year</i>	<u>\$ 78,766</u>	<u>\$ 3,180</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Law Enforcement Protection	Court Automation	New Mexico Beautification	COPS Federal Fund	Confiscated Assets	Traffic Safety Fund	State LRF Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	108,645	27,789	-	-
34,400	2,805	-	-	-	28,336	117,266
-	-	11,000	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	4,650	-	-
<u>34,400</u>	<u>2,805</u>	<u>11,000</u>	<u>108,645</u>	<u>32,439</u>	<u>28,336</u>	<u>117,266</u>
-	-	-	-	-	-	-
37,179	11,640	-	14,629	37,854	28,274	-
-	-	11,000	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	8,000	-	60,463
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>37,179</u>	<u>11,640</u>	<u>11,000</u>	<u>14,629</u>	<u>45,854</u>	<u>28,274</u>	<u>60,463</u>
<u>(2,779)</u>	<u>(8,835)</u>	<u>-</u>	<u>94,016</u>	<u>(13,415)</u>	<u>62</u>	<u>56,803</u>
-	-	-	-	-	-	-
-	(1,202)	-	(101,652)	-	(20,762)	(56,803)
-	(1,202)	-	(101,652)	-	(20,762)	(56,803)
(2,779)	(10,037)	-	(7,636)	(13,415)	(20,700)	-
<u>2,653</u>	<u>10,032</u>	<u>-</u>	<u>7,636</u>	<u>13,251</u>	<u>20,973</u>	<u>-</u>
<u>\$ (126)</u>	<u>\$ (5)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (164)</u>	<u>\$ 273</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
City of Sunland Park
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Capital Projects			
	Community Center	Sports Complex	Municipal Road	Total Other Governmental Funds
<i>Revenues</i>				
Taxes:				
Gasoline and motor vehicle	\$ -	\$ -	\$ 14,778	\$ 14,778
Intergovernmental income:				
Federal operating grants	-	-	-	136,434
State operating grants	-	-	-	443,170
State capital grants	16,166	-	-	27,166
Local sources:				
Charges for services	-	-	-	6,000
Licenses and fees	-	-	-	49,542
Miscellaneous	-	-	-	5,275
<i>Total revenues</i>	<u>16,166</u>	<u>-</u>	<u>14,778</u>	<u>682,365</u>
<i>Expenditures</i>				
Current:				
General government	-	1,779	-	1,779
Public safety	-	-	-	414,001
Culture and recreation	-	-	-	11,000
Health and welfare	11,825	-	-	13,220
Capital outlay	-	8,221	-	76,684
Debt service:				
Principal	-	-	-	9,000
Interest and fees	-	-	-	2,337
<i>Total expenditures</i>	<u>11,825</u>	<u>10,000</u>	<u>-</u>	<u>528,021</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,341</u>	<u>(10,000)</u>	<u>14,778</u>	<u>154,344</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	10,000	-	34,801
Transfers (out)	(4,341)	-	-	(313,851)
<i>Total other financing sources (uses)</i>	<u>(4,341)</u>	<u>10,000</u>	<u>-</u>	<u>(279,050)</u>
<i>Net change in fund balances</i>	-	-	14,778	(124,706)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,072</u>	<u>222,480</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,850</u>	<u>\$ 97,774</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-1

City of Sunland Park

Fire Protection Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final	(non-GAAP Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	210,000	257,474	125,038	(132,436)
State capital grants	-	-	-	-
Charges for services	-	6,000	6,625	625
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>210,000</u>	<u>263,474</u>	<u>131,663</u>	<u>(131,811)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	200,392	211,507	204,895	6,612
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	9,000	9,000	-
Interest	-	1,229	2,174	(945)
Issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>200,392</u>	<u>221,736</u>	<u>216,069</u>	<u>5,667</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>9,608</u>	<u>41,738</u>	<u>(84,406)</u>	<u>(126,144)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(9,608)	(40,138)	-	40,138
Transfers in	-	-	-	-
Transfers (out)	-	(1,600)	-	1,600
<i>Total other financing sources (uses)</i>	<u>(9,608)</u>	<u>(41,738)</u>	<u>-</u>	<u>41,738</u>
<i>Net change in fund balance</i>	-	-	(84,406)	(84,406)
<i>Fund balance - beginning of year</i>	-	-	165,801	165,801
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,395</u>	<u>\$ 81,395</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (84,406)
No adjustments to revenues				-
Adjustments to expenditures for contractual services				(2,629)
Net change in fund balance (GAAP basis)				<u>\$ (87,035)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-2

City of Sunland Park

Emergency Medical Services

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal capital grants	-	-	-	-
State operating grants	6,700	6,700	6,234	(466)
State capital grants	-	-	-	-
Local sources:				
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>6,700</u>	<u>6,700</u>	<u>6,234</u>	<u>(466)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	11,650	11,650	9,504	2,146
Public works	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>11,650</u>	<u>11,650</u>	<u>9,504</u>	<u>2,146</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,950)</u>	<u>(4,950)</u>	<u>(3,270)</u>	<u>1,680</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	3,350	3,350	-	(3,350)
Transfers in	1,600	1,600	-	(1,600)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>4,950</u>	<u>4,950</u>	<u>-</u>	<u>(4,950)</u>
<i>Net change in fund balance</i>	-	-	(3,270)	(3,270)
<i>Fund balance - beginning of year</i>	-	-	6,450	6,450
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,180</u>	<u>\$ 3,180</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (3,270)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ (3,270)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-3

City of Sunland Park

Corrections Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variences Favorable (Unfavorable)
	Original	Final	(non-GAAP Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local sources:				
Charges for services	-	-	-	-
Licenses and fees	50,000	57,000	42,967	(14,033)
Investment income	-	-	-	-
<i>Total revenues</i>	<u>50,000</u>	<u>57,000</u>	<u>42,967</u>	<u>(14,033)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	68,000	67,560	440
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>68,000</u>	<u>67,560</u>	<u>440</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>50,000</u>	<u>(11,000)</u>	<u>(24,593)</u>	<u>(13,593)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(50,000)	(13,000)	-	13,000
Transfers in	-	24,000	24,593	593
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(50,000)</u>	<u>11,000</u>	<u>24,593</u>	<u>13,593</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
Adjustments to revenues for licenses and fees				6,575
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 6,575</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-4

City of Sunland Park

Senior Citizens Center

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variences Favorable (Unfavorable)
	Original	Final	(non-GAAP Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	2,000	2,000	1,259	741
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,000</u>	<u>2,000</u>	<u>1,259</u>	<u>741</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,000)</u>	<u>(2,000)</u>	<u>(1,259)</u>	<u>741</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	2,000	2,000	208	(1,792)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,000</u>	<u>2,000</u>	<u>208</u>	<u>(1,792)</u>
<i>Net change in fund balance</i>	-	-	(1,051)	(1,051)
<i>Fund balance - beginning of year</i>	-	-	1,187	1,187
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136</u>	<u>\$ 136</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (1,051)
No adjustments to revenues				-
Adjustments for deposit due to customer				(136)
Net change in fund balance (GAAP basis)				<u>\$ (1,187)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-5

