

***STATE OF NEW MEXICO
CITY OF SUNLAND PARK
ANNUAL FINANCIAL REPORT
JUNE 30, 2014***



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City of Sunland Park
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STATE OF NEW MEXICO

City of Sunland Park

Official Roster

June 30, 2014

<u>Name</u>	<u>Elected Officials</u>	<u>Title</u>
Javier Perea		Mayor
Sergio Carrillo		City Councilor
Isabel Santos		City Councilor
Daniel A De Los Santos		City Councilor
Francisco Jaime		City Councilor
Jessica Alba		City Councilor
Kenneth B Giove		City Councilor
Lizete Salinas		Municipal Judge
	<u>Administration</u>	
Raquel Alarcon		Finance Director
Vernon Wilson		City Manager
Michael Steininger		NM-DFA/LGD Special Director (Until June 6, 2014)

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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, 2014, 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, major 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, 2014, 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.

Auditors' 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, 2014, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the City as of June 30, 2014, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital project fund, major proprietary funds, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required 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 III required by 2.2.2 NMAC and the U.S. Department of Housing and Urban Development and introductory section are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Supporting Schedules I through III 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 III 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 24, 2014 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 24, 2014

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

City of Sunland Park

Statement of Net Position

June 30, 2014

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current assets			
Cash and cash equivalents	\$ 2,822,874	\$ 956,259	\$ 3,779,133
Investments	10,558,674	173,242	10,731,916
Receivables:			
Property taxes	121,149	-	121,149
Other taxes	666,595	-	666,595
Other receivables	52,267	-	52,267
Customers	-	24,169	24,169
Prepays	25,797	898	26,695
Total current assets	14,247,356	1,154,568	15,401,924
Noncurrent assets			
Restricted cash and cash equivalents	-	6,180	6,180
Capital assets	33,943,564	3,514,132	37,457,696
Less: accumulated depreciation	(20,879,061)	(1,365,977)	(22,245,038)
Total noncurrent assets	13,064,503	2,154,335	15,218,838
Total assets	\$ 27,311,859	\$ 3,308,903	\$ 30,620,762

The accompanying notes are an integral part of these financial statements

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Liabilities			
Current liabilities			
Accounts payable	\$ 100,338	\$ 3,241	\$ 103,579
Accrued payroll	84,067	5,237	89,304
Customer deposits	-	6,180	6,180
Compensated absences	114,077	12,566	126,643
Total current liabilities	<u>298,482</u>	<u>27,224</u>	<u>325,706</u>
Noncurrent liabilities			
Compensated absences	<u>178,445</u>	<u>16,279</u>	<u>194,724</u>
Total noncurrent liabilities	<u>178,445</u>	<u>16,279</u>	<u>194,724</u>
Total liabilities	<u>476,927</u>	<u>43,503</u>	<u>520,430</u>
Net Position			
Net investment in capital assets	13,064,503	2,148,155	15,212,658
Restricted for:			
Special revenue	154,280	-	154,280
Capital projects	10,135,999	-	10,135,999
Unrestricted	<u>3,480,150</u>	<u>1,117,245</u>	<u>4,597,395</u>
Total net position	<u>26,834,932</u>	<u>3,265,400</u>	<u>30,100,332</u>
Total liabilities and net position	<u>\$ 27,311,859</u>	<u>\$ 3,308,903</u>	<u>\$ 30,620,762</u>

STATE OF NEW MEXICO
City of Sunland Park
Statement of Activities
For the Year Ended June 30, 2014

<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	\$ 2,280,797	\$ 997,154	\$ 24,831	\$ -
Public safety	3,250,427	5,500	415,755	-
Public works	719,322	-	-	11,675
Culture and recreation	230,875	-	11,400	-
Interest on long-term debt	1,148	-	-	-
<i>Total governmental activities</i>	<u>6,482,569</u>	<u>1,002,654</u>	<u>451,986</u>	<u>11,675</u>
Business-type Activities:				
Motor Vehicle Department	231,816	445,257	-	-
Solid waste	-	15,556	-	-
Housing authority	331,275	103,576	100,982	89,384
<i>Total business-type activities</i>	<u>563,091</u>	<u>564,389</u>	<u>100,982</u>	<u>89,384</u>
<i>Total primary government</i>	<u>\$ 7,045,660</u>	<u>\$ 1,567,043</u>	<u>\$ 552,968</u>	<u>\$ 101,059</u>

General Revenues and Transfers:

Taxes:

Property taxes, levied for general purposes

Gross receipts taxes

Gasoline and motor vehicle taxes

Other taxes

Investment income

Loss on sale of capital assets

Miscellaneous income

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - restatement (note 16)

Net position - as restated

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
\$ (1,258,812)	\$ -	\$ (1,258,812)
(2,829,172)	-	(2,829,172)
(707,647)	-	(707,647)
(219,475)	-	(219,475)
(1,148)	-	(1,148)
<u>(5,016,254)</u>	<u>-</u>	<u>(5,016,254)</u>
-	213,441	213,441
-	15,556	15,556
-	(37,333)	(37,333)
<u>-</u>	<u>191,664</u>	<u>191,664</u>
<u>(5,016,254)</u>	<u>191,664</u>	<u>(4,824,590)</u>
1,477,027	-	1,477,027
3,235,236	56,445	3,291,681
49,071	-	49,071
275,120	-	275,120
11,675	168	11,843
(12,209)	-	(12,209)
148,970	700	149,670
172,474	(172,474)	-
<u>5,357,364</u>	<u>(115,161)</u>	<u>5,242,203</u>
<u>341,110</u>	<u>76,503</u>	<u>417,613</u>
21,598,963	3,188,897	24,787,860
4,894,859	-	4,894,859
<u>26,493,822</u>	<u>-</u>	<u>29,682,719</u>
<u>\$ 26,834,932</u>	<u>\$ 3,265,400</u>	<u>\$ 30,100,332</u>

STATE OF NEW MEXICO

City of Sunland Park

Balance Sheet

Governmental Funds

June 30, 2014

	<u>General Fund</u>	<u>Border Crossing Facility</u>	<u>Other Governmental Funds</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 2,596,870	\$ 48,317	\$ 177,687
Investments	500,000	10,058,674	-
Receivables:			
Property taxes	121,149	-	-
Other taxes	665,190	-	1,405
Other receivables	39,671	921	11,675
Due from other funds	12,974	-	-
Prepaid expenses	25,348	-	449
<i>Total assets</i>	<u>\$ 3,961,202</u>	<u>\$ 10,107,912</u>	<u>\$ 191,216</u>
<i>Liabilities</i>			
Accounts payable	\$ 78,410	\$ -	\$ 21,928
Accrued payroll	82,235	1,832	-
Due to other funds	-	-	12,974
<i>Total liabilities</i>	<u>160,645</u>	<u>1,832</u>	<u>34,902</u>
<i>Deferred inflows of resources</i>			
Unavailable revenues	135,894	-	-
<i>Total deferred inflows of resources</i>	<u>135,894</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>			
Nonspendable			
Prepaid expenses	25,348	-	449
Spendable			
Restricted for:			
General government	-	-	32,927
Public safety	-	-	126,820
Capital projects	-	10,106,080	-
Unassigned	3,639,315	-	(3,882)
<i>Total fund balances</i>	<u>3,664,663</u>	<u>10,106,080</u>	<u>156,314</u>
<i>Total liabilities, deferred inflows of resources and fund balances</i>	<u>\$ 3,961,202</u>	<u>\$ 10,107,912</u>	<u>\$ 191,216</u>

The accompanying notes are an integral part of these financial statements

<u>Total</u>	
\$	2,822,874
	10,558,674
	121,149
	666,595
	52,267
	12,974
	25,797
\$	<u>14,260,330</u>
\$	100,338
	84,067
	12,974
	<u>197,379</u>
	<u>135,894</u>
	<u>135,894</u>
	25,797
	32,927
	126,820
	10,106,080
	3,635,433
	<u>13,927,057</u>
\$	<u>14,260,330</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, 2014

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

Fund balances - total governmental funds	\$	13,927,057
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		13,064,503
Delinquent property taxes and contract receivables not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities		135,894
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		(292,522)
Total net position of governmental activities	\$	26,834,932

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, 2014

	<u>General Fund</u>	<u>Border Crossing Facility</u>	<u>Other Governmental Funds</u>
<i>Revenues</i>			
Taxes:			
Property	\$ 1,424,501	\$ -	\$ -
Gross receipts	3,235,236	-	-
Gasoline and motor vehicle	31,994	-	17,077
Other	275,120	-	-
Intergovernmental income:			
Federal operating grants	-	-	48,980
State operating grants	11,400	-	391,606
State capital grants	-	-	11,675
Charges for services	8,500	-	5,500
Licenses and fees	946,406	-	42,248
Investment income	1,067	10,608	-
Miscellaneous	39,567	-	69,732
<i>Total revenues</i>	<u>5,973,791</u>	<u>10,608</u>	<u>586,818</u>
<i>Expenditures</i>			
Current:			
General government	1,150,347	137,331	56,985
Public safety	2,721,595	-	405,510
Public works	719,474	-	-
Culture and recreation	217,454	-	-
Capital outlay	10,490	-	64,092
Debt service:			
Principal	-	-	30,000
Interest and fees	-	-	2,041
<i>Total expenditures</i>	<u>4,819,360</u>	<u>137,331</u>	<u>558,628</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,154,431</u>	<u>(126,723)</u>	<u>28,190</u>
<i>Other financing sources (uses)</i>			
Proceeds from sale of equipment	-	-	3,210
Transfers in	174,569	-	27,140
Transfers (out)	(29,235)	-	-
<i>Total other financing sources (uses)</i>	<u>145,334</u>	<u>-</u>	<u>30,350</u>
<i>Net change in fund balances</i>	1,299,765	(126,723)	58,540
<i>Fund balances - beginning of year</i>	<u>2,364,898</u>	<u>10,232,803</u>	<u>97,774</u>
<i>Fund balances - end of year</i>	<u>\$ 3,664,663</u>	<u>\$ 10,106,080</u>	<u>\$ 156,314</u>

