

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022
INDEPENDENT AUDITORS' REPORT

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
FOR THE YEAR ENDED JUNE 30, 2022

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STATE OF NEW MEXICO
CITY OF SUNLAND PARK
FOR THE YEAR ENDED JUNE 30, 2022

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STATE OF NEW MEXICO
CITY OF SUNLAND PARK
FOR THE YEAR ENDED JUNE 30, 2022

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STATE OF NEW MEXICO
CITY OF SUNLAND PARK
OFFICIAL ROSTER
JUNE 30, 2022

ELECTED OFFICIALS

Javier Perea	Mayor
Jesus Soto	City Councilor
Daisy G. Lira	City Councilor
Jeffrey Cox	City Councilor
Alberto Jaramillo	City Councilor
Olga Nuñez	City Councilor
Mill Sandoval	City Councilor
Lizette Salinas	Municipal Judge

ADMINISTRATIVE OFFICIALS

Michael Martinez	City Manager
Raquel Alarcon	Finance Director



Beasley, Mitchell & Co.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Mr. Brian S. Colón, Esq., State Auditor
and the Mayor and City Council of the
City of Sunland Park, New Mexico

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of the City of Sunland Park, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Sunland Park's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Sunland Park, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Sunland Park, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Sunland Park's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Sunland Park's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Sunland Park's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 10 year schedules for Pension and OPEB on pages 77 - 86 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sunland Park's basic financial statements. The combining and individual nonmajor fund financial statements, the Schedule of Depositories the Schedule of Pledged Collateral, and the Financial Data Schedule (FSD) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code Federal regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is also presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of federal awards, the combining and individual nonmajor fund financial statements, the Schedule of Depositories and Investment Accounts, the Schedule of Pledged Collateral, and the Financial Data Schedule 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, the Schedule of Expenditures of Federal Awards, the combining and individual nonmajor fund financial statements, the Schedule of Depositories and Investment Accounts, the Schedule of Pledged Collateral, and the Financial Data Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2022, on our consideration of City of Sunland Park'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 solely 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 effectiveness of City of Sunland Park's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Sunland Park's internal control over financial reporting and compliance.

Beasley, Mitchell & Co. LLP

Beasley, Mitchell Co. LLP
Las Cruces, New Mexico
December 15, 2022

GOVERNMENT - WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Primary Government Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 10,280,684	\$ 1,271,873	\$ 11,552,557
Reserved cash and cash equivalents	1,183,752	-	1,183,752
Receivables:			
Property taxes	143,883	-	143,883
Other taxes	923,980	6,893	930,873
Customer receivables	<u>33,450</u>	<u>5,601</u>	<u>39,051</u>
Total current assets	12,565,749	1,284,367	13,850,116
NON-CURRENT ASSETS:			
Restricted cash and cash equivalents	3,432,922	-	3,432,922
Capital assets	47,150,695	3,758,933	50,909,628
Less: Accumulated depreciation	<u>(30,654,059)</u>	<u>(2,194,810)</u>	<u>(32,848,869)</u>
Total non-current assets	<u>19,929,558</u>	<u>1,564,123</u>	<u>21,493,681</u>
Total assets	32,495,307	2,848,490	35,343,797
DEFERRED OUTFLOWS - Pension			
Employer contributions subsequent to the measurement date	381,052	28,655	409,707
Change in proportion	392,600	29,523	422,123
Change in assumption	1,439	109	1,548
Difference between expected and actual experience	<u>194,406</u>	<u>14,620</u>	<u>209,026</u>
Total deferred outflows - pension	969,497	72,907	1,042,404
DEFERRED OUTFLOWS - OPEB			
Employer contribution subsequent to the measurement date	75,299	8,883	84,182
Change in proportion	403,629	47,614	451,243
Change in assumption	501,981	59,214	561,195
Net difference between expected and actual experience	<u>36,660</u>	<u>4,325</u>	<u>40,985</u>
Total deferred outflows - OPEB	<u>1,017,569</u>	<u>120,036</u>	<u>1,137,605</u>
Total assets and deferred outflows	<u>\$ 34,482,373</u>	<u>\$ 3,041,433</u>	<u>\$ 37,523,806</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2022

	Governmental Activities	Primary Government Business-type Activities	Total
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION			
CURRENT LIABILITIES:			
Accounts payable	\$ 223,198	\$ -	\$ 223,198
Accrued payroll	58,947	4,921	63,868
Customer deposits	-	6,371	6,371
Compensated absences	236,451	25,319	261,770
Notes payable - current portion	<u>229,575</u>	<u>-</u>	<u>229,575</u>
Total current liabilities	748,171	36,611	784,782
NON-CURRENT LIABILITIES:			
Notes payable	790,632	-	790,632
Net OPEB liability	3,074,920	362,726	3,437,646
Net pension liability	<u>4,980,539</u>	<u>374,537</u>	<u>5,355,076</u>
Total non-current liabilities	<u>8,846,091</u>	<u>737,263</u>	<u>9,583,354</u>
Total liabilities	9,594,262	773,874	10,368,136
DEFERRED INFLOWS - PENSION			
Net difference between projected and actual investment earnings	1,521,490	-	1,521,490
Change in proportion	321,687	24,190	345,877
Difference between expected and actual experience	<u>7,783</u>	<u>115,001</u>	<u>122,784</u>
Total deferred inflows	1,850,960	139,191	1,990,151
DEFERRED INFLOWS - OPEB			
Change is assumption	906,472	106,928	1,013,400
Net difference between projected and actual investment earnings	71,869	2,539	74,408
Actual investments earnings on OPEB plan investments	-	22,509	22,509
Change in proportion	272,378	15,560	287,938
Differences between expected and actual experience	<u>399,860</u>	<u>47,168</u>	<u>447,028</u>
Total deferred inflows	<u>1,650,579</u>	<u>194,704</u>	<u>1,845,283</u>
Total liabilities and deferred inflows	13,095,801	1,107,769	14,203,570

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2022

	Governmental Activities	Primary Government Business-type Activities	Total
NET POSITION			
Net investment in capital assets	15,476,429	1,564,123	17,040,552
Restricted for:			
General fund	3,432,922	-	3,432,922
Special revenue funds	7,978,772	-	7,978,772
Capital projects funds	8,452	-	8,452
Debt service	1,097,133	-	1,097,133
Unrestricted	<u>(6,607,136)</u>	<u>369,541</u>	<u>(6,237,595)</u>
Total net position	<u>21,386,572</u>	<u>1,933,664</u>	<u>23,320,236</u>
Total liabilities, deferred inflows, and net position	<u>\$ 34,482,373</u>	<u>\$ 3,041,433</u>	<u>\$ 37,523,806</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

FUNCTIONAL/PROGRAMS:	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,908,287	\$ 1,122,727	\$ -	\$ -	\$ (1,785,560)	\$ -	\$ (1,785,560)
Public safety	6,101,578	49,687	509,306	-	(5,542,585)	-	(5,542,585)
Public works	2,597,833	359,975	96,408	3,016,201	874,751	-	874,751
Culture and recreation	<u>127,675</u>	<u>-</u>	<u>-</u>	<u>65,695</u>	<u>(61,980)</u>	<u>-</u>	<u>(61,980)</u>
Total governmental activities	11,735,373	1,532,389	605,714	3,081,896	(6,515,374)	-	(6,515,374)
Business-type activities:							
Motor vehicle department	370,046	424,407	90,040	-	-	144,401	144,401
Solid waste	52,887	-	-	-	-	(52,887)	(52,887)
Housing authority	<u>335,108</u>	<u>128,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(207,093)</u>	<u>(207,093)</u>
Total business-type activities	<u>758,041</u>	<u>552,422</u>	<u>90,040</u>	<u>-</u>	<u>-</u>	<u>(115,579)</u>	<u>(115,579)</u>
Total primary government	<u>\$ 12,493,414</u>	<u>\$ 2,084,811</u>	<u>\$ 695,754</u>	<u>\$ 3,081,896</u>	<u>(6,515,374)</u>	<u>(115,579)</u>	<u>(6,630,953)</u>
General Revenues:							
Property tax					2,307,617	-	2,307,617
Gross receipts tax					6,433,434	114,384	6,547,818
Gasoline and motor vehicle taxes					120,582	-	120,582
Other					370,975	-	370,975
Investment income					3,621	720	4,341
Miscellaneous income					500,799	18,660	519,459
Transfers					<u>139,634</u>	<u>(139,634)</u>	<u>-</u>
Total general revenues and transfers					<u>9,876,662</u>	<u>(5,870)</u>	<u>9,870,792</u>
Changes in net position					3,361,288	(121,449)	3,239,839
Net position, beginning of year					<u>18,025,284</u>	<u>2,055,113</u>	<u>20,080,397</u>
Net position, end of year					<u>\$ 21,386,572</u>	<u>\$ 1,933,664</u>	<u>\$ 23,320,236</u>

See independent auditors' report and accompanying notes to financial statements.

GOVERNMENTAL FUND STATEMENTS

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Grant Funds	ARPA Grant Funds	Border Crossing Facility	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 5,739,022	\$ 64,608	\$ 1,344,916	\$ 4,632,796	\$ 1,932,264	\$ 13,713,606
Reserved cash	1,144,307	-	-	-	39,445	1,183,752
Receivables:						
Property taxes	143,883	-	-	-	-	143,883
Other taxes	910,376	-	-	-	13,604	923,980
Other receivables	-	32,773	-	-	677	33,450
	<u>-</u>	<u>32,773</u>	<u>-</u>	<u>-</u>	<u>677</u>	<u>33,450</u>
Total assets	<u>\$ 7,937,588</u>	<u>\$ 97,381</u>	<u>\$ 1,344,916</u>	<u>\$ 4,632,796</u>	<u>\$ 1,985,990</u>	<u>\$ 15,998,671</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 88,173	\$ 115,459	\$ -	\$ -	\$ 19,566	\$ 223,198
Accrued payroll	54,277	-	2,712	227	1,731	58,947
	<u>142,450</u>	<u>115,459</u>	<u>2,712</u>	<u>227</u>	<u>21,297</u>	<u>282,145</u>
Total liabilities	142,450	115,459	2,712	227	21,297	282,145
Deferred inflows:						
Property tax revenue	9,288	-	-	-	-	9,288
	<u>9,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,288</u>
Total liabilities and deferred inflows	151,738	115,459	2,712	227	21,297	291,433