City of Sunland Park

Law Enforcement Protection

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal capital grants	-	-	-	-
State operating grants	34,400	34,400	34,400	-
State capital grants	-	-	-	-
Local sources				
Charges for services	-	-	-	-
<i>Total revenues</i>	<u>34,400</u>	<u>34,400</u>	<u>34,400</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	36,753	36,753	36,339	414
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay				
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>36,753</u>	<u>36,753</u>	<u>36,339</u>	<u>414</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,353)</u>	<u>(2,353)</u>	<u>(1,939)</u>	<u>414</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	2,353	2,353	-	(2,353)
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,353</u>	<u>2,353</u>	<u>-</u>	<u>(2,353)</u>
<i>Net change in fund balance</i>	-	-	(1,939)	(1,939)
<i>Fund balance - beginning of year</i>	-	-	2,653	2,653
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 714</u>	<u>\$ 714</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (1,939)
No adjustments to revenues				-
Adjustments to expenditures for travel				(840)
Net change in fund balance (GAAP basis)				<u>\$ (2,779)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-6

City of Sunland Park

Court Automation

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal capital grants	-	-	-	-
State operating grants	15,525	15,525	6,477	(9,048)
State capital grants	-	-	-	-
Local sources				
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>15,525</u>	<u>15,525</u>	<u>6,477</u>	<u>(9,048)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	14,323	14,323	7,075	7,248
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>14,323</u>	<u>14,323</u>	<u>7,075</u>	<u>7,248</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,202</u>	<u>1,202</u>	<u>(598)</u>	<u>(1,800)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(1,202)	(1,202)	(1,202)	-
<i>Total other financing sources (uses)</i>	<u>(1,202)</u>	<u>(1,202)</u>	<u>(1,202)</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(1,800)	(1,800)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,800)</u>	<u>\$ (1,800)</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (1,800)
Adjustments to revenues for state operating grants				(3,672)
Adjustments to expenditures for grant expenditures				(4,565)
Net change in fund balance (GAAP basis)				<u>\$ (10,037)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-7

City of Sunland Park

New Mexico Beautification

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variences
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	14,000	14,000	3,750	(10,250)
Local sources				
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>14,000</u>	<u>14,000</u>	<u>3,750</u>	<u>(10,250)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	14,000	14,000	11,000	3,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>14,000</u>	<u>14,000</u>	<u>11,000</u>	<u>3,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(7,250)</u>	<u>(7,250)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(7,250)	(7,250)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,250)</u>	<u>\$ (7,250)</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (7,250)
Adjustments to revenues for state capital grants				7,250
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

City of Sunland Park

COPS Federal Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	172,994	172,994	116,281	(56,713)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>172,994</u>	<u>172,994</u>	<u>116,281</u>	<u>(56,713)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	16,667	16,667	14,629	2,038
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	33,333	33,333	-	33,333
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>50,000</u>	<u>50,000</u>	<u>14,629</u>	<u>35,371</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>122,994</u>	<u>122,994</u>	<u>101,652</u>	<u>(21,342)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(224,994)	(20,994)	-	20,994
Transfers in	-	-	-	-
Transfers (out)	102,000	(102,000)	(101,652)	348
<i>Total other financing sources (uses)</i>	<u>(122,994)</u>	<u>(122,994)</u>	<u>(101,652)</u>	<u>21,342</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
Adjustments to revenues for federal operating grants				(7,636)
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ (7,636)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-9

City of Sunland Park

Confiscated Assets

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	36,202	25,509	(10,693)
Federal capital grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	4,650	4,650
<i>Total revenues</i>	<u>-</u>	<u>36,202</u>	<u>30,159</u>	<u>(6,043)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	33,612	25,729	7,883
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	15,130	20,125	(4,995)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>48,742</u>	<u>45,854</u>	<u>2,888</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(12,540)</u>	<u>(15,695)</u>	<u>(3,155)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	12,540	-	(12,540)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>12,540</u>	<u>-</u>	<u>(12,540)</u>
<i>Net change in fund balance</i>	-	-	(15,695)	(15,695)
<i>Fund balance - beginning of year</i>	-	-	13,251	13,251
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,444)</u>	<u>\$ (2,444)</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (15,695)
Adjustments to revenues for federal operating grants				2,280
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ (13,415)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-10

City of Sunland Park

Traffic Safety Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	14,456	42,626	28,274	(14,352)
State capital grants	-	-	-	-
Local sources				
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>14,456</u>	<u>42,626</u>	<u>28,274</u>	<u>(14,352)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	14,456	42,626	28,274	14,352
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>14,456</u>	<u>42,626</u>	<u>28,274</u>	<u>14,352</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
Adjustments to revenues and transfers for state operating grants.				(20,700)
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ (20,700)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-11

City of Sunland Park

State LRF Grant

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final	(non-GAAP Basis)	Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	110,300	76,599	(33,701)
State capital grants	-	40,667	40,667	-
Local sources				
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>150,967</u>	<u>117,266</u>	<u>(33,701)</u>
<i>Expenditures</i>				
Current:				
General government	-	93,967	60,463	33,504
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>93,967</u>	<u>60,463</u>	<u>33,504</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>57,000</u>	<u>56,803</u>	<u>(197)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	(57,000)	(56,803)	197
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(57,000)</u>	<u>(56,803)</u>	<u>197</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-12

City of Sunland Park

Community Center

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	63,935	16,166	(47,769)
Local sources				
Licenses and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>63,935</u>	<u>16,166</u>	<u>(47,769)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	58,935	11,825	47,110
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>58,935</u>	<u>11,825</u>	<u>47,110</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>5,000</u>	<u>4,341</u>	<u>(659)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	(5,000)	(4,341)	659
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(5,000)</u>	<u>(4,341)</u>	<u>659</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-13

City of Sunland Park

Sports Complex

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variences
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	10,000	10,000	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	10,000	10,000	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-14

City of Sunland Park

Municipal Road

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variences
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	15,200	14,918	(282)
Intergovernmental income:				
Federal operating grants	-	-	-	-
State capital grants	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>15,200</u>	<u>14,918</u>	<u>(282)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>15,200</u>	<u>14,918</u>	<u>(282)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(15,200)	-	15,200
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(15,200)</u>	<u>-</u>	<u>15,200</u>
<i>Net change in fund balance</i>	-	-	14,918	14,918
<i>Fund balances - beginning of year</i>	-	-	1,072	1,072
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,990</u>	<u>\$ 15,990</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 14,918
Adjustment to revenues for taxes				(140)
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 14,778</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