The accompanying notes are an integral part of these financial statements

Total

\$ 1,424,501
3,235,236
49,071
275,120

48,980
403,006
11,675
14,000
988,654
11,675
109,299
6,571,217

1,344,663
3,127,105
719,474
217,454
74,582

30,000
2,041
5,515,319

1,055,898

3,210
201,709
(29,235)
175,684

1,231,582

12,695,475

\$ 13,927,057

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STATE OF NEW MEXICO

City of Sunland Park

Exhibit B-2

Page 2 of 2

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, 2014

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

Net change in fund balances - total governmental funds	\$ 1,231,582
--	--------------

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	74,582
Depreciation expense	(991,242)
Loss on disposition of capital assets	(12,209)
Proceeds from sale of equipment	(3,210)

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

Change in unavailable revenue related to prior year property taxes receivable and contract receivables not collected within 60 days (see note 4)	92,197
Increase in accrued compensated absences	(81,483)
Decrease in accrued interest	893
Principal payments on debt	<u>30,000</u>

Change in net position of governmental activities	<u><u>\$ 341,110</u></u>
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The accompanying notes are an integral part of these financial statements

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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, 2014

	Budgeted Amounts		Actual (non-GAAP Basis)	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ 898,031	\$ 898,031	\$ 1,530,347	\$ 632,316
Gross receipts	3,119,008	3,119,008	3,180,040	61,032
Gasoline and motor vehicle	26,158	26,158	30,538	4,380
Other	2,544	2,544	2,878	334
Franchise tax	312,456	312,456	278,531	(33,925)
Intergovernmental income:				
State operating grants	11,550	11,550	11,400	(150)
Charges for services	6,000	6,000	8,500	2,500
Licenses and fees	575,432	575,432	946,406	370,974
Investment income	-	-	1,067	1,067
Miscellaneous	-	-	39,567	39,567
<i>Total revenues</i>	<u>4,951,179</u>	<u>4,951,179</u>	<u>6,029,274</u>	<u>1,078,095</u>
<i>Expenditures</i>				
Current:				
General government	1,217,735	1,217,735	1,142,886	74,849
Public safety	2,753,742	2,753,742	2,675,036	78,706
Public works	636,132	636,132	702,218	(66,086)
Culture and recreation	346,041	346,041	205,410	140,631
Capital outlay	500	500	11,257	(10,757)
<i>Total expenditures</i>	<u>4,954,150</u>	<u>4,954,150</u>	<u>4,736,807</u>	<u>217,343</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,971)</u>	<u>(2,971)</u>	<u>1,292,467</u>	<u>1,295,438</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	2,971	2,971	-	(2,971)
Transfers in	-	-	174,569	174,569
Transfers (out)	-	-	(29,235)	(29,235)
<i>Total other financing sources (uses)</i>	<u>2,971</u>	<u>2,971</u>	<u>145,334</u>	<u>142,363</u>
<i>Net change in fund balance</i>	-	-	1,437,801	1,437,801
<i>Fund balances - beginning of year</i>	-	-	1,672,043	1,672,043
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,109,844</u>	<u>\$ 3,109,844</u>
Net change in fund balance (non-GAAP budgetary basis)				1,437,801
Adjustments to revenues and transfers for taxes and state operating grants.				(55,483)
Adjustments to expenditures for salaries, professional services and supplies.				(82,553)
Net change in fund balance (GAAP basis)				<u>\$ 1,299,765</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, 2014

	Motor Vehicle Department	Solid Waste Fund	Housing Authority
	<u> </u>	<u> </u>	<u> </u>
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 529,700	133,226	\$ 293,333
Investments	-	-	173,242
Accounts receivable			
Customers	21,516	-	2,653
Prepaid	449	-	449
<i>Total current assets</i>	<u>551,665</u>	<u>133,226</u>	<u>469,677</u>
<i>Noncurrent assets</i>			
Restricted cash:			
Customer deposits	-	-	6,180
Capital assets	-	-	3,514,132
Less: accumulated depreciation	-	-	(1,365,977)
<i>Total noncurrent assets</i>	<u>-</u>	<u>-</u>	<u>2,154,335</u>
<i>Total assets</i>	<u>\$ 551,665</u>	<u>\$ 133,226</u>	<u>\$ 2,624,012</u>
<i>Liabilities and net position</i>			
<i>Liabilities</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 936	\$ -	\$ 2,305
Accrued payroll	3,857	-	1,380
Customer deposits	-	-	6,180
Compensated absences	3,992	-	8,574
<i>Total current liabilities</i>	<u>8,785</u>	<u>-</u>	<u>18,439</u>
<i>Noncurrent liabilities</i>			
Compensated absences	2,954	-	13,325
<i>Total noncurrent liabilities</i>	<u>2,954</u>	<u>-</u>	<u>13,325</u>
<i>Total liabilities</i>	<u>11,739</u>	<u>-</u>	<u>31,764</u>
<i>Net position</i>			
Net investment in capital assets	-	-	2,148,155
Unrestricted	539,926	133,226	444,093
<i>Total net position</i>	<u>539,926</u>	<u>133,226</u>	<u>2,592,248</u>
<i>Total liabilities and net position</i>	<u>\$ 551,665</u>	<u>\$ 133,226</u>	<u>\$ 2,624,012</u>

The accompanying notes are an integral part of these financial statements

Total

\$	956,259
	173,242
	24,169
	898
	<u>1,154,568</u>

	6,180
	3,514,132
	(1,365,977)
	<u>2,154,335</u>
\$	<u><u>3,308,903</u></u>

\$	3,241
	5,237
	6,180
	12,566
	<u>27,224</u>

	16,279
	<u>16,279</u>

	<u>43,503</u>
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	2,148,155
	<u>1,117,245</u>
	3,265,400
\$	<u><u>3,308,903</u></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, 2014

	Motor Vehicle Department	Solid Waste Fund	Housing Authority
<i>Operating revenues</i>			
Charges for services	\$ 445,257	\$ 15,556	\$ 103,576
<i>Total operating revenues</i>	<u>445,257</u>	<u>15,556</u>	<u>103,576</u>
<i>Operating expenses</i>			
Personnel services	149,249	-	94,184
Contractual services	312	-	36,540
Supplies	4,250	-	2,050
Maintenance and materials	7,800	-	31,661
Utilities	8,748	-	27,565
Insurance	26,451	-	10,551
Depreciation	-	-	124,996
Rent	8,401	-	1,685
Miscellaneous	26,605	-	2,043
<i>Total operating expenses</i>	<u>231,816</u>	<u>-</u>	<u>331,275</u>
<i>Operating income (loss)</i>	<u>213,441</u>	<u>15,556</u>	<u>(227,699)</u>
<i>Non-operating revenues (expenses)</i>			
Gross receipts tax	-	56,445	-
Interest income	-	-	168
Miscellaneous income	-	-	700
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>56,445</u>	<u>868</u>
<i>Income (loss) before contributions, grants and transfers</i>	<u>213,441</u>	<u>72,001</u>	<u>(226,831)</u>
Government contributions	-	-	190,366
Transfers in	-	-	-
Transfers (out)	(35,879)	(136,595)	-
<i>Contributions, Grants and net transfers</i>	<u>(35,879)</u>	<u>(136,595)</u>	<u>190,366</u>
<i>Change in net position</i>	177,562	(64,594)	(36,465)
<i>Net position- beginning of year</i>	<u>362,364</u>	<u>197,820</u>	<u>2,628,713</u>
<i>Net position - end of year</i>	<u>\$ 539,926</u>	<u>\$ 133,226</u>	<u>\$ 2,592,248</u>

The accompanying notes are an integral part of these financial statements

<u>Total</u>	
\$	564,389
	<u>564,389</u>
	243,433
	36,852
	6,300
	39,461
	36,313
	37,002
	124,996
	10,086
	28,648
	<u>563,091</u>
	1,298
	<u>56,445</u>
	168
	700
	<u>57,313</u>
	<u>58,611</u>
	190,366
	-
	(172,474)
	<u>17,892</u>
	76,503
	<u>3,188,897</u>
\$	<u><u>3,265,400</u></u>