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Grant Funds	ARPA Grant Funds	Border Crossing Facility	Other Governmental Funds	Total
Fund balances:						
Spendable						
Restricted for;						
General government	1,144,307	-	-	-	242,957	1,387,264
Public safety	-	-	1,342,204	-	301,865	1,644,069
Public works	-	-	-	4,632,569	259,514	4,892,083
Culture and recreation	-	-	-	-	55,356	55,356
Capital projects	-	-	-	-	8,452	8,452
Debt service	-	-	-	-	1,097,133	1,097,133
Unassigned	<u>6,641,543</u>	<u>(18,078)</u>	<u>-</u>	<u>-</u>	<u>(584)</u>	<u>6,622,881</u>
 Total fund balances	<u>7,785,850</u>	<u>(18,078)</u>	<u>1,342,204</u>	<u>4,632,569</u>	<u>1,964,693</u>	<u>15,707,238</u>
 Total liabilities, deferred inflows, and fund balances	<u>\$ 7,937,588</u>	<u>\$ 97,381</u>	<u>\$ 1,344,916</u>	<u>\$ 4,632,796</u>	<u>\$ 1,985,990</u>	<u>\$ 15,998,671</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total fund balances - governmental funds \$ 15,707,238

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

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

The cost of capital assets	47,150,695	
Accumulated depreciation	<u>(30,654,059)</u>	16,496,636

Deferred outflows - Pension:

Contributions made after the measurement date, will be recognized as a reduction of net pension liability	381,052	
Change in proportion	392,600	
Change in assumption	1,439	
Difference between expected and actual experience	<u>194,406</u>	969,497

Deferred outflows - OPEB:

Net difference between projected and actual	36,660	
Change in assumption	501,981	
Change in proportion	403,629	
Contributions made after the measurement date, will be recognized as a reduction of net pension liability	<u>75,299</u>	1,017,569

Deferred inflows - Pension:

Net difference between expected and actual	(1,521,490)	
Change in proportion	(321,687)	
Change in assumption	-	
Change in Experience	<u>(7,783)</u>	(1,850,960)

Deferred inflows - OPEB:

Change in assumption	(906,472)	
Changes in Proportion	(344,247)	
Differences between expected and actual	<u>(399,860)</u>	(1,650,579)

Long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:

Property taxes		9,288
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Other long-term liabilities and certain other liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:

Net pension liability	(4,980,539)	
OPEB liability	(3,074,920)	
Long-term debt	(1,020,207)	
Compensated absences	<u>(236,451)</u>	<u>(9,312,117)</u>

Total net position - governmental activities **\$ 21,386,572**

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Grant Fund	ARPA Grant Funds	Border Crossing Facility	Other Governmental Funds	Total
REVENUES						
Taxes:						
Property	\$ 2,354,027	\$ -	\$ -	\$ -	\$ -	\$ 2,354,027
Gross receipts	6,433,434	-	-	-	-	6,433,434
Gasoline and motor vehicle	81,950	-	-	-	38,632	120,582
Lodgers	-	-	-	-	72,810	72,810
Other	298,165	-	-	-	-	298,165
Intergovernmental income:						
Federal capital grants	-	-	2,219,168	-	89,776	2,308,944
State operating grant	-	-	-	-	431,816	431,816
State capital grants	-	794,662	-	-	152,188	946,850
Charges for services	80,871	-	-	-	6,000	86,871
Licenses and fees	1,401,831	-	-	-	43,687	1,445,518
Investment income	384	-	-	3,214	23	3,621
Miscellaneous	479,904	-	-	-	20,904	500,808
Total revenues	11,130,566	794,662	2,219,168	3,214	855,836	15,003,446
EXPENDITURES						
Current:						
General government	1,717,528	-	17,510	-	169,768	1,904,806
Public safety	3,896,670	-	959,671	130,828	557,405	5,544,574
Public works	1,582,420	40,652	225	251	153,897	1,777,445
Culture and recreation	82,909	-	-	-	44,776	127,685
Capital outlay	492,878	1,913,747	-	-	525,558	2,932,183
Debt service:						
Principal payment	-	-	-	-	160,786	160,786
Total expenditures	7,772,405	1,954,399	977,406	131,079	1,612,190	12,447,479
Excess (deficiency) of revenues over expenditures	3,358,161	(1,159,737)	1,241,762	(127,865)	(756,354)	2,555,967

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Grant Fund	ARPA Grant Funds	Border Crossing Facility	Other Governmental Funds	Total
OTHER FINANCING SOURCES (USES):						
Proceeds from loans	-	-	-	-	64,800	64,800
Transfers in	162,821	1,042,047	-	-	644,308	1,849,176
Transfers out	<u>(1,585,907)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(123,635)</u>	<u>(1,709,542)</u>
Total other financing source (uses)	<u>(1,423,086)</u>	<u>1,042,047</u>	<u>-</u>	<u>-</u>	<u>585,473</u>	<u>204,434</u>
Net change in fund balance	1,935,075	(117,690)	1,241,762	(127,865)	(170,881)	2,760,401
Fund balance at beginning of year	<u>5,850,775</u>	<u>99,612</u>	<u>100,442</u>	<u>4,760,434</u>	<u>2,135,574</u>	<u>12,946,837</u>
Fund balance at end of year	<u>\$ 7,785,850</u>	<u>\$ (18,078)</u>	<u>1,342,204</u>	<u>\$ 4,632,569</u>	<u>\$ 1,964,693</u>	<u>\$ 15,707,238</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds \$ 2,760,401

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over

Capital assets reported as capital outlay expenditures	2,932,183	
Depreciation expense	<u>(1,682,626)</u>	1,249,557

Change in deferred outflows - NPL		(1,504,859)
Change in deferred outflows - OPEB		(104,276)

Change in deferred inflows - NPL		(1,259,532)
Change in deferred inflows - OPEB		(230,057)

Change in net pension liability		2,387,550
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Change in OPEB liability		(26,609)
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Governmental funds report loan payments as debt service expenditures. However, in the statement of activities, these payments are not recognized as expenditures.		160,786
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Property taxes that do not provide current financial resources, made available to pay for the current period's expenditures, reported as deferred inflows in the funds.		(46,410)
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In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts paid).

Change in accrued compensated absences		39,537
Proceeds from the issuance of debt		<u>(64,800)</u>

Change in net position of governmental activities **\$ 3,361,288**

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
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, 2022

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Property taxes	\$ 1,858,090	\$ 1,858,090	\$ 2,580,242	\$ 722,152
Gross receipts	4,832,562	4,832,562	6,433,434	1,600,872
Gasoline and motor vehicle	39,897	39,897	81,950	42,053
Franchise tax	299,360	337,360	298,165	(39,195)
Intergovernmental income:				
State operating grants	11,200	11,200	-	(11,200)
Charges for services	93,468	93,468	125,094	31,626
Licenses and fees	664,618	791,618	1,357,608	565,990
Fines and forfeitures	105,693	105,693	-	(105,693)
Investment income	9,387	9,387	384	(9,003)
Miscellaneous	<u>54,353</u>	<u>237,230</u>	<u>479,904</u>	<u>242,674</u>
Total revenues	7,968,628	8,316,505	11,356,781	3,040,276
EXPENDITURES:				
Current				
General government	3,171,487	3,209,687	1,895,552	1,314,135
Public safety	3,798,351	3,800,207	3,985,682	(185,475)
Public works	-	-	1,582,420	(1,582,420)
Culture and recreation	96,002	96,002	82,909	13,093
Other- Miscellaneous	<u>1,658,787</u>	<u>1,658,787</u>	<u>492,878</u>	<u>1,165,909</u>
Total expenditures	<u>8,724,627</u>	<u>8,764,683</u>	<u>8,039,441</u>	<u>725,242</u>
Excess (deficiency) of revenues over expenditures	(755,999)	(448,178)	3,317,340	3,765,518
OTHER FINANCING SOURCES (USES)				
Transfers in	-	844,135	162,821	(681,314)
Transfers (out)	<u>549,840</u>	<u>(383,220)</u>	<u>(1,585,907)</u>	<u>(1,202,687)</u>
Total other financing sources (uses)	<u>549,840</u>	<u>460,915</u>	<u>(1,423,086)</u>	<u>(1,884,001)</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
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, 2022

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Net changes in fund balance	(206,159)	12,737	1,894,254	1,881,517
Cash fund balance - beginning	<u>4,489,075</u>	<u>4,489,075</u>	<u>4,489,075</u>	<u>-</u>
Cash fund balance - end	<u>\$ 4,282,916</u>	<u>\$ 4,501,812</u>	<u>\$ 6,383,329</u>	<u>\$ 1,881,517</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ 1,894,254	
Adjustments to revenues for taxes and state operating grants			(226,215)	
Adjustments to expenditures for salaries, professional services and supplies			<u>267,036</u>	
Net change in fund balance GAAP basis			<u>\$ 1,935,075</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Intergovernmental income:				
State capital grants	<u>\$ 885,106</u>	<u>\$ 885,106</u>	<u>\$ 794,662</u>	<u>\$ (90,444)</u>
Total revenues	885,106	885,106	794,662	(90,444)
EXPENDITURES:				
Current				
Public works	-	41,000	40,652	348
Capital outlay	<u>1,825,106</u>	<u>1,825,106</u>	<u>1,824,487</u>	<u>619</u>
Total expenditures	<u>1,825,106</u>	<u>1,866,106</u>	<u>1,865,139</u>	<u>967</u>
Excess (deficiency) of revenues over expenditures	(940,000)	(981,000)	(1,070,477)	(89,477)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>60,000</u>	<u>-</u>	<u>1,042,047</u>	<u>1,042,047</u>
Total other financing sources (uses)	60,000	60,000	1,042,047	1,042,047

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Net changes in fund balance	(880,000)	(921,000)	(28,430)	952,570
Cash fund balance - beginning	<u>36,178</u>	<u>36,178</u>	<u>36,178</u>	<u>-</u>
Cash fund balance - end	<u>\$ (843,822)</u>	<u>\$ (884,822)</u>	<u>\$ 64,608</u>	<u>\$ 952,570</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ 28,430	
Adjustments to revenues for taxes and state operating grants			50,000	
Adjustments to expenditures for salaries, professional services and supplies			<u>89,260</u>	
Net change in fund balance GAAP basis			<u>\$ (117,690)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
ARPA GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Federal grants	<u>\$ 2,219,168</u>	<u>\$ 2,219,168</u>	<u>\$ 2,221,880</u>	<u>\$ 2,712</u>
Total revenues	2,219,168	2,219,168	2,221,880	2,712
EXPENDITURES:				
Current				
General government	17,510	17,510	17,510	-
Public safety	957,815	959,671	959,671	-
Public works	<u>225</u>	<u>225</u>	<u>225</u>	<u>-</u>
Total expenditures	<u>975,550</u>	<u>977,406</u>	<u>977,406</u>	<u>-</u>
Net changes in fund balance	1,243,618	1,241,762	1,244,474	2,712
Cash fund balance - beginning	<u>100,442</u>	<u>100,442</u>	<u>100,442</u>	<u>-</u>
Cash fund balance - end	<u>\$ 1,344,060</u>	<u>\$ 1,342,204</u>	<u>\$ 1,344,916</u>	<u>\$ 2,712</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ (1,244,474)	
Adjustments to revenues for taxes and state operating grants			<u>2,712</u>	
Net change in fund balance GAAP basis			<u>\$ 1,241,762</u>	