City of Sunland Park

Border Crossing Facility

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variations
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Local sources				
Licenses and fees	-	-	-	-
Investment income	-	-	15,619	15,619
Miscellaneous	3,028,599	3,028,599	-	(3,028,599)
<i>Total revenues</i>	<u>3,028,599</u>	<u>3,028,599</u>	<u>15,619</u>	<u>(3,012,980)</u>
<i>Expenditures</i>				
Current:				
General government	889,984	889,984	157,565	732,419
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	2,521,676	2,017,375	-	2,017,375
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,411,660</u>	<u>2,907,359</u>	<u>157,565</u>	<u>2,749,794</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(383,061)</u>	<u>121,240</u>	<u>(141,946)</u>	<u>(263,186)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	383,061	(121,240)	-	121,240
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>383,061</u>	<u>(121,240)</u>	<u>-</u>	<u>121,240</u>
<i>Net change in fund balance</i>	-	-	(141,946)	(141,946)
<i>Fund balances - beginning of year</i>	-	-	10,376,663	10,376,663
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,234,717</u>	<u>\$ 10,234,717</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (141,946)
Adjustments to revenues for interest income				889
Adjustments to expenditures for salaries and contractual services				10,170
Net change in fund balance (GAAP basis)				<u>\$ (130,887)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-16

City of Sunland Park

Motor Vehicle Department

Statement of Revenues, Expenses and Changes in Net Position

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2013

	Budget Amounts		Actual (GAAP basis)	Variances Favorable (Unfavorable)
	Original	Final		
<i>Operating revenues</i>				
Charges for services	\$ 388,368	\$ 388,368	\$ 449,488	\$ 61,120
<i>Total operating revenues</i>	<u>388,368</u>	<u>388,368</u>	<u>449,488</u>	<u>61,120</u>
<i>Operating expenses</i>				
Personnel services	88,488	127,942	131,015	(3,073)
Contractual services	-	-	30	(30)
Supplies	3,826	3,826	3,079	747
Maintenance and materials	2,975	2,975	1,925	1,050
Utilities	6,618	6,618	7,707	(1,089)
Insurance	12,374	12,374	11,348	1,026
Depreciation	-	-	-	-
Rent	15,770	15,770	8,725	7,045
Miscellaneous	-	-	5,592	(5,592)
<i>Total operating expenses</i>	<u>130,051</u>	<u>169,505</u>	<u>169,421</u>	<u>84</u>
<i>Operating income (loss)</i>	<u>258,317</u>	<u>218,863</u>	<u>280,067</u>	<u>61,204</u>
<i>Non-operating revenues (expenses)</i>				
Gross receipts tax revenue	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers in	-	-	82,297	82,297
Transfers (out)	-	-	-	-
<i>Total other financing sources</i>	<u>-</u>	<u>-</u>	<u>82,297</u>	<u>82,297</u>
<i>Change in net position</i>	<u>\$ 258,317</u>	<u>\$ 218,863</u>	<u>362,364</u>	<u>\$ 143,501</u>
<i>Net position - beginning of year</i>			<u>-</u>	
<i>Net position - end of year</i>			<u>\$ 362,364</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-17

City of Sunland Park

Solid Waste Fund

Statement of Revenues, Expenses and Changes in Net Position
 Budget (GAAP Basis) and Actual
 For the Year Ended June 30, 2013

	Budget Amounts		Actual (GAAP basis)	Variations
	Original	Final		Favorable (Unfavorable)
<i>Operating revenues</i>				
Charges for services	124,918	397,559	144,065	\$ (253,494)
<i>Total operating revenues</i>	<u>124,918</u>	<u>397,559</u>	<u>144,065</u>	<u>(253,494)</u>
<i>Operating expenses</i>				
Personnel services	67,573	128,594	31,488	97,106
Contractual services	-	-	-	-
Supplies	9,166	59,166	11,982	47,184
Maintenance and materials	13,333	63,333	2,408	60,925
Utilities	15,500	65,500	65,179	321
Insurance	12,711	12,711	12,685	26
Depreciation	-	-	15,590	(15,590)
Rent	10,167	40,758	35,087	5,671
Miscellaneous	-	-	-	-
<i>Total operating expenses</i>	<u>128,450</u>	<u>370,062</u>	<u>174,419</u>	<u>195,643</u>
<i>Operating income (loss)</i>	<u>(3,532)</u>	<u>27,497</u>	<u>(30,354)</u>	<u>(57,851)</u>
<i>Non-operating revenues (expenses)</i>				
Gross receipts tax	86,300	95,218	104,552	9,334
Interest expense	-	-	(5,787)	(5,787)
Gain on sale of capital asset	-	-	95,574	95,574
Miscellaneous income	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>86,300</u>	<u>95,218</u>	<u>194,339</u>	<u>99,121</u>
Transfers in	-	12,013	1,151	(10,862)
Transfers (out)	-	(29,500)	(29,425)	75
<i>Total other financing sources</i>	<u>-</u>	<u>(17,487)</u>	<u>(28,274)</u>	<u>(10,787)</u>
<i>Change in net position</i>	<u>\$ 82,768</u>	<u>\$ 105,228</u>	<u>135,711</u>	<u>\$ 30,483</u>
<i>Net position - beginning of year</i>			<u>62,109</u>	
<i>Net position - end of year</i>			<u>\$ 197,820</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-18

City of Sunland Park

Public Housing Authority

Statement of Revenues, Expenses and Changes in Net Position

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2013

	Budget Amounts		Actual (GAAP basis)	Variances Favorable (Unfavorable)
	Original	Final		
<i>Operating revenues</i>				
Charges for services	\$ 94,684	\$ 94,684	\$ 98,044	\$ 3,360
<i>Total operating revenues</i>	<u>94,684</u>	<u>94,684</u>	<u>98,044</u>	<u>3,360</u>
<i>Operating expenses</i>				
Personnel services	93,642	163,905	162,708	1,197
Contractual services	50,825	50,825	27,420	23,405
Supplies	4,200	4,200	2,979	1,221
Maintenance and materials	115,210	137,038	24,776	112,262
Utilities	31,000	31,000	25,765	5,235
Insurance	16,627	16,627	17,859	(1,232)
Depreciation	-	-	111,466	(111,466)
Rent	1,200	1,200	2,330	(1,130)
Miscellaneous	7,254	7,254	1,905	5,349
<i>Total operating expenses</i>	<u>336,585</u>	<u>428,676</u>	<u>377,208</u>	<u>51,468</u>
<i>Operating income (loss)</i>	<u>(241,901)</u>	<u>(333,992)</u>	<u>(279,164)</u>	<u>54,828</u>
<i>Non-operating revenues (expenses)</i>				
Governmental contributions	153,665	241,050	48,573	(192,477)
Interest income	6,000	6,000	284	(5,716)
Miscellaneous income	87,685	1,000	1,075	75
<i>Total non-operating revenues (expenses)</i>	<u>247,350</u>	<u>248,050</u>	<u>49,932</u>	<u>(198,118)</u>
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Change in net position</i>	<u>\$ 5,449</u>	<u>\$ (85,942)</u>	<u>(229,232)</u>	<u>\$ (143,290)</u>
<i>Net position - beginning of year</i>			<u>2,857,945</u>	
<i>Net position - end of year</i>			<u>\$ 2,628,713</u>	

The accompanying notes are an integral part of these financial statements

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Deposit and Investment Accounts
June 30, 2013