STATE OF NEW MEXICO
City of Sunland Park
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Motor Vehicle Department	Solid Waste	Housing Authority
<i>Cash flows from operating activities</i>			
Cash received from user charges	\$ 440,856	\$ 27,470	\$ 150,091
Cash payments to employees for services	(149,522)	-	(97,379)
Cash payments to suppliers for goods and services	(83,068)	-	(110,239)
<i>Net cash provided (used) by operating activities</i>	<u>208,266</u>	<u>27,470</u>	<u>(57,527)</u>
<i>Cash flows from noncapital financing activities</i>			
Taxes received	-	56,445	-
Miscellaneous income	-	-	700
Transfer from agency funds	(35,879)	-	-
Internal cash transfers in (out)	(833)	(113,105)	(23,102)
<i>Net cash provided by noncapital financing activities:</i>	<u>(36,712)</u>	<u>(56,660)</u>	<u>(22,402)</u>
<i>Cash flows from capital and related financing activities</i>			
Acquisition of capital assets	-	-	(56,192)
Proceeds from capital government contributions	-	-	190,366
<i>Net cash provided (used) by capital and related financing activities</i>	<u>-</u>	<u>-</u>	<u>134,174</u>
<i>Cash flows from investing activities</i>			
Interest on investments	-	-	(14)
<i>Net cash provided by investing activities</i>	<u>-</u>	<u>-</u>	<u>(14)</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	171,554	(29,190)	54,231
<i>Cash and cash equivalents - beginning of year</i>	<u>358,146</u>	<u>162,416</u>	<u>245,282</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 529,700</u>	<u>\$ 133,226</u>	<u>\$ 299,513</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i>			
Operating income (loss)	\$ 213,441	\$ 15,556	\$ (227,699)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	-	124,996
Changes in assets and liabilities:			
Receivables	(4,401)	11,914	46,515
Prepaid expenses	(449)	-	-
Accounts payable	(52)	-	1,856
Accrued payroll expenses	762	-	(1,094)
Compensated absences	(1,035)	-	(2,601)
Customer deposits	-	-	500
<i>Net cash provided (used) by operating activities</i>	<u>\$ 208,266</u>	<u>\$ 27,470</u>	<u>\$ (57,527)</u>

The accompanying notes are an integral part of these financial statements

Total

\$	618,417
	(246,901)
	(193,307)
	<u>178,209</u>

	56,445
	700
	(35,879)
	<u>(137,040)</u>

(115,774)

	(56,192)
	<u>190,366</u>

134,174

	(14)
	<u>(14)</u>

	196,595
	<u>765,844</u>

\$	<u>962,439</u>
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\$	1,298
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124,996

54,028

(449)

1,804

(332)

(3,636)

500

\$	<u>178,209</u>
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STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2014

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, 2014, the City adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. GASB Statement No. 65 ("GASB 65") established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 had no effect on the City for fiscal year ended June 30, 2014.

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, 2014

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, 2014

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, 2014

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. There is a residual cash balance of \$133,226 still in the fund at year end. The City Council will make a decision as to what will the residual funds will be utilized for in fiscal year 2015.

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, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources 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, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources 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.

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, 2014, along with applicable PERA and Retiree Health Care.

Deferred Inflow of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The City has two items, which arise under the modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the items, unavailable revenues, in the amount of \$96,223 related to property taxes and \$39,671 related to contract receivables which are considered unavailable is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts becomes available. The City has recorded \$135,894 related to revenues considered “unavailable”.

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, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources 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 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, 2014 June 30, 2014, the City had nonspendable fund balance in the amount of \$25,797 related to prepaid expenses.

Restricted and Committed Fund Balance: At June 30, 2014 June 30, 2014, the City has presented restricted fund balance on the governmental funds balance sheet in the amount of \$10,265,827 for various City operations as restricted by enabling legislation. The details of these fund balance items are located on the governmental funds balance sheet as detailed on pages 18-19.

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, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources 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 37 and 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.

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, 2014

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, 2014 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, 2014.

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, 2014

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, 2014, \$3,956,944 of the City’s bank balance of \$4,456,944 was subject to custodial credit risk, all of which 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, 2014.

	Wells Fargo
Amount of deposits	\$ 4,456,944
FDIC Coverage	(500,000)
Total uninsured public funds	3,956,944
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	3,956,944
Uninsured and uncollateralized	-
Collateral requirement	
(50% of uninsured funds)	1,903,159
Pledged Collateral	4,238,367
Over (Under) collateralized	\$ 2,335,208

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:

Reconciliation to the Statement of Net Position:

Cash and cash equivalents - Governmental Activities Exhibit A-1	\$ 2,822,874
Cash and cash equivalents - Business-type Activities Exhibit A-1	956,259
Restricted cash and cash equivalents - Business-type Activities Exhibit A-1	6,180
Investments - Governmental Activities Exhibit A-1	10,558,674
Investments - Business-type Activities Exhibit A-1	173,242
Total cash, cash equivalents, and investments	14,517,229
Less Petty cash	(200)
Add: outstanding checks and other reconciling items	171,831
Less: investments held in NM State Treasurer's LGIP	(10,231,916)
Bank balance of deposits	\$ 4,456,944

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2014

NOTE 3. Deposits and Investments (continued)

Investments

The City’s investments at June 30, 2014 include the following:

<u>Investments</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>	<u>Fair Market Value</u>
New Mexico LGIP	AAAm	48.6 Days	\$ 10,231,916

The investments are listing on Schedule I of this report.

The New Mexico 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, 2014, 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.

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, 2014

NOTE 4. Receivables

Governmental funds receivables as of June 30, 2014, are as follows:

	General Fund	Border Crossing Facility	Other Governmental Funds	Total
Property taxes	\$ 121,149	\$ -	\$ -	\$ 121,149
Other taxes:				
Gross receipts taxes	609,272	-	-	609,272
Franchise taxes	50,432	-	-	50,432
Gasoline & motor vehicle taxes	5,486	-	1,405	6,891
Other receivables				
Accrued interest	-	921	-	921
State sources	-	-	11,675	11,675
Federal sources	-	-	-	-
Local sources	39,671	-	-	39,671
Totals by category	<u>\$ 826,010</u>	<u>\$ 921</u>	<u>\$ 13,080</u>	<u>\$ 840,011</u>

The above receivables are deemed 100% collectible. In accordance with GASB 33, property tax revenues receivables in the amount of \$96,223 were not collected within the period of availability and have been reclassified as deferred inflow of resources in the governmental fund financial statements. In addition the City had unavailable revenue related to contract receivables in the amount of \$39,671, which has also been reclassified as deferred inflow of resources.

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 2014 was \$4,026. The amount owed to the City at June 30, 2014 was \$39,671.

Proprietary fund receivables as of June 30, 2014, are as follows:

	Motor Vehicle Department	Housing Authority	Total
Customer receivables	\$ 21,516	\$ 2,653	\$ 24,169
Total customer receivables	<u>\$ 21,516</u>	<u>\$ 2,653</u>	<u>\$ 24,169</u>

The above receivables are deemed 100% collectible.

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2014

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.

<u>Transfers to other funds</u>	<u>Transfers from other funds</u>	<u>Amount</u>
General fund	General fund	\$ 2,095
Motor Vehicle Department	General fund	35,879
Solid waste	General fund	136,595
General fund	Corrections Fund	6,861
General fund	Community center	<u>20,279</u>
	Total transfers	<u><u>\$ 201,709</u></u>

<u>Due to other funds</u>	<u>Due from other funds</u>	<u>Amount</u>
Court Automation	General fund	\$ 1,099
New Mexico Beatification	General fund	<u>11,875</u>
		<u><u>\$ 12,974</u></u>

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2014

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2014, are as follows. Land and construction in progress are not subject to depreciation.

	<u>Balance</u> <u>June 30, 2013</u>	<u>Restatement</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Governmental activities:					
Capital assets, not depreciated:					
Land	\$ 124,097	\$ 372,606	\$ -	\$ -	\$ 496,703
Total capital assets, not depreciated	<u>124,097</u>	<u>372,606</u>	<u>-</u>	<u>-</u>	<u>496,703</u>
Capital assets, depreciated:					
Buildings & building improvements	3,475,948	82,396	10,490	-	3,568,834
Land Improvements	5,486,679	(3,980)	-	(16,182)	5,466,517
Furniture, fixtures, & equipment	792,411	(78,638)	64,092	-	777,865
Vehicles	2,613,853	(373,903)	-	(274,381)	1,965,569
Equipment	14,205,678	7,462,398	-	-	21,668,076
Total capital assets, depreciated	<u>26,574,569</u>	<u>7,088,273</u>	<u>74,582</u>	<u>(290,563)</u>	<u>33,446,861</u>
Less accumulated depreciation:					
Buildings & building improvements	1,433,469	49,438	90,255	-	1,573,162
Land improvements	981,923	(1,493)	261,383	(8,680)	1,233,133
Furniture, fixtures, & equipment	675,900	(76,722)	54,982	-	654,160
Vehicles	2,376,708	(327,854)	76,332	(266,464)	1,858,722
Equipment	12,128,943	2,922,651	508,290	-	15,559,884
Total accumulated depreciation	<u>17,596,943</u>	<u>2,566,020</u>	<u>991,242</u>	<u>(275,144)</u>	<u>20,879,061</u>
Net book value	<u>\$ 9,101,723</u>	<u>\$ 4,894,859</u>	<u>\$ (916,660)</u>	<u>\$ (15,419)</u>	<u>\$ 13,064,503</u>

The City restated governmental capital assets in the net amount of \$4,894,859 as noted above and is discussed further in Note 16.