STATE OF NEW MEXICO
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, 2022

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Investment income	\$ 5,300	\$ 5,300	\$ 3,214	\$ (2,086)
Total revenues	5,300	5,300	3,214	(2,086)
EXPENDITURES:				
Current				
Public safety	165,000	165,000	148,191	16,809
Public works	<u>260</u>	<u>260</u>	<u>251</u>	<u>9</u>
Total expenditures	<u>165,260</u>	<u>165,260</u>	<u>148,442</u>	<u>16,818</u>
Net changes in fund balance	(159,960)	(159,960)	(145,228)	14,732
Cash fund balance - beginning	<u>4,778,024</u>	<u>4,778,024</u>	<u>4,778,024</u>	<u>-</u>
Cash fund balance - end	<u>\$ 4,618,064</u>	<u>\$ 4,618,064</u>	<u>\$ 4,632,796</u>	<u>\$ 14,732</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ 145,228	
Adjustments to expenditures for salaries, professional services and supplies			<u>(17,363)</u>	
Net change in fund balance GAAP basis			<u>\$ (127,865)</u>	

PROPRIETARY FUNDS

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	<u>Motor Vehicle Department</u>	<u>Solid Waste Fund</u>	<u>Housing Authority</u>	<u>Total Proprietary Funds</u>
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 591,445	\$ 169,675	\$ 510,753	\$ 1,271,873
Accounts receivables	-	-	5,601	5,601
Tax receivables	<u>6,492</u>	<u>401</u>	<u>-</u>	<u>6,893</u>
Total current assets	597,937	170,076	516,354	1,284,367
NON-CURRENT ASSETS:				
Capital assets	-	-	3,758,933	3,758,933
Less accumulated depreciation	<u>-</u>	<u>-</u>	<u>(2,194,810)</u>	<u>(2,194,810)</u>
Total non-current assets	<u>-</u>	<u>-</u>	<u>1,564,123</u>	<u>1,564,123</u>
Total assets	597,937	170,076	2,080,477	2,848,490
Deferred outflows- Pension				
Employer contributions subsequent to the measurement date	20,343	989	7,323	28,655
Change in proportion	20,959	1,019	7,545	29,523
Change of assumption	77	4	28	109
Difference between expected and actual experience	<u>10,379</u>	<u>505</u>	<u>3,736</u>	<u>14,620</u>
Total deferred outflows- Pension	51,758	2,517	18,632	72,907
Deferred outflows -OPEB				
Employer contributions subsequent to the measurement date	6,223	431	2,229	8,883
Change in proportion	33,356	2,312	11,946	47,614
Change of assumption	41,483	2,875	14,856	59,214
Net difference between expected and actual experience	<u>3,030</u>	<u>210</u>	<u>1,085</u>	<u>4,325</u>
Total deferred outflows OPEB	<u>84,092</u>	<u>5,828</u>	<u>30,116</u>	<u>120,036</u>
Total assets and deferred outflows	<u>\$ 733,787</u>	<u>\$ 178,421</u>	<u>\$ 2,129,225</u>	<u>\$ 3,041,433</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
JUNE 30, 2022

	<u>Motor Vehicle Department</u>	<u>Solid Waste Fund</u>	<u>Housing Authority</u>	<u>Total Proprietary Funds</u>
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES:				
Accrued payroll	3,479	-	1,442	4,921
Customer deposits	-	-	6,371	6,371
Compensated absences	<u>18,963</u>	<u>-</u>	<u>6,356</u>	<u>25,319</u>
Total current liabilities	22,442	-	14,169	36,611
NON-CURRENT LIABILITIES:				
Net pension liability	265,890	12,926	95,721	374,537
Net OPEB liability	<u>254,110</u>	<u>17,612</u>	<u>91,004</u>	<u>362,726</u>
Total non-current liabilities	<u>520,000</u>	<u>30,538</u>	<u>186,725</u>	<u>737,263</u>
Total liabilities	542,442	30,538	200,894	773,874
Deferred inflows - pension				
Change in proportion	17,173	835	6,182	24,190
Difference between expected and actual experience	<u>81,641</u>	<u>3,969</u>	<u>29,391</u>	<u>115,001</u>
Total deferred inflows - Pension	98,814	4,804	35,573	139,191
Deferred inflows - OPEB				
Change in assumption	74,908	5,192	26,828	106,928
Net difference between projected and actual investment earnings	-	412	2,127	2,539
Change in proportion	5,939	1,560	8,061	15,560
Actual investment earnings on OPEB plan investments	22,509	-	-	22,509
Difference between expected and actual experience	<u>33,044</u>	<u>2,290</u>	<u>11,834</u>	<u>47,168</u>
Total deferred inflows - OPEB	<u>136,400</u>	<u>9,454</u>	<u>48,850</u>	<u>194,704</u>
Total liabilities and deferred inflows	777,656	44,796	285,317	1,107,769
NET POSITION				
Net investment in capital assets	-	-	1,564,123	1,564,123
Unrestricted	<u>(43,869)</u>	<u>133,625</u>	<u>279,785</u>	<u>369,541</u>
Total net position	<u>(43,869)</u>	<u>133,625</u>	<u>1,843,908</u>	<u>1,933,664</u>
Total liabilities and net position	<u>\$ 733,787</u>	<u>\$ 178,421</u>	<u>\$ 2,129,225</u>	<u>\$ 3,041,433</u>

See independent auditors' report and accompanying notes to financial statements.

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, 2022

	Motor Vehicle	Solid Waste Fund	Housing Authority	Total Proprietary Funds
OPERATING REVENUES				
Charges for services	<u>\$ 424,407</u>	<u>\$ -</u>	<u>\$ 128,015</u>	<u>\$ 552,422</u>
Total operating revenues	424,407	-	128,015	552,422
OPERATING EXPENSES				
Personnel services	311,875	24,930	121,016	457,821
Contractual services	8,456	21,900	14,829	45,185
Supplies	1,477	770	2,330	4,577
Maintenance and materials	4,148	1,250	22,941	28,339
Utilities	9,617	-	52,432	62,049
Insurance	2,892	921	1,943	5,756
Depreciation	-	-	99,417	99,417
Miscellaneous	<u>31,581</u>	<u>3,116</u>	<u>20,200</u>	<u>54,897</u>
Total operating expenses	<u>370,046</u>	<u>52,887</u>	<u>335,108</u>	<u>758,041</u>
Operating income (loss)	54,361	(52,887)	(207,093)	(205,619)
NON-OPERATING REVENUES (EXPENSES):				
Gross receipts tax	-	114,384	-	114,384
Interest income	-	-	720	720
Federal grant	-	-	90,040	90,040
Miscellaneous income	<u>-</u>	<u>16,678</u>	<u>1,982</u>	<u>18,660</u>
Total non-operating revenues (expenses)	<u>-</u>	<u>131,062</u>	<u>92,742</u>	<u>223,804</u>
Income (loss) before contributions, grants and transfers	54,361	78,175	(114,351)	18,185

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Motor Vehicle	Solid Waste Fund	Housing Authority	Total Proprietary Funds
Transfers (out)	<u>(57,910)</u>	<u>(81,724)</u>	<u>-</u>	<u>(139,634)</u>
Total transfers	<u>(57,910)</u>	<u>(81,724)</u>	<u>-</u>	<u>(139,634)</u>
Change in net position	(3,549)	(3,549)	(114,351)	(121,449)
Net position, beginning of year	<u>(40,320)</u>	<u>137,174</u>	<u>1,958,259</u>	<u>2,055,113</u>
Net position, end of year	<u>\$ (43,869)</u>	<u>\$ 133,625</u>	<u>\$ 1,843,908</u>	<u>\$ 1,933,664</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Motor Vehicle	Solid Waste	Housing Authority	Total Proprietary Funds
Cash flows from operating activities:				
Cash received from agencies and customers	\$ 423,766	\$ 23,161	\$ 168,887	\$ 615,814
Cash payments to employees for services	(309,229)	(91,314)	(120,479)	(521,022)
Cash payments to suppliers for good services	<u>(63,960)</u>	<u>(27,957)</u>	<u>(96,507)</u>	<u>(188,424)</u>
Net cash provided by (used) operating activities	50,577	(96,110)	(48,099)	(93,632)
Cash flows from non-capital financing activities:				
Taxes received	-	114,060	90,040	204,100
Transfer from (to) other funds	<u>(57,910)</u>	<u>-</u>	<u>-</u>	<u>(57,910)</u>
Net cash provided by non-capital financing activities:	(57,910)	114,060	90,040	146,190
Cash flows from investing activities:				
Investment income (loss)	<u>-</u>	<u>17,002</u>	<u>2,702</u>	<u>19,704</u>
Net cash provided by (used in) investing activities	<u>-</u>	<u>17,002</u>	<u>2,702</u>	<u>19,704</u>
Net increase (decrease) in cash and cash equivalents	(7,333)	34,952	44,643	72,262
Cash and cash equivalents - beginning	<u>598,778</u>	<u>134,723</u>	<u>466,110</u>	<u>1,199,611</u>
Cash and cash equivalents - ending	<u>\$ 591,445</u>	<u>\$ 169,675</u>	<u>\$ 510,753</u>	<u>\$ 1,271,873</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

	Motor Vehicle	Solid Waste Fund	Housing Authority	Total Proprietary Funds
SUPPLEMENTARY INFORMATION:				
Cash and cash equivalents	\$ 591,445	\$ 169,675	\$ 504,873	\$ 1,265,993
Restricted cash	<u>-</u>	<u>-</u>	<u>5,880</u>	<u>5,880</u>
Total cash and cash equivalents	<u>\$ 591,445</u>	<u>\$ 169,675</u>	<u>\$ 510,753</u>	<u>\$ 1,271,873</u>

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:

Operating income (loss)	\$ 54,361	\$ (52,887)	\$ (207,093)	\$ (205,619)
Adjustments to operating income (loss) to net cash used in operating activities:				
Depreciation	-	-	99,417	99,417
Changes in net position and liabilities:				
Receivables	(641)	(104)	61,072	60,327
Other assets	109,218	23,265	39,574	172,057
Accounts payable	(19)	-	(2,523)	(2,542)
Accrued expenses	366	-	1,685	2,051
Compensated absences	(5,770)	-	(733)	(6,503)
OPEB liabilities	(7,521)	(16,047)	1,676	(21,892)
Other liabilities	<u>(99,417)</u>	<u>(50,337)</u>	<u>(41,174)</u>	<u>(190,928)</u>
Net cash provided by (used in) operating activities	<u>\$ 50,577</u>	<u>\$ (96,110)</u>	<u>\$ (48,099)</u>	<u>\$ (93,632)</u>

See independent auditors' report and accompanying notes to financial statements.