Deposit Account Type	Wells Fargo Bank	LGIP	NMFA	Totals
City of Sunland Park General Fund - Checking	\$ 1,159,629	\$ -	\$ -	\$ 1,159,629
Fire Protection Fund-Checking	101,917	-	-	101,917
Senior Citizen Center-Checking	136	-	-	136
Law Enforcement Protection Fund-Checking	3,816	-	-	3,816
CDBG Fund -Checking	-	-	-	-
Confiscated Asset Fund-Checking	3,920	-	-	3,920
Public Housing Authority Fund-Checking	278,068	-	-	278,068
FHMA Debt Service Fund-Checking	-	-	-	-
Motor Vehicle Fund-Checking	392,149	-	-	392,149
FHMA Reserve Account-Checking	-	-	-	-
NMED Repl/Fund Account-Checking	-	-	-	-
Border Crossing Account-Checking	223,851	-	-	223,851
CRRUA-Checking	7,808	-	-	7,808
Solid Waste-Checking	178,125	-	-	178,125
Wells Fargo CD	500,000 *	-	-	500,000
LGIP	-	10,221,157	-	10,221,157
NMFA	-	-	115,104	115,104
	<u>2,849,419</u>	<u>10,221,157</u>	<u>115,104</u>	<u>13,185,680</u>
Reconciling items	<u>(251,812)</u>	<u>-</u>	<u>-</u>	<u>(251,812)</u>
Reconciled balance June 30, 2013	<u>\$ 2,597,607</u>	<u>\$ 10,221,157</u>	<u>\$ 115,104</u>	12,933,868
			Petty cash	200
			Less: investments - governmental activities - Exhibit A-1	(10,548,097)
			Less: investments - business-type activities - Exhibit A-1	(173,060)
			Less: restricted cash - Exhibit A-1	<u>(120,784)</u>
			Total cash and cash equivalents - Exhibit A-1	<u>\$ 2,092,127</u>

* Interest Bearing Account

See independent auditors' report

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Collateral Pledged by Depository
For Public Funds
June 30, 2013

Schedule II

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2013
Wells Fargo Bank				
	FH 280007	12/1/2041	3128UAG1	\$ 174,408
	FG J16662	9/1/2026	3128PWMK1	24,528
	FN 180406	10/1/2040	31368HNW8	11,382
	FN AH8826	3/1/2041	3138AAYX3	197,744
	FN AJ547S	10/1/2026	3138AXCM1	232,104
	FN AL0604	8/1/2026	3138EGU69	505,874
	FN AP7921	9/1/2042	3138M8Yf7	215,942
	FN AQ9186	1/1/2043	3138MRF30	81,714
	FN A09193	1/1/2043	3138MRGB1	330,439
	FN AR1470	1/1/2043	3138NXT49	43,185
	FN AR9199	3/1/2043	3138W7GH1	102,053
	FN AT6895	6/1/2043	3138WTRR9	4,904
	FN 933124	1/1/2038	31412SD51	1,075,800
	FN AB6488	10/1/2042	31417DGG2	4,787
	FN AB7605	1/1/2043	31417EKT7	14,443
	FN AB7739	1/1/2043	31417ES51	187,805
	FN AB7730	1/1/2043	31417ESU6	177,846
	FN AD6388	5/1/2025	31418UC28	75,593
	FN AE0215	12/1/2039	31419AGZ4	40,913
	FN AE0385	9/1/2040	31419ANB9	171,669
	Total Wells Fargo Bank			\$ 3,673,133

The location of the safekeeper of the above securities is BNY Mellon at
One Wall Street, 4th Floor, New York, NY 10286

See independent auditors' report

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STATE OF NEW MEXICO
 City of Sunland Park
 Schedule of Changes in Assets and Liabilities
 Agency Funds
 June 30, 2013

Schedule III

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<i>Assets</i>				
Cash	\$ 82,297	\$ -	\$ 82,297	\$ -
<i>Total assets</i>	<u>\$ 82,297</u>	<u>\$ -</u>	<u>\$ 82,297</u>	<u>\$ -</u>
<i>Liabilities</i>				
Due to other governmental agency	\$ 82,297	\$ -	\$ 82,297	\$ -
<i>Total liabilities</i>	<u>\$ 82,297</u>	<u>\$ -</u>	<u>\$ 82,297</u>	<u>\$ -</u>

See independent auditors' report.

STATE OF NEW MEXICO
City of Sunland Park Housing Authority
A Department of the City of Sunland Park
Financial Data Schedule
June 30, 2013

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
111	Cash - Unrestricted	\$ 239,602	\$ -	\$ 239,602
113	Current Investments	173,060	-	173,060
100	Total Cash	412,662	-	412,662
122-010	Operating Subsidy	48,573	-	48,573
126	Accounts Receivable - Tenants	580	-	580
129	Accrued Interest Receivable	15	-	15
120	Total Receivables, Net of Allowance for Doubtful Accounts	49,168	-	49,168
144	Due From other funds	4,907	-	4,907
150	Total Current Assets	466,737	-	466,737
114	Cash - Tenant Security Deposits	5,680	-	5,680
161	Land	150,000	-	150,000
162	Buildings	2,555,715	687,274	3,242,989
163	Furniture, Equipment & Machinery - Dwellings	-	81,863	81,863
166	Accumulated Depreciation	(1,058,968)	(198,925)	(1,257,893)
160	Total Capital Assets, Net of Accumulated Depreciation	1,646,747	570,212	2,216,959
180	Total Non-Current Assets	1,652,427	570,212	2,222,639
190	Total Assets	\$ 2,119,164	\$ 570,212	\$ 2,689,376

See independent auditors' report

STATE OF NEW MEXICO
City of Sunland Park Housing Authority
A Department of the City of Sunland Park
Financial Data Schedule
June 30, 2013

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
321	Accrued Wage/Payroll Taxes Payable	\$ 2,474	\$ -	\$ 2,474
322	Accrued Compensated Absences - Current Portion	15,018	-	15,018
341	Tenant Security Deposits	5,680	-	5,680
347	Due to other funds	28,009	-	28,009
310	Total Current Liabilities	<u>51,181</u>	<u>-</u>	<u>51,181</u>
354	Accrued Compensated Absences - Non Current	9,482	-	9,482
350	Total Non-Current Liabilities	<u>9,482</u>	<u>-</u>	<u>9,482</u>
300	Total Liabilities	<u>60,663</u>	<u>-</u>	<u>60,663</u>
508.1	Net investment in capital assets	1,646,747	570,212	2,216,959
511	Restricted Net Position	-	-	-
512.1	Unrestricted Net Position	411,754	-	411,754
513	Total Equity/Net Position	<u>2,058,501</u>	<u>570,212</u>	<u>2,628,713</u>
600	Total Liabilities and Equity/Net Position	<u>\$ 2,119,164</u>	<u>\$ 570,212</u>	<u>\$ 2,689,376</u>

See independent auditors' report

STATE OF NEW MEXICO
City of Sunland Park Housing Authority
A Department of the City of Sunland Park
Financial Data Schedule
June 30, 2013