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2014

NOTE 6. Capital Assets (continued)

	<u>Balance</u> <u>June 30, 2013</u>	<u>Reclassification</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</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>-</u>	<u>150,000</u>
Capital assets, depreciated:					
Buildings & building improvements	3,242,990	-	37,190	-	3,280,180
Vehicles	22,521	(16,912)	19,002	-	24,611
Furniture, fixtures, & equipment	54,751	4,590	-	-	59,341
Infrastructure	4,590	(4,590)	-	-	-
Total capital assets, depreciated	<u>3,324,852</u>	<u>(16,912)</u>	<u>56,192</u>	<u>-</u>	<u>3,364,132</u>
Less accumulated depreciation:					
Buildings & building improvements	1,181,374	-	122,814	-	1,304,188
Vehicles	22,515	(16,912)	686	-	6,289
Furniture, fixtures, & equipment	54,004	-	1,496	-	55,500
Total accumulated depreciation	<u>1,257,893</u>	<u>(16,912)</u>	<u>124,996</u>	<u>-</u>	<u>1,365,977</u>
Net book value	<u>\$ 2,216,959</u>	<u>\$ -</u>	<u>\$ (68,804)</u>	<u>\$ -</u>	<u>\$ 2,148,155</u>

NOTE 7. Long-term Debt

Governmental Activities

During the year ended June 30, 2014, the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due Within</u> <u>One Year</u>
NMFA Loans	\$ 30,000	\$ -	\$ 30,000	\$ -	\$ -
Compensated Absences	211,039	195,560	114,077	292,522	114,077
Total long-term debt	<u>\$ 241,039</u>	<u>\$ 195,560</u>	<u>\$ 144,077</u>	<u>\$ 292,522</u>	<u>\$ 114,077</u>

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2014

NOTE 7. Long-term Debt (continued)

Business-type activities

During the year ended June 30, 2014, the following changes occurred in the liabilities reported in the proprietary Statement of Net Position:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Due Within One Year
Compensated Absences	\$ 15,896	\$ 25,515	\$ 12,566	\$ 28,845	\$ 12,566
Total long-term debt	<u>\$ 15,896</u>	<u>\$ 25,515</u>	<u>\$ 12,566</u>	<u>\$ 28,845</u>	<u>\$ 12,566</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, 2014, 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, 2014, 2013, and 2012 were \$250,095, \$260,360, and \$340,061, 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, 2014

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, 2014, 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, 2014, 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, 2014, 2013, and 2012 were \$51,261, \$50,019, and \$68,386 respectively which equal the required contributions for each year.

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2014

NOTE 11. Concentrations

The Housing Authority received 65% 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. As of June 30, 2014 the City has a contingent liability outstanding of \$29,000 included in the balance of accounts payable.

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, 2014:

Correction	\$	2,583
Court Automation		1,099
New Mexico Bautification		<u>200</u>
	<u>\$</u>	<u><u>3,882</u></u>

B. Excess of expenditures over appropriations exceeded approved budgetary authority for the year ended June 30, 2014: There were no funds that exceeded approved budgetary authority for the year ended June 30, 2014.

C. Designated cash appropriations. There were no funds in which designated cash appropriations were in excess of available balances for the year ended June 30, 2014.

NOTE 14. Subsequent Events

The date to which events occurring after June 30, 2014, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is November 24, 2014, 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 \$10,290,279 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 37 and 55.

STATE OF NEW MEXICO
City of Sunland Park
Notes to Financial Statements
June 30, 2014

NOTE 16. Restatement of Capital Assets

The City restated capital assets on the Statement of Net Position in the net amount of \$4,894,859. In the prior year (fiscal year end June 30, 2013) the City had original cost of \$26,698,666 with \$17,596,943 in accumulated depreciation listed in the government wide financial statements, Statement of Net Position. As a result of the City hiring a third party to evaluate and conduct an inventory on the City's capital assets due to prior year material weakness over capital assets, the City restated beginning balances of capital assets in the governmental activities statement of Net Position to an original cost of \$34,159,545 with \$20,162,963 in accumulated depreciation at June 30, 2013.

NOTE 17. 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 \$133,461 to the Mesilla Valley Regional Dispatch Authority in fiscal year 2014.

NOTE 18. Subsequent Pronouncements

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, 2015 and will significantly impact the City.

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.

In November 2013, GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2014. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The standard will be implemented during fiscal year June 30, 2015.

SUPPLEMENTARY INFORMATION

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STATE OF NEW MEXICO
City of Sunland Park
Nonmajor Fund Descriptions
June 30, 2014

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.

CAPITAL PROJECT FUND

Community Center - To account for the development of a community center for City of Sunland Park. Funds are provided 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, 2014

	Special Revenue			
	Fire Protection Fund	Emergency Medical Services	Corrections Fund	Senior Citizens Center
<i>Assets</i>				
Cash and cash equivalents	\$ 69,393	\$ 515	\$ 1,564	\$ 136
Receivables:				
Other taxes	-	-	-	-
Other receivables	-	-	-	-
Prepays	449	-	-	-
<i>Total assets</i>	\$ 69,842	\$ 515	\$ 1,564	\$ 136
<i>Liabilities</i>				
Accounts payable	\$ 2,467	\$ 287	\$ 4,147	\$ 136
Due to other funds	-	-	-	-
<i>Total liabilities</i>	2,467	287	4,147	136
<i>Fund balances</i>				
Nonspendable				
Prepays	449	-	-	-
Spendable				
Restricted for:				
General government	-	-	-	-
Public safety	66,926	228	-	-
Unassigned	-	-	(2,583)	-
<i>Total fund balances</i>	67,375	228	(2,583)	-
<i>Total liabilities and fund balances</i>	\$ 69,842	\$ 515	\$ 1,564	\$ 136

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
\$ 3,935	\$ -	\$ -	\$ 1,716	\$ 51,651	\$ 17,255	\$ -
-	-	11,675	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 3,935</u>	<u>\$ -</u>	<u>\$ 11,675</u>	<u>\$ 1,716</u>	<u>\$ 51,651</u>	<u>\$ 17,255</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 14,891	\$ -	\$ -
-	1,099	11,875	-	-	-	-
-	1,099	11,875	-	14,891	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,935	-	-	1,716	36,760	17,255	-
-	(1,099)	(200)	-	-	-	-
<u>3,935</u>	<u>(1,099)</u>	<u>(200)</u>	<u>1,716</u>	<u>36,760</u>	<u>17,255</u>	<u>-</u>
<u>\$ 3,935</u>	<u>\$ -</u>	<u>\$ 11,675</u>	<u>\$ 1,716</u>	<u>\$ 51,651</u>	<u>\$ 17,255</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
City of Sunland Park
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Capital Projects		
	Community Center	Municipal Road	Total Other Governmental Funds
<i>Assets</i>			
Cash and cash equivalents	\$ -	\$ 31,522	\$ 177,687
Receivables:			
Other taxes	-	1,405	1,405
Other receivables	-	-	11,675
Prepays	-	-	449
<i>Total assets</i>	\$ -	\$ 32,927	\$ 191,216
<i>Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ 21,928
Due to other funds	-	-	12,974
<i>Total liabilities</i>	-	-	34,902
<i>Fund balances</i>			
Nonspendable			
Prepays	-	-	449
Spendable			
Restricted for:			
General government	-	32,927	32,927
Public safety	-	-	126,820
Unassigned	-	-	(3,882)
<i>Total fund balances</i>	-	32,927	156,314
<i>Total liabilities and fund balances</i>	\$ -	\$ 32,927	\$ 191,216

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, 2014

	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	296,102	9,764	-	-
State capital grants	-	-	-	-
Charges for services	5,500	-	-	-
Licenses and fees	-	-	42,248	-
Miscellaneous	-	4	-	-
<i>Total revenues</i>	<u>301,602</u>	<u>9,768</u>	<u>42,248</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	220,070	12,720	51,692	-
Capital outlay	64,092	-	-	-
Debt service:				
Principal	30,000	-	-	-
Interest and fees	2,041	-	-	-
<i>Total expenditures</i>	<u>316,203</u>	<u>12,720</u>	<u>51,692</u>	<u>-</u>
<i>Excess (deficiency) of revenues over</i>	<u>(14,601)</u>	<u>(2,952)</u>	<u>(9,444)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of capital assets	3,210	-	-	-
Transfers in	-	-	6,861	-
<i>Total other financing sources (uses)</i>	<u>3,210</u>	<u>-</u>	<u>6,861</u>	<u>-</u>
<i>Net change in fund balances</i>	(11,391)	(2,952)	(2,583)	-
<i>Fund balances - beginning of year</i>	<u>78,766</u>	<u>3,180</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 67,375</u>	<u>\$ 228</u>	<u>\$ (2,583)</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	14,263	34,717	-	-
32,000	9,755	-	-	-	19,154	-
-	-	11,675	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	69,728	-	-
<u>32,000</u>	<u>9,755</u>	<u>11,675</u>	<u>14,263</u>	<u>104,445</u>	<u>19,154</u>	<u>-</u>
-	-	11,875	-	-	-	-
27,939	10,849	-	12,547	67,521	2,172	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>27,939</u>	<u>10,849</u>	<u>11,875</u>	<u>12,547</u>	<u>67,521</u>	<u>2,172</u>	<u>-</u>
<u>4,061</u>	<u>(1,094)</u>	<u>(200)</u>	<u>1,716</u>	<u>36,924</u>	<u>16,982</u>	<u>-</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4,061	(1,094)	(200)	1,716	36,924	16,982	-
(126)	(5)	-	-	(164)	273	-
<u>\$ 3,935</u>	<u>\$ (1,099)</u>	<u>\$ (200)</u>	<u>\$ 1,716</u>	<u>\$ 36,760</u>	<u>\$ 17,255</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, 2014