CUSTODIAL FUNDS

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
FIDUCIARY - CUSTODIAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

CUSTODIAL FUNDS:

These funds are used to account for monies held by the City in a custodial capacity.

LEDA - Local Economic Development Act

As provided by the LEDA ordinance, the City considered an application from Stampede Meat, Inc. where the City serves as local government conduit for an award up to \$3,000,000 from the State of New Mexico (the "LEDA Funds") to be applied to the acquisition, repair, refurbishment and renovation of land and the existing industrial facility which when completed shall be operated as meat processing facility by the Company.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Total Custodial Fund: LEDA</u>
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ <u>320,430</u>
Total assets	\$ <u>320,430</u>
LIABILITIES	
CURRENT LIABILITIES:	
Liability	\$ <u>320,430</u>
Total liabilities	\$ <u>320,430</u>

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Total Custodial Fund: LEDA</u>
Additions	
Contributions:	
Members	<u>\$ 110,000</u>
Total contributions	<u>110,000</u>
Total Additions	110,000
Deductions	
Administrative expense	<u>41,097</u>
Total deductions	<u>41,097</u>
Net Increase (decrease) in fiduciary net position	68,903
Net position-beginning	<u>251,527</u>
Net position-ending	<u>\$ 320,430</u>

NOTES TO FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sunland Park (the 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.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The District is still evaluating how this pronouncement will affect the financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. 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.

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.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

Government-Wide and Fund Financial Statements - 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.

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

Government-Wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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 - 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

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting (Continued)

Governmental Fund Financial Statements (Continued)

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 BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting (Continued)

Governmental Fund Financial Statements (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 Grants Fund was created to account for funding from the State Grants used for capital purchase.

The ARPA Grant Fund provides relief to state, local, and tribal governments that have been negatively impacted by the corona virus pandemic.

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. Sunland Park City Council is the authority for establishment of this fund and the use is restricted by an agreement with Sunland Park Casino.

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.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting (Continued)

Governmental Fund Financial Statements (Continued)

The Solid Waste Fund accounts for the receipt of gross receipts tax related to the utilities. As the City transferred operations of Solid Waste fund to the South Central Solid Authority on October 1, 2012, the City Council is still determining what the residual funds will be utilized for in the future.

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 funds are charges for services for the City's Housing Authority and MVD. 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, and government contributions, are reported as non-operating revenues and expenses.

D. Assets, Deferred Outflows of Resource, Liabilities, Deferred Inflows, and Net Position or Equity

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.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows of Resource, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Governmental Fund Financial Statements (Continued)

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.

Fair Value Measurements: The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

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.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

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, 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. 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. There was no capitalized interest in 2022. 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:

Assets	Years
Buildings and building improvements	5-40
Land improvements	20
Vehicles	5-10
Furniture, fixtures and equipment	5-10
Infrastructure	50

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Accrued Expenses - Accrued expenses are comprised of payroll expenditures based on amounts earned by the employees through June 30, 2022, along with applicable PERA and Retiree Health Care.

Deferred Outflows of Resources - In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The City has four types of item that qualify for reporting in this category in both the governmental and business-type activities. Accordingly, the first item - employer contributions subsequent to measurement date has been reported as a deferred outflow of resources in the amount of \$409,707. This amount is reported in the Statement of Net Position. These amounts will directly reduce the net pension liability in the next fiscal year. The second item relates to changes in assumptions and totals \$1,548 at June 30, 2022. The third item relates to the difference between expected and actual experience and totals \$209,026 at June 30, 2022. The fourth item relates to changes in proportion and totals \$422,123 at June 30, 2022. and final item relates to the and net difference between actual and projected investment expense \$-. These amounts are amortized into pension expense over the average remaining service life of employees.

Deferred Inflows of Resources - In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element 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 typically has one type of deferred inflow which arises under the modified accrual basis of accounting that qualifies for reporting in this category. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The item, unavailable revenue - property taxes is typically reported only in the governmental funds balance sheet. The receivable from Doña Ana County was confirmed as of June 30, 2022 in the amount of \$143,883. The portion of the receivable not collected within sixty days of year-end totaled \$9,288. Consequently the City has recorded the amount related to the uncollected property as unavailable revenue.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Deferred Inflows of Resources (Continued)

In addition, the City has three types of items present on the Statement of Net Position for both the governmental and business-type activities, which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, change in proportion of \$345,877, change of assumptions of \$-, and differences between expected and actual experience of \$122,784 are reported on the Statement of Net Position. These amounts are reported as deferred inflows and amortized into pension expense over the average remaining service life of employees.

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.

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.

Employment Duration	Regular Employees
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.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

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: In the governmental fund financial statements, fund balance is reported in five classifications:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form, for example, inventories, prepaid amounts, long term amount of loans and note receivable; or (b) legally or contractually required to be maintained intact, for example, debt service reserves. The City has no nonspendable fund balance at June 30, 2022.

Restricted – This classification includes amounts that are restricted to a specific purpose. Fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as debt covenants) grantors, contributors, or laws or regulations of other governments; (b) enabling legislation, as the term is used authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The City has \$9,084,357 in restricted fund balances at June 30, 2022.

Committed – This classification includes amounts that can only be used for specific purposes to constraints imposed by formal action of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same type of action (for example, resolution or ordinance) it employed to previously commit those amounts. The City has no committed funds at June 30, 2022.

Assigned – This classification includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed and should be reported as assigned fund balance. The City no assigned fund balances at June 30, 2022.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Unassigned – This classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. The City has \$6,622,881 in unassigned fund balances at June 30, 2022.

Minimum Fund Balance Policy - The City's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the City holds cash reserves of 3/12th of the General Fund final budgeted expenditures.

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

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.

Restricted Net Position: Consist of Net Position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for related restrictions for the Net Position restricted for "special revenue, debt service, and capital projects" are described on pages 87 and 88.

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.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Interfund Transactions (Continued)

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, the current portion of accrued compensated absences, and actuarial estimates included in the calculation of the net pension liability and related deferred outflow and inflow amounts.

E. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (P.E.R.A) and additions to/deductions from P.E.R.A's fiduciary net position have been determined on the same basis as they are reported by P.E.R.A, on the payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

F. Postemployment Benefits other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Postemployment Benefits other than Pensions (OPEB) (Continued)

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.

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 an 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.

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.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (continued)

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, 2022 is presented. Reconciliation's 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.

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, 2022.

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.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
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3. Deposits and Investments (Continued)

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.

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, 2022, \$15,178,534 of the City's bank balance of \$16,592,209 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, 2022.

A summary of the cash deposits at June 30, 2022 is as follows:

	Wells Fargo	New Mexico Finance Authority	Total
Amount of deposits	\$15,428,534	\$ 1,163,675	\$16,592,209
FDIC coverage	(250,000)	-	(250,000)
Less non-interest bearing	<u>-</u>	<u>(1,163,675)</u>	<u>(1,163,675)</u>
Total uninsured public funds	<u>15,178,534</u>	<u>-</u>	<u>15,178,534</u>

Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	<u>15,178,534</u>
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Uninsured and uncollateralized	<u>\$ -</u>
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The following summarizes the collateral requirements at June 30, 2022:

Collateral requirement (50% of uninsured funds)	\$ 7,589,267
Pledged collateral	<u>14,378,193</u>
Over (under) collateralized	<u>\$ 6,788,926</u>

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
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3. DEPOSITS AND INVESTMENTS (CONTINUED)

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

Cash and cash equivalents - Governmental Activities	\$10,280,684
Cash and cash equivalents - Business-type Activities	1,271,873
Restricted cash and cash equivalents - Governmental Activities	3,432,922
 Reserved - Governmental Activities	 1,183,752
Custodial Cash	<u>320,430</u>
 Total cash, cash equivalents, and investments	 16,489,661
Less: petty cash	300
Add: outstanding checks and other reconciling items	<u>102,248</u>
 Bank balance of deposit	 <u>\$16,592,209</u>

Fair Value Measurement (GASB 72)

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement Number 72, Fair Value Measurement and Application. This statement changes the definition of fair value and adds new disclosure requirements. GASB 72 is effective for periods beginning after June 15, 2015 (i.e., financial statements for June 30, 2016, and beyond).

The City holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the City's mission, the City determines that the disclosures related to these investments only need to be disaggregate by major type. The City chooses a table format for the fair value disclosures.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

Market approach: this uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

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3. DEPOSITS AND INVESTMENTS (CONTINUED)

Cost approach: this technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

Income approach: this approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Valuation techniques should be applied consistently, though a change may be appropriate in certain circumstances. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

GASB 72 establishes a hierarchy of inputs to the valuation techniques listed above.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy's three levels are as follows:

Level 1

Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. (Examples: equity securities traded on an open market, actively traded mutual funds, and US treasuries)

Level 2

Are significant other observable inputs:

- a) Quoted prices for similar assets or liabilities in active markets.
- b) Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c) Inputs other than quoted prices that are observable for the asset or liability, such as:
 - 1) Interest rates and yield curves observable at commonly quoted intervals,
 - 2) Implied volatilities, and
 - 3) Credit spreads.
- d) Market-corroborated inputs.