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
70300	Net Tenant Rental Revenue	\$ 98,044	\$ -	\$ 98,044
70400	Tenant Revenue - Other	-	-	-
70500	Total Tenant Revenue	<u>98,044</u>	<u>-</u>	<u>98,044</u>
70610	Capital Grants	-	14,032	14,032
70800	Other Government Grants	34,541	-	34,541
71100	Investment Income - Unrestricted	284	-	284
71500	Other Revenue	1,075	-	1,075
70000	Total Revenue	<u>133,944</u>	<u>14,032</u>	<u>147,976</u>
91100	Administrative Salaries	150,432	-	150,432
91200	Auditing Fees	3,950	-	3,950
91500	Employee Benefit Contributions - Administrative	12,276	-	12,276
93800	Other Utilities Expense	28,095	-	28,095
91600	Office Expenses	2,979	-	2,979
91700	Legal Expense	2,870	-	2,870
91810	Allocated Overhead	20,600	-	20,600
91900	Other	1,905	-	1,905
94300	Maintenance	24,776	-	24,776
96120	Insurance	17,859	-	17,859
97400	Depreciation Expense	100,741	10,725	111,466
91000	Total Operating Expenses	<u>366,483</u>	<u>10,725</u>	<u>377,208</u>
10010	Operating Transfers In	-	-	-
97000	Excess Operating Revenue Over Operating Expenses	<u>(232,539)</u>	<u>3,307</u>	<u>(229,232)</u>
10000	Excess (Deficiency) of Operating Revenue Over (Under) Total Expenses	<u>(232,539)</u>	<u>3,307</u>	<u>(229,232)</u>
	Net Position at the Beginning of the Year	<u>2,291,040</u>	<u>566,905</u>	<u>2,857,945</u>
	Net Position at End of Year	<u>\$ 2,058,501</u>	<u>\$ 570,212</u>	<u>\$ 2,628,713</u>

See independent auditors' report

COMPLIANCE SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITORS' REPORT

Hector H. Balderas
New Mexico State Auditor
To City Council
City of Sunland Park
Sunland Park, New Mexico

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparison of the General Fund of City of Sunland Park (the "City") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and the combining and individual funds and related budgetary comparisons of the City presented as supplemental information, and have issued our report thereon dated November 25, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described the accompanying schedule of findings and responses to be material weaknesses (FS 2008-04, FS 2011-01, FS 2011-02, and FS 2011-04).

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governances. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies (FS 2011-03, FS 2011-05, and FS 2011-06).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 Standard* and which are described in the accompanying schedule of findings and responses as items FS 2011-11 and Finding 09.

City's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
November 25, 2013

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2013

Summary of Audit Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | No |

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2013

Section II -Findings-Financial Statement Audit

FS 2008-04 Capital Assets – (Material Weakness) repeated and modified

Condition: Based on the auditors' understanding of the capital assets process, it was noted that an inventory of capital assets has not been performed for fiscal year 2013.

Criteria: 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.

Effect: Lack of an annual inventory and incomplete supporting documentation could lead to theft, misuse or unauthorized disposal without detection.

Cause: The City has not had the time and resources to update their capital asset records.

Auditors' Recommendations: 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: Management concurs with the finding. In an October 31, 2012 letter from the Department of Finance and Administration Cabinet Secretary to the City of Sunland Park Governing Body, there is a specific stipulation the City must "Contract with certified public accountants to design and oversee the conducting of a physical inventory."

The City issued an RFP for this process on December 5, 2012. The responses were not what the City expected in either procedure or fee. In 2012, the City divested all of its Water, Wastewater, and Solid Waste operations and assets to other entities thereby downsizing the size of the City assets considerably.

The City will issue a revised RFP in January 2014. This new RFP will be more specific in that the actual physical inventory is to be conducted by an outside accounting firm. The City has also budgeted for the costs this additional work will entail.

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2013

Section II -Findings-Financial Statement Audit-(continued)

FS 2011-01 Governing Body Lack of Active Involvement/Significant Influence Over the City’s Internal Control Environment – (Material Weakness) - repeated and modified

Condition: During the course of the audit, we noted upper management and City Council are not actively involved in remediation of prior year audit findings, ensuring compliance with state laws and proper oversight of internal controls surrounding the City’s accounting function. Below is a schedule of meetings missed by City Council members:

Meeting Date	Members Present	Members Absent
9/5/2012	Santos, Carrillo, Diaz Avila, Carrillo	Lira
10/3/2012	Santos, Rodriguez, Lira, Avila, Carrillo	Diaz
2/13/2013	Rodriguez, Carrillo, Avila	Diaz, Lira, Santos
4/2/2013	Santos, Diaz, Rodriguez, Carrillo, Avila	Lira
4/16/2013	Rodriguez, Carrillo, Avila, Santos, Lira	Diaz
5/7/2013	Rodriguez, Carrillo, Santos, Lira	Avila
5/28/2013	Rodriguez, Carrillo	Santos, Lira, Avila
5/30/2013	Rodriguez, Carrillo	Santos, Lira, Avila
9/3/2013	Rodriguez, Carrillo, Avila, Lira	Santos
9/26/2013	Rodriguez, Santos ,Avila, Lira	Carrillo

Also Council has failed to fill the vacancy in District 3 caused by the resignation of the previous councilor. As of the date of this report (November 25, 2013) the seat has been vacant for over 6 months denying the citizens of District 3 equal representation on the City Council.

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2013

Section II -Findings-Financial Statement Audit-(continued)

FS 2011-01 Governing Body Lack of Active Involvement/Significant Influence Over the City's Internal Control Environment – (Material Weakness)-(continued) - repeated and modified

Criteria: Good internal controls and sound practices require that those charged with governance are actively involved and have significant influence over the City's internal control environment and its financial reporting.

Effect: Negligence toward internal controls and financial reporting reduces the effectiveness of the internal control environment and increases risk of error/fraud.

Cause: The former and current elected council members do not consistently participate in monthly council meetings and have done little to resolve internal control weaknesses and findings noted in prior year audits.

Auditors' Recommendations: We recommend that the City monitor participation in monthly council meetings and have periodic meetings with the Finance Department to discuss the status of all prior year and current audit findings.

Management's Response: Management concurs with the audit finding that the governing body lacks active involvement and significant influence in the City's internal control environment. To promote regular and consistent attendance to council meetings, management will propose to the Council by January 31, 2014, the adoption of a financial penalty for chronic tardiness and absenteeism to be deducted from the elected officials' pay and as permissible by the Open Meetings Act. This audit finding will be presented to the current governing body at a public meeting after release from the State Auditor's Office and the entire audit will be presented to any newly elected officials after the March election for City Districts 1, 2, and 3.

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2013

Section II -Findings-Financial Statement Audit-(continued)

FS 2011-02 Lack of Ethics Policy – (Material Weakness) - repeated

Condition: During our review of entity-wide internal controls, it was noted that the City lacks a code of conduct or ethics policy to set the tone for standard of conduct.

Criteria: The foundation for internal controls and sound practices require integrity and ethical values as the standard of conduct for the City and financial reporting.

Effect: Without an ethics policy or code of conduct, violations or departures from policy cannot be given a clear and appropriate disciplinary action. Without an ethics policy or code of conduct to guide behavior, the City is at risk of an inappropriate ethical tone.

Cause: The City does not have a specific policy regarding ethics or code of conduct.