	<u>Capital Projects</u>		Total Other Governmental Funds
	Community Center	Municipal Road	
<i>Revenues</i>			
Taxes:			
Gasoline and motor vehicle	\$ -	\$ 17,077	\$ 17,077
Intergovernmental income:			
Federal operating grants	-	-	48,980
State operating grants	-	-	391,606
State capital grants	-	-	11,675
Charges for services	-	-	5,500
Licenses and fees	-	-	42,248
Miscellaneous	-	-	69,732
<i>Total revenues</i>	<u>-</u>	<u>17,077</u>	<u>586,818</u>
<i>Expenditures</i>			
Current:			
General government	20,279	-	56,985
Public safety	-	-	405,510
Capital outlay	-	-	64,092
Debt service:			
Principal	-	-	30,000
Interest and fees	-	-	2,041
<i>Total expenditures</i>	<u>20,279</u>	<u>-</u>	<u>558,628</u>
<i>Excess (deficiency) of revenues over</i>	<u>(20,279)</u>	<u>17,077</u>	<u>28,190</u>
<i>Other financing sources (uses)</i>			
Proceeds from sale of capital assets	-	-	3,210
Transfers in	20,279	-	27,140
<i>Total other financing sources (uses)</i>	<u>20,279</u>	<u>-</u>	<u>30,350</u>
<i>Net change in fund balances</i>	-	17,077	58,540
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>15,850</u>	<u>97,774</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 32,927</u>	<u>\$ 156,314</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, 2014

	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	301,370	301,370	296,102	(5,268)
State capital grants	-	-	-	-
Charges for services	6,000	6,000	5,500	(500)
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>307,370</u>	<u>307,370</u>	<u>301,602</u>	<u>(5,768)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	240,665	240,665	228,251	12,414
Culture and recreation	-	-	-	-
Capital outlay	46,394	46,394	56,522	(10,128)
Debt service:				
Principal	30,000	30,000	30,000	-
Interest	2,041	2,041	2,041	-
<i>Total expenditures</i>	<u>319,100</u>	<u>319,100</u>	<u>316,814</u>	<u>2,286</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(11,730)</u>	<u>(11,730)</u>	<u>(15,212)</u>	<u>(3,482)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	11,730	17,730	-	(17,730)
Proceeds from sale of equipment	-	-	3,210	3,210
Transfers in	-	-	-	-
Transfers (out)	-	(6,000)	-	6,000
<i>Total other financing sources (uses)</i>	<u>11,730</u>	<u>11,730</u>	<u>3,210</u>	<u>(8,520)</u>
<i>Net change in fund balance</i>	-	-	(12,002)	(12,002)
<i>Fund balance - beginning of year</i>	-	-	81,395	81,395
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,393</u>	<u>\$ 69,393</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (12,002)
No adjustments to revenues				-
Adjustments to expenditures for contractual services				611
Net change in fund balance (GAAP basis)				<u>\$ (11,391)</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, 2014

	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	6,234	6,234	9,764	3,530
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	4	4
<i>Total revenues</i>	<u>6,234</u>	<u>6,234</u>	<u>9,768</u>	<u>3,534</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	15,415	15,415	12,433	2,982
Public works	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>15,415</u>	<u>15,415</u>	<u>12,433</u>	<u>2,982</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(9,181)</u>	<u>(9,181)</u>	<u>(2,665)</u>	<u>6,516</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	3,181	3,181	-	(3,181)
Transfers in	6,000	6,000	-	(6,000)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>9,181</u>	<u>9,181</u>	<u>-</u>	<u>(9,181)</u>
<i>Net change in fund balance</i>	-	-	(2,665)	(2,665)
<i>Fund balance - beginning of year</i>	-	-	3,180	3,180
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 515</u>	<u>\$ 515</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (2,665)
No adjustments to revenues				-
Adjustments for expenditures for supplies				(287)
Net change in fund balance (GAAP basis)				<u>\$ (2,952)</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, 2014

	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	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	53,640	53,640	42,248	(11,392)
Investment income	-	-	-	-
<i>Total revenues</i>	<u>53,640</u>	<u>53,640</u>	<u>42,248</u>	<u>(11,392)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	57,000	57,000	47,545	9,455
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>57,000</u>	<u>57,000</u>	<u>47,545</u>	<u>9,455</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,360)</u>	<u>(3,360)</u>	<u>(5,297)</u>	<u>(1,937)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	3,360	3,360	-	(3,360)
Transfers in	-	-	6,861	6,861
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,360</u>	<u>3,360</u>	<u>6,861</u>	<u>3,501</u>
<i>Net change in fund balance</i>	-	-	1,564	1,564
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,564</u>	<u>\$ 1,564</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 1,564
No adjustments to revenues				-
Adjustments for expenditures care of prisoners				(4,147)
Net change in fund balance (GAAP basis)				<u>\$ (2,583)</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, 2014

	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	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
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	-	-	-	-
Capital outlay	-	-	-	-
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>-</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>	-	-	136	136
<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)				\$ -
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-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, 2014

	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	32,000	(2,400)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
<i>Total revenues</i>	<u>34,400</u>	<u>34,400</u>	<u>32,000</u>	<u>(2,400)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	29,400	29,400	28,779	621
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>29,400</u>	<u>29,400</u>	<u>28,779</u>	<u>621</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>5,000</u>	<u>5,000</u>	<u>3,221</u>	<u>(1,779)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(5,000)	(5,000)	-	5,000
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>
<i>Net change in fund balance</i>	-	-	3,221	3,221
<i>Fund balance - beginning of year</i>	-	-	714	714
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,935</u>	<u>\$ 3,935</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 3,221
No adjustments to revenues				-
Adjustments to expenditures for travel				840
Net change in fund balance (GAAP basis)				<u>\$ 4,061</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, 2014

	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	17,500	17,500	11,555	(5,945)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>17,500</u>	<u>17,500</u>	<u>11,555</u>	<u>(5,945)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	15,700	15,700	10,854	4,846
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>15,700</u>	<u>15,700</u>	<u>10,854</u>	<u>4,846</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,800</u>	<u>1,800</u>	<u>701</u>	<u>(1,099)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(1,800)	(1,800)	-	1,800
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(1,800)</u>	<u>(1,800)</u>	<u>-</u>	<u>1,800</u>
<i>Net change in fund balance</i>	-	-	701	701
<i>Fund balance - beginning of year</i>	-	-	(1,800)	(1,800)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,099)</u>	<u>\$ (1,099)</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 701
Adjustments to revenues for state operating grants				(1,800)
Adjustments to expenditures for grant expenditures				5
Net change in fund balance (GAAP basis)				<u>\$ (1,094)</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, 2014

	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	13,500	13,500	-	(13,500)
State capital grants	12,379	12,379	7,250	(5,129)
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>25,879</u>	<u>25,879</u>	<u>7,250</u>	<u>(18,629)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	6,754	6,754	-	6,754
Health and welfare	-	-	-	-
Capital outlay	11,875	11,875	11,875	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>18,629</u>	<u>18,629</u>	<u>11,875</u>	<u>6,754</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>7,250</u>	<u>7,250</u>	<u>(4,625)</u>	<u>(11,875)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(7,250)	(7,250)	-	7,250
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(7,250)</u>	<u>(7,250)</u>	<u>-</u>	<u>7,250</u>
<i>Net change in fund balance</i>	-	-	(4,625)	(4,625)
<i>Fund balance - beginning of year</i>	-	-	(7,250)	(7,250)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,875)</u>	<u>\$ (11,875)</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (4,625)
Adjustments to revenues for state capital grants				4,425
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ (200)</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, 2014

	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	34,222	34,222	14,263	(19,959)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>34,222</u>	<u>34,222</u>	<u>14,263</u>	<u>(19,959)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	34,222	34,222	12,547	21,675
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>34,222</u>	<u>34,222</u>	<u>12,547</u>	<u>21,675</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	1,716	1,716
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	1,716	1,716
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>-</u>	<u>-</u>	<u>1,716</u>	<u>1,716</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 1,716
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 1,716</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, 2014

	Budgeted Amounts		Actual (non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	57,202	57,202	106,725	49,523
Federal capital grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>57,202</u>	<u>57,202</u>	<u>106,725</u>	<u>49,523</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	52,631	52,631	52,630	1
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>52,631</u>	<u>52,631</u>	<u>52,630</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,571</u>	<u>4,571</u>	<u>54,095</u>	<u>49,524</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(4,571)	(4,571)	-	4,571
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(4,571)</u>	<u>(4,571)</u>	<u>-</u>	<u>4,571</u>
<i>Net change in fund balance</i>	-	-	54,095	54,095
<i>Fund balance - beginning of year</i>	-	-	(2,444)	(2,444)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,651</u>	<u>\$ 51,651</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 54,095
Adjustments to revenues for federal operating grants				(2,280)
Adjustments for expenditures for vehicles and seizure				(14,891)
Net change in fund balance (GAAP basis)				<u>\$ 36,924</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, 2014