(Examples: a bond valued using market corroborated inputs such as yield curves, a bond valued using matrix pricing, and an interest rate swap valued using the LIBOR swap rate observed at commonly quoted intervals for the full term of the swap)

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CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
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3. DEPOSITS AND INVESTMENTS (CONTINUED)

Level 3

Are significant unobservable inputs for an asset or liability. (Examples: Commercial real estate valued using a forecast of cash flows based on a university's own data and an interest rate swap valued using data that is neither directly observable nor corroborated by observable market data)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

These investments held by the City are open-end funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the City are deemed to be actively traded.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The City has the following recurring fair value measurements as of June 30, 2022:

Investment Type	Level 1	Level 2	Level 3	Total
CD	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,000</u>
Total Investments	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,000</u>

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CITY OF SUNLAND PARK
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4. RECEIVABLES

Governmental funds receivables as of June 30, 2022 are as follows:

	General Fund	Other Governmental Funds	Total
Property taxes	\$ 143,883	\$ -	\$ 143,883
Other taxes:			
Gross receipts taxes	847,434	-	847,434
Franchise taxes	53,134	-	53,134
Gasoline & motor vehicle taxes	9,808	3,273	13,081
Lodgers Tax	-	10,331	10,331
Other receivables:			
Customer receivable	<u>-</u>	<u>33,450</u>	<u>33,450</u>
Totals by category	<u>\$ 1,054,259</u>	<u>\$ 47,054</u>	<u>\$ 1,101,313</u>

The above receivables are deemed 100% collectible. In accordance with GASB 33, property tax revenues receivables in the amount of \$9,288 were not collected within the period of availability and have been reclassified as deferred inflow of resources in the governmental fund financial statements.

Proprietary fund receivables as of June 30, 2022, are as follows:

	Motor Vehicle Department	Housing Authority	Solid Waste	Total
Customer receivables	\$ -	\$ 5,601	\$ -	\$ 5,601
Taxes receivable	<u>6,492</u>	<u>-</u>	<u>401</u>	<u>6,893</u>
Total customer receivables	<u>\$ 6,492</u>	<u>\$ 5,601</u>	<u>\$ 401</u>	<u>\$ 12,494</u>

The above receivables are deemed 100% collectible.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
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5. TRANSFERS AND INTERNAL BALANCES

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

Transfers out	Transfers in	Amount
Motor Vehicle Fund	General Fund	\$ 57,910
Fire Fund	Debt Service Fund	90,435
Law Enforcement Protection	General Fund	33,200
Solid Waste	Grants	10,013
Solid Waste	General Fund	71,711
General Fund	Grants	1,032,034
General Fund	Traffic Safety Fund	3,681
General Fund	Recreation Government Fund	11,366
General Fund	Local Government Fund	274,817
General Fund	Board Expense Fund	198,603
Fire Protection Fund	Debt service Fund	<u>65,406</u>
	Total transfers	<u>\$ 1,849,176</u>

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
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6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2022, are as follows. Land is not subject to depreciation.

	Balance June 30, 2021	Additions	Disposals and Transfers	Balance June 30, 2022
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 496,703	\$ -	\$ -	\$ 496,703
Construction in progress	<u>581,063</u>	<u>592,055</u>	<u>-</u>	<u>1,173,118</u>
Total capital assets, not depreciated	1,077,766	592,055	-	1,669,821
Capital assets, depreciated:				
Buildings & building improvements	5,934,862	216,885	-	6,151,747
Land improvements	5,466,517	-	-	5,466,517
Furniture, fixtures & equipment	2,257,411	51,532	-	2,308,943
Vehicles	3,714,021	390,368	-	4,104,389
Infrastructure	<u>25,767,935</u>	<u>1,681,343</u>	<u>-</u>	<u>27,449,278</u>
Total capital assets, depreciated	<u>43,140,746</u>	<u>2,340,128</u>	<u>-</u>	<u>45,480,874</u>
Less accumulated depreciation:				
Buildings & building improvements	2,621,189	214,145	-	2,835,334
Land improvements	3,057,187	252,692	-	3,309,879
Furniture, fixtures, & equipment	1,683,521	240,505	-	1,924,026
Vehicles	2,464,267	362,830	-	2,827,097
Equipment	<u>19,145,269</u>	<u>612,454</u>	<u>-</u>	<u>19,757,723</u>
Total accumulated depreciation	<u>28,971,433</u>	<u>1,682,626</u>	<u>-</u>	<u>30,654,059</u>
Net book value	<u>\$ 15,247,079</u>	<u>\$ 1,249,557</u>	<u>\$ -</u>	<u>\$ 16,496,636</u>

Depreciation expense in governmental activities was allocated to the following functions:

General government	\$ 828,919
Public safety	33,319
Public works	<u>820,388</u>
Total	<u>\$ 1,682,626</u>

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
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6. CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Total capital assets, not depreciated	150,000	-	-	150,000
Capital assets, depreciated:				
Buildings & building improvements	3,493,990	-	-	3,493,990
Furniture, fixtures & equipment	66,411	-	-	66,411
Vehicles	48,532	-	-	48,532
Total capital assets, depreciated	3,608,933	-	-	3,608,933
Less accumulated depreciation:				
Buildings & building improvements	1,986,811	98,686	-	2,085,497
Furniture, fixtures, & equipment	60,050	731	-	60,781
Vehicles	48,532	-	-	48,532
Total accumulated depreciation	2,095,393	99,417	-	2,194,810
Net book value	\$ 1,663,540	\$ (99,417)	\$ -	\$ 1,564,123

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

7. LONG-TERM DEBT

During the year ending June 30, 2022 the following changes occurred in the liabilities reported in the government wide Statement of Net Position:

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 171,709	\$ 202,128	\$ (137,386)	\$ 236,451	\$ 236,451
NMFA loans	<u>1,116,193</u>	<u>64,800</u>	<u>(160,786)</u>	<u>1,020,207</u>	<u>229,575</u>
Total long-term debt	<u>\$ 1,287,902</u>	<u>\$ 266,928</u>	<u>\$ (298,172)</u>	<u>\$ 1,256,658</u>	<u>\$ 466,026</u>

The NMFA loan is as follows:

Description	Date of Issue	Due Date	Interest Rate	Original Amount of Issue	Balance June 30, 2022
NMFA 3495-PP	8/12/2016	5/1/2033	1.36200%	760,680	650,262
NMFA 3569-PP	9/9/2016	5/1/2022	0.10000%	289,053	62,348
NMFA 5036-PPRF	12/20/2019	5/1/2030	0.35684%	259,135	209,666
NMFA 4133- CIF	1/26/2018	6/1/2038	0.35684%	40,000	38,000
NMFA 4926-CIF	4/29/2021	6/20/2039	0.35684%	40,000	<u>59,931</u>
Total Loans					<u>\$ 1,020,207</u>

The City entered into a loan/grant agreement with the New Mexico Finance Authority on August 12, 2016 to finance the cost of purchasing a Fire Truck for use by the City's Fire Department. The loan has an interest rate of 1.36200% and is payable and collectible solely from the net revenues to be derived from pledged revenues.

The City entered into a loan/grant agreement with the New Mexico Finance Authority on September 9, 2016 to finance the cost of purchasing solar panels for use by the City. The loan has an interest rate of 0.10000% and is payable and collectible solely from the net revenues to be derived from pledged revenues.

STATE OF NEW MEXICO
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7. LONG-TERM DEBT (Continued)

The City entered into a loan/grant agreement with the New Mexico Finance Authority on December 20, 2019 to finance the cost of Las Colinas Infrastructure Project. The loan has interest rate of 0.35684% and is payable and collectible solely from the net revenues to be derived from pledged revenues.

The City entered into a loan/grant agreement with the New Mexico Finance Authority on April 20, 2021 to finance the cost of Las Colinas Infrastructure Project. The loan has interest rate of 0.00000% and is payable and collectible solely from the net revenues to be derived from pledged revenues.

Scheduled principal and interest payments on the City's long-term debt are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2022	\$ 229,575	\$ 11,004	\$ 240,579
2023	84,308	10,321	94,629
2024	72,773	9,365	82,138
2025	73,729	7,813	81,542
2026	74,483	7,579	82,062
2027 - 2031	356,210	27,709	383,919
2032 - 2036	216,548	9,196	225,744
2037 - 2041	<u>(87,419)</u>	<u>-</u>	<u>(87,419)</u>
Total	<u>\$ 1,020,207</u>	<u>\$ 82,987</u>	<u>\$ 1,103,194</u>

Business-type activities

During the year ended June 30, 2022, the following changes occurred in the liabilities reported in the proprietary Statement of Net Position:

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
Compensated absences	<u>\$ 27,260</u>	<u>\$ 27,982</u>	<u>\$ (29,923)</u>	<u>\$ 25,319</u>	<u>\$ 25,319</u>
Total long-term debt	<u>\$ 27,260</u>	<u>\$ 27,982</u>	<u>\$ (29,923)</u>	<u>\$ 25,319</u>	<u>\$ 25,319</u>

STATE OF NEW MEXICO
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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 coverage's have not changed significantly from prior years and coverage's are expected to be continued.

At June 30, 2022, 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.

9. PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (PERA)

General Information about the Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10- 12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org> using the Audit Report Search function for agency 366.

STATE OF NEW MEXICO
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9. PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (PERA) (CONTINUED)

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2021 available at <https://www.nmpera.org/assets/uploads/home-banner/Agency-366B-NM-PERA-2021-Employer-Allocation-Schedule-FINAL.pdf>

Contributions. The contribution requirements of defined benefit plan members and the Sunland Park are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY21 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on the PERA FY21 annual audit report at <https://www.nmpera.org/assets/uploads/home-banner/Agency-366B-NM-PERA-2021-Employer-Allocation-Schedule-FINAL.pdf>.

The PERA coverage options that apply to Sunland Park are: Municipal General Division, Municipal Police Division, and Municipal Fire Division. Statutorily required contributions to the pension plan from the Sunland Park were \$377,069 and there were no employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2021. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2021, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2021.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. Sunland Park's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2021. Only employer contributions for the pay period end dates that fell within the period of July 1, 2020 to June 30, 2021 were included in the total contributions for a specific employer.

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9. PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (PERA) (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Regular and any adjustment contributions that applied to FY 21 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

Reallocation of deferred amounts, due to changes in proportion in fiscal year 2021 the beginning deferred inflows and outflows were reclassified due to the employer's change in proportion for fiscal year 2021. The total reallocation of deferred inflows and outflows increased pension expense by \$312,150 for fiscal year ending June 30, 2022. This amount is not included in pension expense in PERA's Schedule of Employer Pension Amounts for the year ended June 30, 2021.