Auditors' Recommendations: We recommend that the City formally implement an ethics policy or code of conduct to set a tone of ethical behavior as the standard of conduct for the City. The policy should be communicated to management, department heads, and all employees. The policy should include disciplinary action to be taken for violation of policy.

Management's Response: Management agrees with the finding that the City lacks an ethics policy. The Mayor is currently working to establish a committee consisting of a city councilor, department head, and member of the community to develop an ethics policy and code of conduct to be presented before the Council for adoption. The policy shall include, but not limited to, the accepted standards of behavior of elected officials, City employees, and members of the community at public meetings and disciplinary action to be taken for violation of policy. While the city currently has no separate "Code of Conduct" policy, the city's Personnel Rules and Regulations do address conduct unbecoming of a city employee. These are noted under Article 6 Conditions of Employment – Employee Rights that reads as followed:

3-6-1 PUBLIC EMPLOYMENT AS A PUBLIC TRUST

In performing their duties, and in their many contacts with residents and visitors, employees in the service of the City should be continually aware that public impression of the City government is based upon the employee's manner, appearance, speech and conduct. The City government is dependent upon standards of reliability, integrity, industriousness, helpfulness, courtesy, efficiency, patience, grooming, dress, and language which are appropriate to the work situation and acceptable to the majority of the residents of the City. An employee in the service of the City, away from the job, shall exercise the same rights as any other private citizen insofar as they do not interfere with the employee's performance on the job or undermine public confidence in that employee or other City employees.

3-6-2 LOYALTY AND DILIGENCE IN THE CITY SERVICE

During his hours of active duty, each employee shall devote his whole time, attention, and efforts to his office or employment, and may not perform or be required to perform any service except for the benefit of the City. No employee of the City may engage in any employment, activity, or enterprise which is inconsistent, incompatible, or in conflict with his duties, or functions and responsibilities of the department or other agency in which the officer or employee is employed. The Department Director, with the approval of the Mayor, shall declare the activities which

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2013

Section II -Findings-Financial Statement Audit-(continued)

FS 2011-02 Lack of Ethics Policy – (Material Weakness)-(continued) - repeated

will be considered inconsistent, incompatible or in conflict. In making determinations, consideration shall be given to employment, activities, or enterprises which:

- A. involve the use for private gain or advantage of City time, facilities, equipment including automobiles, and supplies, or the badge, uniform, prestige or influence of City office or employment;*
- B. involve receipt by the employee of any money or other consideration for the performance of any act required by him as a City employee; or*
- C. involve the performance of an act in other than his capacity as City employee which act may later be subject directly or indirectly, to control, inspection, review, audit or enforcement by the employee or by the agency in which he is employed.*

At the time that the city's Personnel Rules and Regulations are revised, recommendation will have a specific section addressing a "Code of Conduct" to be included.

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2013

Section II -Findings-Financial Statement Audit-(continued)

FS 2011-03 Lack of Effective Upstream Communication – (Significant Deficiency) - repeated

Condition: During our evaluation of entity-wide internal controls, it was noted that the organizational structure of the City lacks a channel for which employees can communicate information upstream. Clearly defined lines of authority and reporting for communication of pertinent information are not made known to employees.

Criteria: Good internal control practices require that the organizational structure of the City be designed to promote a sound control environment. Authority and responsibility, appropriate reporting lines, and free flow of information across the City should provide unfettered influence to effectively run the City and support effective financial reporting. Upstream communication should be used by management to improve performance and enhance internal control. A whistleblower process meets regulatory compliance requirements.

Effect: Employees do not know who to report information to, or if there will be consequences for reporting information upstream. Reporting lines are unclear.

Cause: An unstable organizational structure and the lack of a clearly defined method for communicating important information upstream have contributed to a lack of clear communication channels between employees and those charged with governance. In addition, the culture at the City has been for employees to keep important information to themselves rather than communicate it.

Auditors' Recommendations: We recommend that the City implement and document an organizational structure that clearly indicates where/how employees should communicate information upstream. Reporting lines should be indicated and free flow of information should be encouraged. Separate lines of communication should be in place to serve as a "fail-safe" mechanism in case usual channels are inoperable or ineffective. The City should communicate a whistleblower process which would allow for anonymity for individuals who report possible improprieties.

Management's Response: Management agrees with the finding that the City has a lack of effective upstream communication. The disorganization of the City and several vacated positions has disrupted the flow of information. The human resource department will create and maintain an organizational chart that clearly indicates the chain-of-command and how employees should communicate information upstream. The free flow of information is encouraged by the current management. Management will also propose the development of a City website where employees and citizens can anonymously report possible improprieties.

Upon the revision of the City of Sunland Park Personnel Rules and Regulations, a recommendation will be to include an organizational structure chart and New Mexico Whistleblower Protection Act to be incorporated into this document. The chart will provide clear lines of communications between all levels in the organization to flow information from line employees up to management and ultimately the governing body. In addition, the Whistleblower Protection Act will ensure employees that any report of unlawful or improper acts will not be used against them in any form or retaliation.

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2013

Section II -Findings-Financial Statement Audit-(continued)

FS 2011-03 Lack of Effective Upstream Communication – (Significant Deficiency)-(continued) - repeated

NEW MEXICO WHISTLEBLOWER PROTECTION ACT

The New Mexico Whistleblower Protection Act, §10-16C-1 through §10-16C-6, NMSA 1978, prohibits a city from taking any discriminatory or adverse employment action against a public employee because the public employee (A) communicates to the public employer or a third party information about an action or a failure to act that the public employee believes in good faith constitutes an unlawful or improper act, (B) provides information to, or testifies before, a public body as part of an investigation, hearing or inquiry into an unlawful or improper act, or (C) objects or refuses to participate in an activity, policy or practice that constitutes an unlawful or improper act. The Act waives sovereign immunity for a city in causes of action arising out of claims by public employees whose employment was allegedly terminated for reporting an unlawful or improper act.

The Act gives a public employee who claims that his suspension, termination, or other discriminatory or adverse personnel action was in retaliation for his good faith reporting of unlawful or improper acts the right to sue for damages and other relief. An employee who is allegedly retaliated against for reporting an unlawful or improper act is entitled to sue for: (1) injunctive relief; (2) actual damages; (3) court costs; and (4) reasonable attorney fees. In addition, the employee may also be entitled to reinstatement to the employee's former position, compensation for wages lost; and reinstatement of fringe benefits and seniority rights lost.

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2013

Section II -Findings-Financial Statement Audit-(continued)

FS 2011-04 Lack of Performance Evaluation – (Material Weakness) - repeated and modified

Condition: We noted during our review of the control environment surrounding the payroll process that the City did not conduct annual performance evaluations for the Department Directors.

Criteria: Per 3-5-22 A. of Article 5, City of Sunland Park Personnel Rules and Regulations, evaluations shall be done at least once annually prior to July 1 of each year.

Effect: An implemented policy is not effective unless the policy is followed. Disregarding policy leads to an ineffective internal control environment and contributes to a tone that is inconsistent with a sound internal control environment. Without proper feedback, there is a possibility that employees could be performing their duties incorrectly, and without a documented evaluation it would be difficult for the City to correct this. Also, when employees do not receive raises fraud risk increases.