	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	32,670	32,670	19,427	(13,243)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>32,670</u>	<u>32,670</u>	<u>19,427</u>	<u>(13,243)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	32,670	32,670	2,172	30,498
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>32,670</u>	<u>32,670</u>	<u>2,172</u>	<u>30,498</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	17,255	17,255
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	17,255	17,255
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,255</u>	<u>\$ 17,255</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 17,255
Adjustments for revenues for state operating grants				(273)
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 16,982</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, 2014

	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	44,557	44,557	-	(44,557)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>44,557</u>	<u>44,557</u>	<u>-</u>	<u>(44,557)</u>
<i>Expenditures</i>				
Current:				
General government	13,300	13,300	-	13,300
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>13,300</u>	<u>13,300</u>	<u>-</u>	<u>13,300</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>31,257</u>	<u>31,257</u>	<u>-</u>	<u>(31,257)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(31,257)	(31,257)	-	31,257
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(31,257)</u>	<u>(31,257)</u>	<u>-</u>	<u>31,257</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, 2014

	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	37,125	37,125	-	(37,125)
Licenses and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>37,125</u>	<u>37,125</u>	<u>-</u>	<u>(37,125)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	247,500	247,500	20,279	227,221
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>247,500</u>	<u>247,500</u>	<u>20,279</u>	<u>227,221</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(210,375)</u>	<u>(210,375)</u>	<u>(20,279)</u>	<u>190,096</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	210,375	210,375	-	(210,375)
Transfers in	-	-	20,279	20,279
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>210,375</u>	<u>210,375</u>	<u>20,279</u>	<u>(190,096)</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

Municipal Road

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2014

	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	14,955	14,955	16,604	1,649
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>14,955</u>	<u>14,955</u>	<u>16,604</u>	<u>1,649</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
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>14,955</u>	<u>14,955</u>	<u>16,604</u>	<u>1,649</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(14,955)	(14,955)	-	14,955
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(14,955)</u>	<u>(14,955)</u>	<u>-</u>	<u>14,955</u>
<i>Net change in fund balance</i>	-	-	16,604	16,604
<i>Fund balance - beginning of year</i>	-	-	14,918	14,918
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,522</u>	<u>\$ 31,522</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 16,604
Adjustments for revenues for gasoline and motor vehicle				473
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 17,077</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-14

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, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	12,000	12,000	10,576	(1,424)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>12,000</u>	<u>12,000</u>	<u>10,576</u>	<u>(1,424)</u>
<i>Expenditures</i>				
Current:				
General government	201,367	201,367	137,985	63,382
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	2,375	2,375	-	2,375
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>203,742</u>	<u>203,742</u>	<u>137,985</u>	<u>65,757</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(191,742)</u>	<u>(191,742)</u>	<u>(127,409)</u>	<u>64,333</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	191,742	191,742	-	(191,742)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>191,742</u>	<u>191,742</u>	<u>-</u>	<u>(191,742)</u>
<i>Net change in fund balance</i>	-	-	(127,409)	(127,409)
<i>Fund balances - beginning of year</i>	-	-	10,234,717	10,234,717
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,107,308</u>	<u>\$ 10,107,308</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (127,409)
Adjustments to revenues for interest income				32
Adjustments to expenditures for salaries and contractual services				654
Net change in fund balance (GAAP basis)				<u>\$ (126,723)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

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, 2014

	Budget Amounts		Actual	Variances Favorable
	Original	Final	(GAAP basis)	(Unfavorable)
<i>Operating revenues</i>				
Charges for services	365,603	365,603	445,257	\$ 79,654
<i>Total operating revenues</i>	<u>365,603</u>	<u>365,603</u>	<u>445,257</u>	<u>79,654</u>
<i>Operating expenses</i>				
Personnel services	203,080	203,080	149,249	53,831
Contractual services	-	-	312	(312)
Supplies	3,099	3,099	4,250	(1,151)
Maintenance and materials	1,186	1,186	7,800	(6,614)
Utilities	6,803	6,803	8,748	(1,945)
Insurance	13,251	13,251	26,451	(13,200)
Depreciation	-	-	-	-
Rent	7,876	7,876	8,401	(525)
Miscellaneous	26,600	26,600	26,605	(5)
<i>Total operating expenses</i>	<u>261,895</u>	<u>261,895</u>	<u>231,816</u>	<u>30,079</u>
<i>Operating income (loss)</i>	<u>103,708</u>	<u>103,708</u>	<u>213,441</u>	<u>109,733</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>
<i>Income (loss) before contributions and transfer</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers in	-	-	-	-
Transfers (out)	-	-	35,879	35,879
<i>Change in net position</i>	<u>\$ 103,708</u>	<u>\$ 103,708</u>	<u>177,562</u>	<u>\$ 145,612</u>
<i>Net position - beginning of year</i>			<u>362,364</u>	
<i>Net position - end of year</i>			<u>\$ 539,926</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-16

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, 2014

	Budget Amounts		Actual	Variations Favorable
	Original	Final	(GAAP basis)	(Unfavorable)
<i>Operating revenues</i>				
Charges for services	-	-	15,556	\$ 15,556
<i>Total operating revenues</i>	-	-	15,556	15,556
<i>Operating expenses</i>				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Supplies	-	-	-	-
Maintenance and materials	-	-	-	-
Utilities	-	-	-	-
Insurance	-	-	-	-
Depreciation	-	-	-	-
Rent	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total operating expenses</i>	-	-	-	-
<i>Operating income (loss)</i>	-	-	15,556	15,556
<i>Non-operating revenues (expenses)</i>				
Gross receipts tax	72,867	72,867	56,445	(16,422)
Interest expense	-	-	-	-
Gain on sale of capital asset	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	72,867	72,867	56,445	(16,422)
<i>Income (loss) before contributions and transfer</i>	(72,867)	(72,867)	(56,445)	16,422
Transfers in	-	-	-	-
Transfers (out)	-	-	136,595	136,595
<i>Change in net position</i>	<u>\$ 72,867</u>	<u>\$ 72,867</u>	(64,594)	<u>\$ 135,729</u>
<i>Net position - beginning of year</i>			197,820	
<i>Net position - end of year</i>			<u>\$ 133,226</u>	

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

Statement B-17

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, 2014

	Budget Amounts		Actual	Variances Favorable
	Original	Final	(GAAP basis)	(Unfavorable)
<i>Operating revenues</i>				
Charges for services	\$ 94,684	\$ 94,684	\$ 103,576	\$ 8,892
<i>Total operating revenues</i>	<u>94,684</u>	<u>94,684</u>	<u>103,576</u>	<u>8,892</u>
<i>Operating expenses</i>				
Personnel services	127,224	127,224	94,184	33,040
Contractual services	50,825	50,825	36,540	14,285
Supplies	4,722	4,722	2,050	2,672
Maintenance and materials	138,030	138,030	31,661	106,369
Utilities	31,000	31,000	27,565	3,435
Insurance	13,526	13,526	10,551	2,975
Depreciation	-	-	124,996	(124,996)
Rent	2,105	2,105	1,685	420
Miscellaneous	5,354	5,354	2,043	3,311
Equipment	700	700	-	700
<i>Total operating expenses</i>	<u>373,486</u>	<u>373,486</u>	<u>331,275</u>	<u>42,211</u>
<i>Operating income (loss)</i>	<u>(278,802)</u>	<u>(278,802)</u>	<u>(227,699)</u>	<u>51,103</u>
<i>Non-operating revenues (expenses)</i>				
Governmental contributions	38,000	38,000	190,366	152,366
Interest income	270	270	168	(102)
Miscellaneous income	-	-	700	700
<i>Total non-operating revenues (expenses)</i>	<u>38,270</u>	<u>38,270</u>	<u>191,234</u>	<u>152,964</u>
<i>Income (loss) before contributions and transfer</i>	<u>335,216</u>	<u>335,216</u>	<u>140,041</u>	<u>(110,753)</u>
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Change in net position</i>	<u>\$ (240,532)</u>	<u>\$ (240,532)</u>	<u>\$ (36,465)</u>	<u>\$ 204,067</u>
<i>Net position - beginning of year</i>			<u>2,628,713</u>	
<i>Net position - end of year</i>			<u>\$ 2,592,248</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, 2014

Deposit Account Type	Wells Fargo			Totals
	Bank	LGIP	NMFA	
City of Sunland Park General Fund - Checking	\$ 2,773,823	\$ -	\$ -	\$ 2,773,823
Fire Protection Fund-Checking	82,608	-	-	82,608
Senior Citizen Center-Checking	136	-	-	136
Law Enforcement Protection Fund-Checking	3,935	-	-	3,935
Confiscated Asset Fund-Checking	55,044	-	-	55,044
Public Housing Authority Fund-Checking	309,486	-	-	309,486
Motor Vehicle Fund-Checking	542,185	-	-	542,185
Border Crossing Account-Checking	56,500	-	-	56,500
Solid Waste-Checking	133,227	-	-	133,227
Wells Fargo CD	500,000 *	-	-	500,000
LGIP	-	10,231,916	-	10,231,916
Total deposits and investments	\$ 4,456,944	\$ 10,231,916	\$ -	14,688,860
			Less: net reconciling items	(171,831)
			Plus: petty cash	200
			Reconciled balance June 30, 2014	\$ 14,517,229
			Cash and cash equivalents - Exhibit A-1	3,779,133
			Restricted cash and cash equivalents - Exhibit A-1	6,180
			Investments - Exhibit A-1	10,731,916
			Total cash and cash equivalents and investments - Exhibit A-1	\$ 14,517,229