For PERA Fund Municipal General Division, at June 30, 2022, Sunland Park reported a liability of \$1,716,861 for its proportionate share of the net pension liability. At June 30, 2021, Sunland Park's proportion was 0.1524% percent, which was an decrease of (0.0029)% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, Sunland Park recognized PERA Fund Municipal General Division pension expense of \$2,484,907. At June 30, 2022, Sunland Park reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 565	\$ -
Changes in proportion	34,077	71,815
Difference between expected and actual experience	42,739	5,878
Net difference between projected and actual earnings on pension plan investments	-	705,531
City of Sunland Park's contributions subsequent to the measurement date	<u>140,121</u>	<u>-</u>
Total	<u>\$ 217,502</u>	<u>\$ 783,224</u>

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9. PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (PERA) (CONTINUED)

\$140,121 reported as deferred outflows of resources related to pensions resulting from Sunland Park's contributions subsequent to the measurement date June 30, 2021 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$	(129,422)
2022		(149,943)
2023		(143,778)
2024		<u>(289,495)</u>
	\$	<u>(712,638)</u>

For PERA Fund Municipal Police Division, at June 30, 2022, Sunland Park reported a liability of \$1,843,928 for its proportionate share of the net pension liability. At June 30, 2021, Sunland Park's proportion was 0.357%, which was an increase of .0278% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, Sunland Park recognized PERA Fund Municipal Police Division pension expense of \$171,369. At June 30, 2022, Sunland Park reported PERA Fund Municipal Police Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 718	\$ -
Changes in proportion	35,831	158,873
Difference between expected and actual experience	139,404	-
Net difference between projected and actual earnings on pension plan investments	-	668,400
City of Sunland Park's contributions subsequent to the measurement date	<u>174,320</u>	<u>-</u>
Total	<u>\$ 350,273</u>	<u>\$ 827,273</u>

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9. PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (PERA) (CONTINUED)

\$174,320 reported as deferred outflows of resources related to pensions resulting from Sunland Park's contributions subsequent to the measurement date June 30, 2021 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$	(149,982)
2022		(107,288)
2023		(121,248)
2024		<u>(272,581)</u>
	\$	<u>(651,099)</u>

For PERA Fund Municipal Fire Division, at June 30, 2022, Sunland Park reported a liability of \$1,794,287 for its proportionate share of the net pension liability. At June 30, 2021, Sunland Park's proportion was 0.2956%, which was an increase of 0.0649% from its proportion measured as of June 30, December 15, 2022.

For the year ended June 30, 2022, Sunland Park recognized PERA Fund Municipal Fire Division pension expense of \$95,821. At June 30, 2022, Sunland Park reported PERA Fund Municipal Fire Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 265	\$ -
Changes in proportion	352,215	115,189
Difference between expected and actual experience	26,883	2,490
Net difference between projected and actual earnings on pension plan investments	-	261,975
City of Sunland Park's contributions subsequent to the measurement date	<u>95,266</u>	<u>-</u>
Total	<u>\$ 474,629</u>	<u>\$ 379,654</u>

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
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9. PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (PERA) (CONTINUED)

\$95,266 reported as deferred outflows of resources related to pensions resulting from Sunland Park's contributions subsequent to the measurement date June 30, 2021 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$	23,938
2022		99,358
2023		(16,800)
2024		<u>(107,010)</u>
	\$	<u>(514)</u>

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2020 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2018 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2021. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2021 actuarial valuation.

PERA

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, Open
- Payroll growth	3.00%
Remaining amortization period	25 years
Asset valuation method	4 Year Smoothed Market Value
Actuarial assumptions:	
- Investment rate of return	7.25%
- Administrative expenses	.50% of payroll
- Projected salary increases	3.25% to 13.50% annual rate
- Post-retirement benefit increases	1.60% compounded annually beginning 7/1/2023. (2.50% for certain retirees and disabled participants age 75 of older as of June 30, 2020; or with annual benefits less than \$25,000)

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

9. PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (PERA) (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.50 %	5.90 %
Risk Reduction & Mitigation	19.50	1.00
Credit Oriented Fixed Income	15.00	4.20
Real Assets to include Real Estate Equity	20.00	6.00
Multi-Risk Allocation	10.00	6.40
Total	100.00 %	

Discount rate: The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB'S 67. Therefore, the 7.25% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present Sunland Park 's net pension liability in each PERA Fund Division that Sunland Park participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.25%) or one percentage point higher (8.25%) than the single discount rate.

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CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

9. PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (PERA) (CONTINUED)

PERA Fund Municipal General Division	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City of Sunland Park's proportionate share of the net pension liability	<u>\$ 4,328,479</u>	<u>\$ 1,716,861</u>	<u>\$ 1,940,916</u>

PERA Fund Municipal Police Division	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City of Sunland Park's proportionate share of the net pension liability	<u>\$ 4,304,102</u>	<u>\$ 1,843,928</u>	<u>\$ 1,931,158</u>

PERA Fund Municipal Fire Division	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City of Sunland Park's proportionate share of the net pension liability	<u>\$ 2,595,900</u>	<u>\$ 1,794,287</u>	<u>\$ 1,520,971</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY21 Restated PERA financial report. The report is available at <https://www.nmpera.org/assets/uploads/home-banner/Agency-366B-NM-PERA-2021-Employer-Allocation-Schedule-FINAL.pdf>

Payables to the pension plan. There were no amounts owed to PERA at June 30, 2022. Contractually required contributions are remitted to PERA monthly for the previous month's withholdings. Accrued payroll includes the employer's portion of retirement contributions related to employee services rendered as of June 30, 2022 but paid in July 2022.

STATE OF NEW MEXICO
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NOTES TO BASIC FINANCIAL STATEMENTS
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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.

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CITY OF SUNLAND PARK
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10. POST EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN (CONTINUED)

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 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, 2018, 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, 2018, 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

STATE OF NEW MEXICO
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NOTES TO BASIC FINANCIAL STATEMENTS
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10. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN (CONTINUED)

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.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 561,195	\$ 1,013,400
Change in proportion	451,243	304,508
Net difference between projected and actual earnings on OPEB plan investments	40,985	80,347
Difference between expected and actual experience	-	447,028
Contributions made after the measurement date	<u>84,182</u>	<u>-</u>
	<u>\$ 1,137,605</u>	<u>\$ 1,845,283</u>

Deferred outflows of resources totaling \$1,137,605 represent School contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending	
2022	\$ (200,850)
2023	(147,623)
2023	(47,598)
2024	(59,812)
2025	<u>37,620</u>
	<u>\$ (418,263)</u>

The City's contributions to the RHCA for the years ended June 30, 2022, 2021, and 2020 were \$81,438, \$72,850 and 80,357 respectively which equal the required contributions for each year.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

10. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Rate of Return – The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of Investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions. The best estimates for the long-term expected rate of return is summarized as follows:

<u>Assets Class</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	0.4%
U.S. equity - large cap	6.61%
Non U.S. - emerging markets	9.2%
Non U.S. - developed equities	7.3%
Private equity	10.6%
Credit and structured finance	3.1%
Real estate	3.7%
Absolute return	2.5%
U.S. equity - small/mid cap	6.6%

Discount Rate – The discount rate used to measure the total OPEB liability is 2.86% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Authority's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2040. The 7.25% discount rate, which includes the assumed inflation rate of 2.50%, was used to calculate the net OPEB liability through 2040. Beyond 2040, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (2.21%) was applied. Thus, 2.86% is the blended discount rate.

STATE OF NEW MEXICO
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NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

10. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates – The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.16 percent) or 1-percentage-point higher (5.16 percent) than the current discount rate:

	1% Decrease 3.16%	Current Discount Rate 4.16%	1% Increase 5.16%
City of Sunland Park's proportionate share of the net OPEB liability	\$ <u>4,273,008</u>	\$ <u>3,437,646</u>	\$ <u>2,791,997</u>

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
City of Sunland Park's proportionate share of the net OPEB liability	\$ <u>2,821,664</u>	\$ <u>3,437,646</u>	\$ <u>3,904,884</u>

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in NMRHCA's audited financial statements for the year ended June 30, 2021.

11. CONCENTRATIONS

The Housing Authority received 57% 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.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

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, 2022 the City does not have a contingent liability outstanding.

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. There were funds that reflected a deficit fund balance as of June 30, 2022. The Motor Vehicle Department had a deficit fund balance of \$43,869. The Board fund had a deficit fund balance of \$584. The Grants Fund had a deficit fund balance of \$18,078.
- B Excess of expenditures over appropriations exceeded approved budgetary authority for the year ended June 30, 2022: There were no funds that exceeded approved budgetary authority for the year ended June 30, 2022.
- 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, 2022.

14. SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2022, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is December 15, 2022, which is the date on which the financial statements were available to be issued.

15. RESTRICTED NET POSITION

The government-wide statement of net position reports \$9,084,357 of restricted amounts, all of which is restricted by enabling legislation. For descriptions of the related enabling legislation for special revenue and capital projects, see pages 39 and 88.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

16. JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING

A joint powers agreement was executed on February 24, 2009 between the City and the County of Doña 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 Doña Ana County which is the responsible reporting entity. Board membership is comprised of two elected officials from Sunland Park and two County Commissioners from Doña 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, Doña 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 \$164,132 to the Mesilla Valley Regional Dispatch Authority in fiscal year 2022.

17. NEW GOVERNMENTAL ACCOUNTING STANDARDS

In June 2017, GASB Statement No.87, Leases, was issued. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. GASB Statement No.87, Leases, had no effect on the financial statements of the City of Sunland Park, as the City was not the lessee or the lessor of any property as of June 30, 2022.

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AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

17. NEW GOVERNMENTAL ACCOUNTING STANDARDS (CONTINUED)

In May 2019, GASB Statement No. 91, Conduit Debt Obligations, was issued. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirement of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In May 2020 GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, was issued, effective immediately. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic.

In May 2020 GASB Statement No. 96, This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

18. TAX ABATEMENTS

There are no tax abatement to report under GASB 77.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL GENERAL DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2022

	Measurement Date As of and for the Year Ended June 30, 2022	Measurement Date As of and for the Year Ended June 30, 2020	Measurement Date As of and for the Year Ended June 30, 2020	Measurement Date As of and for the Year Ended June 30, 2019	Measurement Date As of and for the Year Ended June 30, 2018	Measurement Date As of and for the Year Ended June 30, 2017	Measurement Date As of and for the Year Ended June 30, 2016	Measurement Date As of and for the Year Ended June 30, 2015
The City of Sunland Park's proportion of the net pension liability	0.1524 %	0.1495 %	0.1579 %	0.1611 %	0.1250 %	0.1207 %	0.1174 %	0.0948 %
The City of Sunland Park's proportionate share of the net pension liability	\$ 1,716,861	\$ 3,023,230	\$ 2,733,406	\$ 2,568,530	\$ 1,717,606	\$ 1,928,380	\$ 1,196,995	\$ 739,542
The City of Sunland Parks' covered-employee payroll	\$ 1,495,557	\$ 1,711,610	\$ 1,472,810	\$ 1,372,930	\$ 1,036,907	\$ 998,714	\$ 1,336,693	\$ 1,055,626
The City of Sunland Parks' proportionate share of the net pension liability as a percentage of its covered-employee payroll	114.80 %	176.63 %	185.59 %	187.08 %	165.65 %	193.09 %	89.55 %	70.06 %
Plan fiduciary net position as a percentage of the total pension liability	77.25 %	66.36 %	70.52 %	71.13 %	73.74 %	69.18 %	76.99 %	81.29 %

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, The City of Sunland Park will present information for those years for which information is available.