Cause: The City is not following internal policy regarding evaluation of employee performance.

Auditors' Recommendation: We recommend that the City conduct and document evaluations per written City policy.

Management's Response: From inspection of the personnel files, it is evident that no evaluations were conducted in 2010 and 2011. The latest performance evaluations on file were conducted some time in December 2012; however, department directors have not been evaluated. The City will require that all department heads evaluate their employees between May and June of each year to comply with Section 3-5-22A of Article 5 of the City's Personnel Rules and Regulations. Reminders of evaluations will be emailed to all department heads a month in advance.

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2013

Section II -Findings-Financial Statement Audit-(continued)

FS 2011-05 Lack of Current Job Descriptions – (Significant Deficiency) - repeated

Condition: We noted during our review of the control environment surrounding the payroll process that job descriptions are out of date and are inconsistent with duties/processes currently being performed.

Criteria: Best practices require that job descriptions be maintained regularly. Accurate job descriptions ensure employees understand their roles and what they need to do to be held accountable.

Effect: Without updated job descriptions, employees may not be fully aware of their role and responsibilities and how their position fits into the internal control structure.

Cause: The City has not had the time and resources to update job descriptions.

Auditors' Recommendation: It is recommended that in addition to drafting an accounting procedures manual, the City draft current job descriptions for all City positions to inform current and future employees of their duties.

Management's Response: As part of the process to revise the City of Sunland Park Personnel Rules and Regulation, there is also the plan to update job descriptions for all departments. Currently HR is working with the Fire Department to bring forth updates to job descriptions for fire personnel. In addition, every job description will need to be reviewed and updated.

DFA with the recommendation of the NM State Personnel Office has indicated that the City request assistance in developing a model HR system or go through an RFP for Review and re-development of Personnel Rules and Regulations. While internal efforts are in processes, the City will need to find funds to go through the RFP process.

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2013

Section II -Findings-Financial Statement Audit-(continued)

FS 2011-06 Lack of Established Practices for the Identification and Mitigation of Risks – (Significant Deficiency) - repeated

Condition: During our review of internal controls surrounding the City’s risk assessment process, we noted that mechanisms are not in place to identify risks applicable to the City and financial reporting objectives, including fraud risk.

Criteria: Good internal control practices require that management has a process in place to identify risks potentially impacting the achievement of financial reporting objectives.

Effect: Without a risk assessment approach to identify potential risks applicable to the City, the City is vulnerable to errors and/or fraud. Without a proactive risk assessment, errors or fraud could occur and go undetected.

Cause: Management approach to risk has been reactive rather than proactive. Management does not proactively evaluate risks applicable to the City.

Auditors’ Recommendations: It is recommended that the City establish a practice for the identification of risks affecting the City. Mechanisms that should be in place to identify risks applicable to the City and financial reporting objectives include a) changes in operating, economic, and regulatory environments; b) participation in new programs and activities; c) new service offerings. The City should consider routine events or activities that may affect the City’s ability to meet its objectives as well as nonroutine events. The City should develop forward looking mechanisms to provide early warning of potential risks relevant to preparation of financial statements. Any risks related to the ability of an employee to initiate and process unauthorized transactions should be appropriately identified. Fraud assessments should be part of the risk identification process. The assessment of fraud risk should consider incentives and pressures, attitudes, and rationalizations as well as the opportunity to commit fraud. The assessment of fraud risk should consider risk factors relevant to its activities and to the geographic region in which the City operates. Plans should be implemented to mitigate identified risks.

Management’s Response: Management concurs with the finding that the City has a lack of established practices for the identification and mitigation of risks. Management will propose the establishment of a risk assessment team and the development of a risk management plan that includes, but is not limited to, document reviews, checklists analyses, information gathering, and diagramming techniques.

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2013

Section II -Findings-Financial Statement Audit-(continued)

FS 2011-11 Improper Termination Payment (other matter)-repeated and modified

Condition: During our review of the January 27, 2013 minutes we noted the City failed to notify two employees in writing within 60 days of their termination date that their positions were being terminated due to the solid waste operations being transferred to the South Central Solid Waste Authority through a memorandum of understanding executed on October 19, 2012.

Criteria: The City's personnel policy 3-11-6 Reduction in Force item B states "a permanent classified employee who must be laid off shall be notified in writing at least sixty days prior to the effective date or shall be granted equivalent severance pay in lieu of the two weeks notice."

Effect: The City was required to pay severance pay totaling \$12,013 to the employees as a result of its failure to adhere to the policy described above.

Cause: The Human Resource Department failed to notify the employees in writing to inform them that their positions were being terminated. Also the policy is unclear. The policy states a 60 day written notice shall be given prior to employee being laid off. The next sentence indicates a two week notice is required.

Auditors' Recommendations: We recommend the City adhere to its internal policies and promptly notify employees in writing that their jobs are being terminated to avoid unnecessary severance pay. We further recommend the City clarify its policy with regard to when an employee is required to be notified prior to being laid off.

Management's Response: City management concurs with the finding. Management has recognized that the personnel policy needs updating and has already requested assistance from the New Mexico Self Insurer's Fund. The New Mexico Self Insurer's Fund as agreed to assist the City clear up and update the City's HR policy.

Management will be tasked to ensure proper adherence of City policy. Management shall hold staff accountable and apply the appropriate discipline immediately and as necessary for failure to follow the adopted policies, rules, and regulations.

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2013

Section IV-Findings-Prior Year Audit Findings

Financial Statement Findings

<u>2002-01 Insufficient Attention Given to Accounting and Internal Control Processes</u>	Resolved
<u>2002-03 Submission of Audit Report for Fiscal Year June 30, 2011</u>	Resolved
<u>2002-04 Legal Compliance With Budget</u>	Resolved
<u>2003-04 Lack of Separation of Duties</u>	Resolved
<u>2008-04 Capital Assets</u>	Repeated and modified
<u>2010-04 Lack of Supporting Documentation for Receipts</u>	Resolved
<u>2010-05 Per Diem & Mileage Act</u>	Resolved
<u>2010-07 Payroll Records</u>	Resolved
<u>FS 2011-01 Governing Body Lack of Active Involvement/Significant Influence Over the City's Internal Control Environment</u>	Repeated and modified
<u>FS 2011-02 Lack of Ethics Policy</u>	Repeated
<u>FS 2011-03 Lack of Effective Upstream Communication</u>	Repeated
<u>FS 2011-04 Lack of Performance Evaluation</u>	Repeated and modified
<u>FS 2011-05 Lack of Current Job Descriptions</u>	Repeated
<u>FS 2011-06 Lack of Established Practices for the Identification and Mitigation of Risks</u>	Repeated
<u>FS 2011-07 Lack of Adequate Internal Control Design Over MVD Cash Receipts</u>	Resolved
<u>FS 2011-08 Lack of Internal Control over Invoice Processing</u>	Resolved
<u>FS 2011-09 Lack of Review and Approval Cash Receipts Process</u>	Resolved
<u>FS 2011-11 Improper Termination Payment</u>	Repeated
<u>FS 2011-13-Procurement</u>	Resolved
<u>FS 2011-14 Financial Statement Reconciliations</u>	Resolved
<u>FS 2011-15 Bank Accounts not Recorded in the General Ledger and Reconciled</u>	Resolved
<u>FS 2011-16-Pooling of Cash</u>	Resolved
<u>FS 2011-17 Compensated Absences Accrual</u>	Resolved
<u>FS 2011-18 Internal Control over Cell Phone Payments</u>	Resolved