* 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, 2014

Schedule II

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2014
Wells Fargo Bank				
	FN AS0023	7/1/2043	318W9AZ3	\$ 302,104
	FN AU4293	9/1/2043	3138X3XX5	<u>3,936,263</u>
	Total Wells Fargo Bank			<u><u>\$ 4,238,367</u></u>

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

STATE OF NEW MEXICO
City of Sunland Park Housing Authority
A Department of the City of Sunland Park
Financial Data Schedule
June 30, 2014

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
111	Cash - Unrestricted	\$ 293,333	\$ -	\$ 293,333
100	Total Cash	293,333	-	293,333
126	Accounts Receivable - Tenants	2,653	-	2,653
120	Total Receivables, Net of Allowance for Doubtful Accounts	2,653	-	2,653
131	Investments - Unrestricted	173,242	-	173,242
130	Total Investments	173,242	-	173,242
142	Prepaid Expenses and Other Assets	449	-	449
150	Total Current Assets	469,677	-	469,677
114	Cash - Tenant Security Deposits	6,180	-	6,180
161	Land	150,000	-	150,000
162	Buildings	3,280,180	-	3,280,180
163	Furniture, Equipment & Machinery - Dwellings	83,952	-	83,952
166	Accumulated Depreciation	(1,365,977)	-	(1,365,977)
160	Total Capital Assets, Net of Accumulated Depreciation	2,148,155	-	2,148,155
180	Total Non-Current Assets	2,154,335	-	2,154,335
190	Total Assets	\$ 2,624,012	\$ -	\$ 2,624,012

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, 2014

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
312	Accounts Payable <= 90 Days	\$ 2,305	\$ -	\$ 2,305
321	Accrued Wage/Payroll Taxes Payable	1,380	-	1,380
322	Accrued Compensated Absences - Current Portion	8,574	-	8,574
341	Tenant Security Deposits	6,180	-	6,180
310	Total Current Liabilities	18,439	-	18,439
354	Accrued Compensated Absences - Non Current	13,325	-	13,325
350	Total Non-Current Liabilities	13,325	-	13,325
300	Total Liabilities	31,764	-	31,764
508.1	Net investment in capital assets	2,064,203	-	2,064,203
512.1	Unrestricted Net Position	528,045	-	528,045
513	Total Equity/Net Position	2,592,248	-	2,592,248
600	Total Liabilities and Equity/Net Position	\$ 2,624,012	\$ -	\$ 2,624,012

See independent auditors' report

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STATE OF NEW MEXICO
City of Sunland Park Housing Authority
A Department of the City of Sunland Park
Financial Data Schedule
June 30, 2014

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
70300	Net Tenant Rental Revenue	\$ 103,576	\$ -	\$ 103,576
70400	Tenant Revenue - Other	25	-	25
70500	Total Tenant Revenue	<u>103,601</u>	<u>-</u>	<u>103,601</u>
70600	HUD PHA Operating Grants	100,982	33,192	134,174
70610	Capital Grants	-	56,192	56,192
70800	Other Government Grants	-	-	-
71100	Investment Income - Unrestricted	168	-	168
71500	Other Revenue	675	-	675
70000	Total Revenue	<u>205,426</u>	<u>89,384</u>	<u>294,810</u>
91100	Administrative Salaries	80,076	-	80,076
91200	Auditing Fees	10,815	-	10,815
91300	Management Fee	20,600	-	20,600
91500	Employee Benefit Contributions - Administrative	14,133	-	14,133
91600	Office Expenses	2,788	-	2,788
91700	Legal Expense	911	-	911
91800	Travel	1,213	-	1,213
91900	Other	350	-	350
93400	Fuel	449	-	449
93800	Other Utilities Expense	27,565	-	27,565
94300	Maintenance	36,853	-	36,853
96120	Insurance	8,654	-	8,654
96130	Workmen's Compensation	1,872	-	1,872
97400	Depreciation Expense	124,996	-	124,996
91000	Total Operating Expenses	<u>331,275</u>	<u>-</u>	<u>331,275</u>
97000	Excess Operating Revenue Over Operating Expenses	<u>(125,849)</u>	<u>89,384</u>	<u>(36,465)</u>
10010	Operating Transfers In	33,692	-	33,692
10030	Operating Transfers Out	(500)	(33,192)	(33,692)
10000	Excess (Deficiency) of Operating Revenue Over (Under) Total Expenses	<u>(92,657)</u>	<u>56,192</u>	<u>(36,465)</u>
11030	Net Position at the Beginning of the Year	<u>2,058,501</u>	<u>570,212</u>	<u>2,628,713</u>
11040	Prior Period Adjustment, Equity Transfers and Correction	<u>\$ 626,404</u>	<u>\$ (626,404)</u>	<u>\$ -</u>
	Net Position at End of Year	<u>\$ 2,592,248</u>	<u>\$ -</u>	<u>\$ 2,592,248</u>

See independent auditors' report

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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, and the budgetary comparison of the General Fund of the City of Sunland Park (the "City") as of and for the year ended June 30, 2014, 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 24, 2014.

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 in the accompanying schedule of findings and responses to be material weaknesses FS 2011-001 (FS 2011-01) and FS 2011-002 (FS 2011-02).

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies FS 2011-003 (FS 2011-03), and FS 2011-006 (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 did disclose 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 2011-005 (FS 2011-05), FS 2014-001 and FS 2014-002.

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 24, 2014

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2014

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, 2014

Section II -Findings-Financial Statement Audit

FS 2011-001 (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
08/20/13	Santos, Carrillo, Lira, Avila, Carrillo	Diaz
9/3/2013	Rodriguez, Carrillo, Avila, Lira	Santos
9/26/2013	Rodriguez, Santos, Avila, Lira	Carrillo
10/15/2013	Santos, Rodriguez, Avila, Carrillo	Diaz, Lira
11/5/2013	Rodriguez, Carrillo, Avila, Lira	Diaz, Lira, Santos
3/13/2014	Jayne, Rodriguez, Carrillo, Avila, Daniel Santos, Isabel Santos	Lira
3/18/2014	Jayne, Perea, Carrillo, Avila, Daniel Santos, Isabel Santos	Lira
4/8/2014	Jayne, Perea, Avila, Daniel Santos, Isabel Santos	Carrillo
4/22/2014	Jayne, Perea, Carrillo, Avila, Daniel Santos, Isabel Santos	Lira
5/6/2014	Jayne, Perea, Carrillo, Avila, Daniel Santos, Isabel Santos	Lira, Avila
5/20/2014	Jayne, Perea, Carrillo, Avila, Daniel Santos, Isabel Santos	Lira

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.

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2014

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

FS 2011-001 (FS 2011-01) Governing Body Lack of Active Involvement/Significant Influence Over the City's Internal Control Environment – (Material Weakness)-(continued) - repeated and modified

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 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.

FS 2011-002 (FS 2011-02) Lack of Ethics Policy – (Material Weakness) – repeated and modified

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:

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2014

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

FS 2011-002 (FS 2011-02) Lack of Ethics Policy – (Material Weakness)- (continued) – repeated and modified

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 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. The following is a draft of policy that address the Code of Ethic for employees, elected official, political appointees or volunteer;

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2014

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

FS 2011-002 (FS 2011-02) Lack of Ethics Policy – (Material Weakness)- (continued) – repeated and modified

CONFLICT OF INTEREST AND CODE OF ETHICS.

A. Conflict of Interest and Ethical Principles.

1. The City defines “conflict of interest” as a business activity or relationship with another organization or person, which may compromise employee or volunteer loyalty to the City or which may create the appearance of an impropriety.

2. All Elected Officials, political appointees, employees or volunteers shall comply with the New Mexico statutes and City rules that regulate the conduct of governmental employees and officials. Disclosure and/or disqualification from taking official action are required in the event of a real or potential conflict of interest.

3. An Elected Official, political appointee, employee or volunteer shall not seek or accept any reward, gift, service, favor, employment, engagement or economic opportunity in excess of \$25. This restriction does not apply to meals.

4. An Elected Official, political appointee, employee or volunteer shall not use his/her position with the City to secure or grant unwarranted privileges, preferences, exemptions or advantages for himself/herself, any member of his/her household, any business entity in which he/she has a monetary interest, or any other person.

5. An Elected Official, political appointee, employee or volunteer shall not participate as an agent of government in the negotiation or execution of a contract between the City and any private business in which he/she has a significant monetary interest.

6. An Elected Official, political appointee, employee or volunteer shall not accept any salary, retainer, augmentation, expense allowance, or other compensation from any private source for the performance of his/her duties as an official or employee.

7. An Elected Official, political appointee, employee or volunteer shall not perform services which may jeopardize the interest of the City, or otherwise detract from the employee’s ability to perform his/her duties and responsibilities.

8. If an Elected Official, political appointee, employee or volunteer acquires, through his/her public duties or relationships, any information which by law or practice is not at the time available to people generally, he/she shall not use the information to further the monetary interests of himself/herself or any other person or business entity.