See independent auditors' report
See notes to required supplementary information

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL POLICE DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2022

	Measurement Date As of and for the Year Ended June 30, 2022	Measurement Date As of and for the Year Ended June 30, 2021	Measurement Date As of and for the Year Ended June 30, 2020	Measurement Date As of and for the Year Ended June 30, 2019	Measurement Date As of and for the Year Ended June 30, 2018	Measurement Date As of and for the Year Ended June 30, 2017	Measurement Date As of and for the Year Ended June 30, 2016	Measurement Date As of and for the Year Ended June 30, 2015
The City of Sunland Parks' proportion of the net pension liability	0.3565 %	0.3492 %	0.3773 %	0.4272 %	0.3358 %	0.3546 %	0.3715 %	0.3613 %
The City of Sunland Parks' proportionate share of the net pension liability	\$ 1,843,928	\$ 2,999,173	\$ 2,786,998	\$ 2,914,804	\$ 1,865,590	\$ 2,616,344	\$ 1,786,380	\$ 1,177,799
The City of Sunland Parks' covered-employee payroll	\$ 1,791,780	\$ 1,575,727	\$ 1,698,368	\$ 1,804,667	\$ 1,293,539	\$ 1,348,799	\$ 865,650	\$ 894,412
The City of Sunland Parks' proportionate share of the net pension liability as a percentage of its covered- employee payroll	102.91 %	190.34 %	164.10 %	161.51 %	144.22 %	193.98 %	206.36 %	136.23 %
Plan fiduciary net position as a percentage of the total pension liability	77.25 %	66.36 %	70.52 %	71.13 %	73.74 %	69.18 %	76.99 %	81.29 %

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, The City of Sunland Park will present information for those years for which information is available.

See independent auditors' report
See notes to required supplementary information

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL FIRE DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2022

	Measurement Date As of and for the Year Ended June 30, 2022	Measurement Date As of and for the Year Ended June 30, 2021	Measurement Date As of and for the Year Ended June 30, 2020	Measurement Date As of and for the Year Ended June 30, 2019	Measurement Date As of and for the Year Ended June 30, 2018	Measurement Date As of and for the Year Ended June 30, 2017	Measurement Date As of and for the Year Ended June 30, 2016	Measurement Date As of and for the Year Ended June 30, 2015
The City of Sunland Park's proportion of the net pension liability	0.2956 %	0.2652 %	0.2802 %	0.2802 %	0.2802 %	0.2467 %	0.2512 %	0.2218 %
The City of Sunland Park's proportionate share of the net pension liability	\$ 1,794,287	\$ 1,376,535	\$ 1,376,535	1,793,456	1,793,456	1,793,456	1,296,489	925,792
The City of Sunland Park's covered-employee payroll	\$ 926,867	\$ 926,867	\$ 617,721	\$ 815,530	\$ 647,061	\$ 629,993	\$ 546,192	\$ 544,147
The City of Sunland Parks' proportionate share of the net pension liability as a percentage of its covered- employee payroll	193.59 %	148.51 %	222.84 %	168.79 %	212.74 %	261.23 %	237.37 %	193.97 %
Plan fiduciary net position as a percentage of the total pension liability	77.25 %	66.36 %	70.52 %	71.13 %	73.74 %	69.18 %	76.99 %	81.29 %

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, The City of Sunland Park will present information for those years for which information is available.

See independent auditors' report
See notes to required supplementary information

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL FIRE DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2022

	As of and for the Year Ended June 30, 2022	As of and for the Year Ended June 30, 2021	As of and for the Year Ended June 30, 2020	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018	As of and for the Year Ended June 30, 2017	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
Contractually required contribution	\$ 148,004	\$ 138,153	\$ 144,489	\$ 127,802	\$ 126,753	\$ 97,278	\$ 98,915	\$ 96,654
Contributions in relation to the contractually required contribution	<u>(148,004)</u>	<u>(138,153)</u>	<u>(144,489)</u>	<u>(127,802)</u>	<u>(126,753)</u>	<u>(97,278)</u>	<u>(98,915)</u>	<u>(96,654)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
The City of Sunland Park's covered-employee payroll	<u>\$ 1,531,271</u>	<u>\$ 1,495,557</u>	<u>\$ 1,472,810</u>	<u>\$ 1,372,930</u>	<u>\$ 1,036,907</u>	<u>\$ 998,715</u>	<u>\$ 1,336,693</u>	<u>\$ 1,055,626</u>
Contributions as a percentage of covered-employee payroll	9.67 %	9.24 %	9.81 %	9.31 %	12.22 %	9.74 %	7.40 %	9.16 %

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

See independent auditors' report
See notes to required supplementary information

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL FIRE DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2022

	As of and for the Year Ended June 30, 2022	As of and for the Year Ended June 30, 2021	As of and for the Year Ended June 30, 2020	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018	As of and for the Year Ended June 30, 2017	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
Contractually required contribution	\$ 173,184	\$ 157,842	\$ 166,617	\$ 167,990	\$ 158,125	\$ 133,310	\$ 131,072	\$ 137,634
Contributions in relation to the contractually required contribution	<u>(173,184)</u>	<u>(157,842)</u>	<u>(166,617)</u>	<u>(167,990)</u>	<u>(158,125)</u>	<u>(133,310)</u>	<u>(131,072)</u>	<u>(137,634)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
The City of Sunland Park's covered-employee payroll	<u>\$ 1,791,780</u>	<u>\$ 1,630,595</u>	<u>\$ 1,698,368</u>	<u>\$ 1,804,667</u>	<u>\$ 1,293,539</u>	<u>\$ 1,348,799</u>	<u>\$ 865,650</u>	<u>\$ 894,412</u>
Contributions as a percentage of covered-employee payroll	9.67 %	9.68 %	9.81 %	9.31 %	12.22 %	9.88 %	15.14 %	15.39 %

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See independent auditors' report
See notes to required supplementary information

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL FIRE DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2022

	As of and for the Year Ended June 30, 2022	As of and for the Year Ended June 30, 2021	As of and for the Year Ended June 30, 2020	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018	As of and for the Year Ended June 30, 2017	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
Contractually required contribution	\$ 97,284	\$ 81,074	\$ 60,601	\$ 75,915	\$ 79,098	\$ 61,363	\$ 62,266	\$ 61,958
Contributions in relation to the contractually required contribution	<u>(97,284)</u>	<u>(81,074)</u>	<u>(60,601)</u>	<u>(75,915)</u>	<u>(79,098)</u>	<u>(61,363)</u>	<u>(62,266)</u>	<u>(61,958)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
The City of Sunland Park's covered-employee payroll	<u>\$ 1,006,512</u>	<u>\$ 926,867</u>	<u>\$ 617,721</u>	<u>\$ 815,530</u>	<u>\$ 647,061</u>	<u>\$ 629,993</u>	<u>\$ 546,192</u>	<u>\$ 544,147</u>
Contributions as a percentage of covered-employee payroll	9.67 %	8.75 %	9.81 %	9.31 %	12.22 %	9.74 %	11.40 %	11.39 %

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, The City of Sunland Park will present information for those years for which information is available.

See independent auditors' report
See notes to required supplementary information

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

Changes of benefit terms - The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY21 audit available at <https://www.nmpera.org/assets/uploads/home-banner/Agency-366B-NM-PERA-2021-Employer-Allocation-Schedule-FINAL.pdf>.

Changes in assumptions - *The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2020 report is available at <https://www.nmpera.org/assets/uploads/downloads/gasb-67-supplemental-reports/Agency-366-B-PERA-2020-Schedule-of-Employer-Allocation-Final-S.pdf>.*

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
SCHEDULE OF PROPORTIONATE SHARE OF THE OPEB LIABILITY
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Measurement Date As of and for the Year Ended June 30, 2022</u>	<u>Measurement Date As of and for the Year Ended June 30, 2021</u>	<u>Measurement Date As of and for the Year Ended June 30, 2019</u>	<u>Measurement Date As of and for the Year Ended June 30, 2018</u>
The City of Sunland Park's proportion of the net OPEB liability	0.0819 %	0.0908 %	0.0885 %	0.0730 %
The City of Sunland Park's proportionate share of the net OPEB liability	\$ 3,437,646	\$ 2,943,441	\$ 3,849,164	\$ 3,308,574
The City of Sunland Parks' covered-employee payroll	\$ 3,518,868	\$ 3,788,185	\$ 3,798,054	\$ 3,041,339
The City of Sunland Parks' proportionate share of the net OPEB liability as a percentage of its covered- employee payroll	97.69 %	77.70 %	101.35 %	108.79 %
Plan fiduciary net position as a percentage of the total OPEB liability	16.50 %	18.92 %	13.14 %	11.34 %

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, The City of Sunland Park will present information for those years for which information is available.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
SCHEDULE OF CITY OF SUNLAND PARK'S CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2022

	<u>As of and for the Year Ended June 30, 2022</u>	<u>As of and for the Year Ended June 30, 2021</u>	<u>As of and for the Year Ended June 30, 2019</u>	<u>As of and for the Year Ended June 30, 2018</u>
Contractually required contribution	\$ 81,438	\$ 80,355	\$ 138,327	\$ 231,841
Contributions in relation to the contractually required contribution	<u>(80,355)</u>	<u>(80,355)</u>	<u>(136,638)</u>	<u>(116,358)</u>
Contribution deficiency (excess)	<u>1,083</u>	<u>-</u>	<u>1,689</u>	<u>115,483</u>
The City of Sunland Park's covered-employee payroll	<u>\$ 3,518,868</u>	<u>\$ 3,518,868</u>	<u>\$ 3,798,054</u>	<u>\$ 3,041,339</u>
Contributions as a percentage of covered-employee payroll	2.31 %	2.12 %	3.60 %	3.83 %

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

See independent auditors' report

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
OPEB NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

Benefit changes - In 2021 no benefit changes to those in place. Retirees and spouses are eligible for medical and prescription drug benefits. Dental and vision benefits are also available. New Mexico Retiree Health Care Authority audited annual comprehensive financial report is available at the following web address: www.nmrhca.state.nm.us

Changes of assumptions - The OPEB salary scale, inflation, and payroll assumptions were updated to reflect assumptions used in the OPEB June 30, 2021 retire health care fund valuation. Per capita costs, future trend for health costs, and medical election assumptions were updated.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NON-MAJOR FUNDS
JUNE 30, 2022

SPECIAL REVENUE FUNDS

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 state legislation to assist municipal courts in the cost associated with the automation requirements. Authority for the creation of this fund is City Council.