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2013

Section IV-Findings-Prior Year Audit Findings-(continued)

Federal Award Findings

FA 2011-02 Failure to Submit the Data Collection Form in a Timely Manner

Resolved

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STATE OF NEW MEXICO
City of Sunland Park
Other Disclosures
June 30, 2013

OTHER DISCLOSURES

Exit Conference

An exit conference was held on November 25, 2013. In attendance were the following:

Representing the City of Sunland Park:

Javier Perea
Sergio Carrillo
Karla Herrera
Isela Rosas
Linda Goff

Mayor
Mayor Pro Tem
Payroll Clerk
Accounts Payable Clerk
Contracted Finance Support

Representing the New Mexico Department of Finance and Administration:

Michael P. Steininger

Interim Finance Director

Representing Accounting & Consulting Group, LLP:

Ray Roberts, CPA
Morgan Browning, CPA, CGFM

Partner
Audit Supervisor

Auditor Prepared Financial Statements

Accounting and Consulting Group, LLP prepared the GAAP-basis financial statements and footnotes of the City of Sunland Park from the original books and records provided to them by the management of the City. The responsibility for the financial statements remains with the City.

New Mexico State Auditor Special Audit

New Mexico State Audit Rule 2.2.2.10 I (2) requires the findings from the special audit to be included in the findings of the annual financial and compliance audits of the related fiscal year. The Office of the State Auditor did conduct a special audit dated May 14, 2012 which covered fiscal years 2010 through 2012. The following pages detail the current status of the special audit findings as of June 30, 2013.

STATE OF NEW MEXICO
City of Sunland Park
Status of Special Audit Findings
June 30, 2013

Findings-Special Audit

Unresolved Special Audit Findings Repeated and Modified in the Financial Statement Audit Findings

Finding 16- Failure to Conduct a Complete Annual Physical Inventory of Capital Assets-See finding FS 2008-04

Resolved Special Audit Finding in the Current Fiscal Year Under Audit

Finding 01-Procurement Code Violations in the Award of Professional Services Contracts Related to the Border Crossing Fund

Finding 02-Fraud and Deficiencies with Cash Disbursement Found in the City's Expenditures Related to EnviroSystems Management Consultants, Inc

Finding 03-Deficiencies and Violations of Law Related to the Disbursement of Border Crossing Fund Monies to the Diaz Consulting Firm

Finding 04-Violations of the Procurement Code and Deficiencies Related to the Procurement of Legal Services

Finding 05-Deficiencies with Procurement and Cash Disbursements Related to New Mexico Community Capital, Inc.

Finding 06-Invoices for Certain Vendors Did Not Include Gross Receipts Tax as a Separate Amount

Finding 07-Cash Disbursement Irregularities Related to the Border Crossing Fund

Finding 08- City Expenditures in Excess of Approved Budget Limits

Finding 10-Failure to Submit Timely Interim Budget

Finding 11-Failure to Submit a Complete Annual Budget

Finding 12-Total Forgiveness of Certain Utility Bills in Violation of State Law and the Anti-Donation Clause of the New Mexico Constitution

Finding 13-Unsupported Adjustment of Accounts Receivable that Violated State Law and the Anti-Donation Clause of the New Mexico Constitution

Finding 14- Missing Bank Reconciliations and Unreconciled Cash Amounts

Finding 15- Failure to Properly Record Investments, and Missing Bank Statements and Reconciliations

Finding 18- Failure to Follow Proper Internal Controls and the Procurement Code for Capital Assets Additions

Finding 20-Travel and Per Diem Reimbursement Payments Made Without Proper forms or Approvals

Finding 21-Travel and Per Diem Reimbursement Payments Made Without Proper Supporting Documentation

Finding 22-Excess Payments Made for Mileage Reimbursements

Finding 23-Misappropriation of Public Monies for Travel and Per Diem Due to Fraud

Finding 25-Deficiencies Related to Fiscal Year 2012 Cash Disbursements from the City's Fire Protection Fund

Finding 26-Deficiencies in the Meeting Minutes of City Council

Finding 27-Violation of the Open Meeting Act Due to the City Council's Failure to Permit Attendance of All Interested Individuals

STATE OF NEW MEXICO
 City of Sunland Park
 Status of Special Audit Findings
 June 30, 2013

Resolved in Prior Year Audits

Finding 17-Unsupported Disposals of Computer Hard Drives

Finding 19-Deficiencies in the Transfer of Capital Assets from the City to Camino Real Regional Utility Authority

Finding 24-Deficiencies Related to Fiscal Year 2011 Cash Disbursements from the City's Fire Protection Fund

Findings-Special Audit-(continued)

Unresolved Special Audit Findings Repeated Below

Finding 09 – Missing Quarterly Reports and Failure to Submit Required Budget Reports-(other matter)-repeated and modified

Condition

The City failed to submit timely its fiscal year 2013 quarterly financial report for September 30, 2012, December 31, 2012 and June 30, 2013 by the required due dates. The September 30, and December 31 quarterly reports were both submitted on February 2, 2013. The June 30, 2013 was submitted on August 19, 2013.

Criteria

Pursuant to Section 6-6-2(F) NMSA 1978, local public bodies must submit periodic financial reports, at least quarterly, to LGD-DFA. The financial report forms prescribed by LGD-DFA state that local public bodies must "SUBMIT TO LOCAL GOVERNMENT DIVISION NO LATER THAN 30 DAYS AFTER THE CLOSE OF EACH QUARTER."

Cause

The City's interim finance director made a conscious decision to submit the quarterly report late due to the inaccuracy of information available at the time the reports were due.

Effect

The City violated Section 6-6-2 NMSA 1978, and the City did not provide LGD-DFA the information necessary to carry out its oversight duties. Additionally, without written reports, transparency regarding the financial status of the City is harmed. The City Council, management and LGD-DFA did not have timely and accurate information needed to evaluate the financial condition of the City as well as make management and oversight decisions.

Recommendation

The City Council and management should implement and adhere to proper internal controls to ensure that each quarterly financial report is accurate and submitted to LGD-DFA no later than 30 days after the close of each quarter. The LGD-DFA should require written reports to ensure transparency and the creation of a verifiable record about the City's compliance with reporting requirements. The City should develop a contingency plan for submission of its quarterly financial reports in the event of an accounting software or backup system failure.

Management's response

Management concurs with this finding. As indicated in the Cause section above, the Interim Finance Director made a conscious decision to not file the three reports by the due date. The quarterly reports required by LGD-DFA require the submitter to certify the contents are true and correct to the best of the submitters knowledge. It was known to the submitter the reports were inaccurate on the first two due dates. The decision was to file late than falsely sign the certification statement.