9. An Elected Official, political appointee, employee or volunteer shall not suppress any governmental report or other document because it might tend to affect his/her personal or monetary interests.

10. An Elected Official, political appointee, employee or volunteer shall not use governmental time, property (including monies or funds), assets (including personnel) equipment, or other facility whether tangible or intangible for illegal purposes or to benefit his/her personal gain or financial interests.

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2014

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

FS 2011-002 (FS 2011-02) Lack of Ethics Policy – (Material Weakness)- (continued) – repeated and modified

11. An Elected Official, political appointee, or employee or volunteer shall not attempt to benefit his/her personal or financial interests through the influence of a subordinate.

12. An Elected Official, political appointee, employee or volunteer shall not seek other employment or contracts through the use of his/her official position.

13. An Elected Official, political appointee, employee or volunteer shall not, in any manner, directly or indirectly, receive any commission, personal profit, or compensation of any kind resulting from any contract or other transaction that is adverse to the interest of the City.

14. Elected officials and supervisors shall not ask subordinates to perform duties that fall outside the employee's scope of employment duties for the City, or that provide a direct or indirect personal benefit to the supervisor, their respective families or business associates.

15. Violations of the above may result in an elected official or appointee's censure or an employee or volunteer's discipline, up to and including termination of employment.

16. Elected Officials, political appointees, employees and volunteers are also governed by the separate Code of Conduct adopted by the Governing Body and violations may result in an elected official or appointee's censure or an employee or volunteer's discipline, up to and including termination of employment.

17. Department head, Elected Official, political appointee or supervisor shall not hire, nor give preferential treatment to, nor direct the hiring or giving of preferential treatment to, any relative, friend or other person.

B. Duty to Complete Annual Conflict of Interest Disclosure form. City elected officials, employees and volunteers shall report any real, apparent or potential conflict of interest or commitment to their supervisors. The primary means of doing this is through the completion of the Conflict of Interest Disclosure form upon hire and on an annual basis, with disclosure updates submitted on the basis of changes in circumstance. Completed disclosure forms will be approved by the employee's department head or director, and submitted for approval to the responsible City official. Maintenance of the form is the responsibility of the Internal Auditor's office.

C. Duty to Report Suspected Ethical Violations. See 2-12. Reports of Misconduct or Wrongdoing.

D. Freedom from Retaliation. See 2-12. Reports of Misconduct or Wrongdoing.

2-6. PERSONAL RELATIONSHIPS.

A. A personal relationship is defined as a consensual, mutually acceptable relationship between individuals who have or have had a continuing relationship of a romantic or intimate nature. The City reserves the right to take prompt action if an actual or potential conflict of interest arises concerning individuals who occupy positions at any level in the same line of authority that may affect employment decisions. Supervisors are prohibited from dating subordinates and may be disciplined for such actions, up to and including termination of employment.

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2014

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

FS 2011-002 (FS 2011-02) Lack of Ethics Policy – (Material Weakness)- (continued) – repeated and modified

B. Interpersonal relationships within the working environment shall be professional at all times. Personal, familial or romantic involvement on the part of an employee with an outside provider of goods or services, or with another employee of the City, may create a potential conflict of interest. Those relationships that impair an employee's ability to exercise good judgment in the performance of his/her duties for the City are discouraged and may be cause for discipline up to and including termination of employment.

C. In the event that a supervisor becomes aware of a conflict of interest, created by a consensual relationship, the supervisor shall investigate and take appropriate action pursuant to this policy and section 10-2 Disciplinary Action.

FS 2011-003 (FS 2011-03) Lack of Effective Upstream Communication – (Significant Deficiency) – repeated and modified

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.

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
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Section II -Findings-Financial Statement Audit-(continued)

FS 2011-003 (FS 2011-03) Lack of Effective Upstream Communication – (Significant Deficiency)-(continued)
- repeated

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.

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

FS 2011-005 (FS 2011-05) Lack of Current Job Descriptions – (Other Matter) - 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
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Section II -Findings-Financial Statement Audit-(continued)

FS 2011-006 (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, 2014

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

FS 2014-001 — Procurement – Request for Proposal – Other Matter

Condition: During our testwork over the City’s compliance with the State of New Mexico’s procurement code, we noted in one out of ten items tested (in the amount of \$74,483.96) in which the City did not properly solicit bids.

Criteria: NMSA 1978, Section 13-1-103 Invitation for bids states “An invitation for bids shall be issued and shall include the specifications for the services, construction or items of tangible personal property to be procured, all contractual terms and conditions applicable to the procurement, the location where bids are to be received, the date, time and place of the bid opening and the requirements for complying with any applicable in-state preference provisions as provided by law.” Additionally, NMSA 1978, Section 13-1-125 states “a central purchasing office shall procure services, construction or items of tangible personal property having a value not exceeding sixty thousand dollars (\$60,000), excluding applicable state and local gross receipts taxes, in accordance with the applicable small purchase rules adopted by the secretary, a local public body or a central purchasing office that has the authority to issue rules. In addition, the City’s internal purchasing policy requires formal bids for “Major Purchases” which as described as items in excess of \$20,000.

Effect: The City violated the State of New Mexico’s procurement code and may have not obtained the best price for the items received during the year.

Cause: The City did not properly monitor purchases for compliance with their internal policies or with the State of New Mexico’s Procurement Code.

Auditors’ Recommendations: The City should ensure policies pertaining to the application of the State of New Mexico’s Procurement Code are being followed. The City should also update their purchasing policy in order to provide additional clarity to the thresholds for which formal bids or formal proposals as to be applied.

Management Response: Management agrees with the audit finding that the City did not properly solicit bids for this vendor; however this vendor was hired by the state based on an emergency situation and Sunland park staff did not have an input on this process. Sunland Park is currently in the process on obtaining the best price on granting an agreement to a state contract vendor with an annual cost of approximately 27,000.00.

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2014

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

FS 2014-002— Travel and Per Diem- Other Matter

Condition: During our testwork of travel and per diem, we noted the following:

- 1 out of 10 items tested, the City did not receive departure and return time
- 6 out of 10 items tested, the City paid the incorrect amount for partial per diem
- 2 out of 10 items tested, the City paid various amounts for mileage accrued in the use of private conveyance

Criteria: The Per Diem and Mileage Act, NMAC 2.42.2 establishes the provisions that govern travel and per diem.

Effect: Without a formal written policy, proper documentation, or proper review of documentation, to ensure proper reimbursement and compliance with NMAC 2.42.2, the risk of misuse or unauthorized purchase is high.

Cause: The City does not have a formal written policy in place to ensure compliance with NMAC 2.42.2.9 and management oversight in internal controls when processing these reimbursements.

Auditors' Recommendations: We recommend that the City establishes a formal written travel and per diem policy for the City to follow that comply with NMAC 2.42.2 to ensure the City is in compliance.

Management Response: Management agrees with the audit finding that the city did not have an updated travel and per-diem policy for this reason Sunland Park reviewed and updated the travel and per-diem policy along with the Accounting policies and procedures approved on July 14, 2014.

STATE OF NEW MEXICO
City of Sunland Park
Schedule of Findings and Responses
June 30, 2014

Section III-Findings-Prior Year Audit Findings

Financial Statement Findings

<u>2008-004 (2008-04) Capital Assets</u>	Resolved
<u>FS 2011-001 (FS 2011-01) Governing Body Lack of Active Involvement/Significant Influence Over the City's Internal Control Environment</u>	Repeated and modified
<u>FS 2011-002 (FS 2011-02) Lack of Ethics Policy</u>	Repeated and modified
<u>FS 2011-003 (FS 2011-03) Lack of Effective Upstream Communication</u>	Repeated and modified
<u>FS 2011-004 (FS 2011-04) Lack of Performance Evaluation</u>	Resolved
<u>FS 2011-005 (FS 2011-05) Lack of Current Job Descriptions</u>	Repeated
<u>FS 2011-006 (FS 2011-06) Lack of Established Practices for the Identification and Mitigation of Risks</u>	Repeated
<u>FS 2011-011 (FS 2011-11) Improper Termination Payment</u>	Resolved

STATE OF NEW MEXICO
City of Sunland Park
Other Disclosures
June 30, 2014

OTHER DISCLOSURES

Exit Conference

An exit conference was held on November 25, 2014. In attendance were the following:

Representing the City of Sunland Park:

Raquel Alarcon
Javier Perea
Vernon Wilson

Finance Director
Mayor
City Manager

Representing Accounting & Consulting Group, LLP:

Ray Roberts, CPA

Partner

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, 2014.

STATE OF NEW MEXICO
City of Sunland Park
Status of Special Audit Findings
June 30, 2014

Findings-Special Audit

Resolved Special Audit Finding in the Current Fiscal Year Under Audit

Finding 16- Failure to Conduct a Complete Annual Physical Inventory of Capital Assets

Finding 09 – Missing Quarterly Reports and Failure to Submit Required Budget Reports

Resolved in Prior Year Audits

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 17-Unsupported Disposals of Computer Hard Drives

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

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

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

STATE OF NEW MEXICO
City of Sunland Park
Status of Special Audit Findings
June 30, 2014

Findings-Special Audit-(continued)

Resolved in Prior Year Audits

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

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