Board Expense – To account for discretionary expenditures made by the Board.

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).

Fire Protection Fund - To account for 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). Fund was created to comply with State Statutes Section 59-15

Stonegarden - Used to account for grant provided for use by the police department in order to increase border security and protection under Stonegarden 2013. This fund is authorized by the board of directors.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NON-MAJOR FUNDS
JUNE 30, 2022

SPECIAL REVENUE FUNDS (CONTINUED)

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).

Lodgers Tax - To account for all monies derived from lodgers tax.

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.

CDBG Grant - To improve 1st through 5th streets. The total of the grant \$500,000 with \$50,000 match and \$222,085 leverage.

State LRF Grant - was created 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, and the use of the fund is externally restricted by a grant agreement.

Debt Service Fund- was created to account for funding made through long term debt agreements with the New Mexico Finance Authority used for a specific purpose and are usually restricted by an agreement.

Library Fund - To account for the operations and maintenance of the Village Library. Financing is provided by donations and/ or grants. The donations/grants provide for payment of all current operating costs and may be used only for that purpose. (Authority is Village Council)

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds								
	Emergency Medical Services	Corrections Fund	Senior Citizens Center	Law Enforcement Protection	Court Automation	Board Expense Fund	New Mexico Beautification	Fire Protection Fund	Stone Garden
ASSETS									
Cash and cash equivalents	\$ 6,696	\$ 150,702	\$ -	\$ -	\$ 13,078	\$ 165	\$ 10,595	\$ 128,714	\$ 8,452
Receivables:									
Total assets	\$ 6,696	\$ 150,702	\$ -	\$ -	\$ 13,078	\$ 165	\$ 10,595	\$ 128,714	\$ 8,452
LIABILITIES AND FUND BALANCE									
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-	749	-	-	-
Total liabilities	-	-	-	-	-	749	-	-	-
Fund balances:									
Spendable									
Restricted for:									
General government	-	-	-	-	-	-	-	-	-
Public safety	6,696	150,702	-	-	13,078	-	-	128,714	-
Public works	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	10,595	-	-
Capital projects	-	-	-	-	-	-	-	-	8,452
Unassigned	-	-	-	-	-	(584)	-	-	-
Total fund balances	6,696	150,702	-	-	13,078	(584)	10,595	128,714	8,452
Total liabilities and fund balances	\$ 6,696	\$ 150,702	\$ -	\$ -	\$ 13,078	\$ 165	\$ 10,595	\$ 128,714	\$ 8,452

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022

	Special Revenue					Capital Projects		Debt Fund	Total Other
	Confiscated Assets	Traffic Safety Fund	Lodgers Tax	Municipal Road	State LRF Fund	CDBG Grant	Library Grant Fund	Debt Service	Governmental Funds
ASSETS									
Cash and cash equivalents	\$ -	\$ 2,980	\$ 218,889	\$ 252,491	\$ 33,303	\$ 3,750	\$ 44,761	\$ 1,057,688	\$ 1,932,264
Restricted cash	-	-	-	-	-	-	-	39,445	39,445
Receivables:									
Taxes	-	-	10,331	3,273	-	-	-	-	13,604
Other receivables	-	677	-	-	-	-	-	-	677
Total assets	<u>\$ -</u>	<u>\$ 3,657</u>	<u>\$ 229,220</u>	<u>\$ 255,764</u>	<u>\$ 33,303</u>	<u>\$ 3,750</u>	<u>\$ 44,761</u>	<u>\$ 1,097,133</u>	<u>\$ 1,985,990</u>
LIABILITIES AND FUND BALANCE									
Liabilities									
Accounts payable	\$ -	\$ -	\$ 19,566	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,566
Accrued salaries	-	982	-	-	-	-	-	-	1,731
Total liabilities	<u>-</u>	<u>982</u>	<u>19,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,297</u>
Fund balances:									
Spendable									
Restricted for:									
General government	-	-	209,654	-	33,303	-	-	-	242,957
Public safety	-	2,675	-	-	-	-	-	-	301,865
Public works	-	-	-	255,764	-	3,750	-	-	259,514
Culture and recreation	-	-	-	-	-	-	44,761	-	55,356
Capital projects	-	-	-	-	-	-	-	-	8,452
Debt service	-	-	-	-	-	-	-	1,097,133	1,097,133
Unassigned	-	-	-	-	-	-	-	-	(584)
Total fund balances	<u>-</u>	<u>2,675</u>	<u>209,654</u>	<u>255,764</u>	<u>33,303</u>	<u>3,750</u>	<u>44,761</u>	<u>1,097,133</u>	<u>1,964,693</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 3,657</u>	<u>\$ 229,220</u>	<u>\$ 255,764</u>	<u>\$ 33,303</u>	<u>\$ 3,750</u>	<u>\$ 44,761</u>	<u>\$ 1,097,133</u>	<u>\$ 1,985,990</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds								
	Emergency Medical Fund	Corrections Fund	Senior Citizens Center	Law Enforcement Protection Fund	Court Automation	Board Expense Fund	New Mexico Beautification	Fire Protection Fund	Stone Garden
Revenues:									
Taxes:									
Gasoline and motor vehicle	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lodgers tax	-	-	-	-	-	-	-	-	-
Intergovernmental income:									
Federal capital grants	-	-	-	-	-	-	-	-	89,776
State operating grants	-	-	-	33,200	8,635	-	-	377,695	-
State capital grants	-	-	-	-	-	-	2,371	-	-
Charges for services	-	-	-	-	-	-	-	6,000	-
Licenses and fees	-	43,687	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	20,904	-	-	-
Total revenues	-	43,687	-	33,200	8,635	20,904	2,371	383,695	89,776
Expenditures:									
Current:									
General government	-	-	-	-	-	125,393	-	-	-
Public safety	-	31,256	-	-	-	-	-	212,849	40,350
Culture and recreation	-	-	-	-	-	-	13,737	-	-
Capital outlay	-	-	-	-	4,015	18,098	-	51,532	40,974
Total expenditures	-	31,256	-	-	4,015	143,491	13,737	264,381	81,324
Excess (deficit) of revenues over expenditures	-	12,431	-	33,200	4,620	(122,587)	(11,366)	119,314	8,452

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds								
	Emergency Medical Fund	Corrections Fund	Senior Citizens Center	Law Enforcement Protection Fund	Court Automation	Board Expense Fund	New Mexico Beautification	Fire Protection Fund	Stone Garden
Other financing sources:									
Transfers in	-	-	-	-	-	198,603	11,366	-	-
Transfers out	-	-	-	(33,200)	-	-	-	(90,435)	-
Total other financing sources	-	-	-	(33,200)	-	198,603	11,366	(90,435)	-
Net change in fund balances	-	12,431	-	-	4,620	76,016	-	28,879	8,452
Fund balance - beginning of year	6,696	138,271	-	-	8,458	(76,600)	10,595	99,835	-
Fund balance - end of year	\$ 6,696	\$ 150,702	\$ -	\$ -	\$ 13,078	\$ (584)	\$ 10,595	\$ 128,714	\$ 8,452

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue					Capital Projects		Debt Fund	Total Other
	Confiscated Assets	Traffic Safety Fund	Lodgers Tax	Municipal Road	State LRF Grant	CDBG Grant	Library Grant Fund	Debt Service	Governmental Funds
Revenues:									
Taxes;									
Gasoline and motor vehicle	\$ -	\$ -	\$ -	\$ 38,632	\$ -	\$ -	\$ -	\$ -	\$ 38,632
Lodgers tax	-	-	72,810	-	-	-	-	-	72,810
Intergovernmental income:									
Federal capital grants	-	-	-	-	-	-	-	-	89,776
State operating grants	-	12,286	-	-	-	-	-	-	431,816
State capital grants	-	-	-	-	84,122	-	65,695	-	152,188
Charges for services	-	-	-	-	-	-	-	-	6,000
Licenses and fees	-	-	-	-	-	-	-	-	43,687
Investment income	-	-	-	-	-	-	-	23	23
Miscellaneous	-	-	-	-	-	-	-	-	20,904
Total revenues	-	12,286	72,810	38,632	84,122	-	65,695	23	855,836
Expenditures:									
Current:									
General government	-	-	44,375	-	-	-	-	-	169,768
Public safety	-	14,542	-	-	-	-	-	258,408	557,405
Public work	-	-	-	-	-	-	-	153,897	153,897
Culture and recreation	-	-	-	-	-	-	31,039	-	44,776
Capital outlay	-	-	-	-	410,939	-	-	-	525,558
Principal	-	-	-	-	-	-	-	160,786	160,786
Total expenditures	-	14,542	44,375	-	410,939	-	31,039	573,091	1,612,190
Excess (deficit) of revenues over expenditures	-	(2,256)	28,435	38,632	(326,817)	-	34,656	(573,068)	(756,354)

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue					Capital Projects		Debt Service	Total Other
	Confiscated Assets	Traffic Safety Fund	Lodgers Tax	Municipal Road	State LRF Fund	CDBG Grant	Library Grant Fund	Debit Service	Governmental Funds
Other financing sources:									
Proceeds from notes	-	-	-	-	-	-	-	64,800	64,800
Transfers in	-	3,681	-	-	274,817	-	-	155,841	644,308
Transfers out	-	-	-	-	-	-	-	-	(123,635)
Total other financing sources	-	3,681	-	-	274,817	-	-	220,641	585,473
Net change in fund balances	-	1,425	28,435	38,632	(52,000)	-	34,656	(352,427)	(170,881)
Fund balance - beginning of year	-	1,250	181,219	217,132	85,303	3,750	10,105	1,449,560	2,135,574
Fund balance - end of year	\$ -	\$ 2,675	\$ 209,654	\$ 255,764	\$ 33,303	\$ 3,750	\$ 44,761	\$ 1,097,133	\$ 1,964,693

See independent auditors' report and accompanying notes to financial statements.

OTHER SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
SCHEDULE OF DEPOSITORIES AND TEMPORARY INVESTMENTS
BY DEPOSITORY FOR PUBLIC FUNDS
JUNE 30, 2022

Deposit Account Type	Wells Fargo Bank		NMFA	Totals
General Fund - Checking	\$ 6,355,395		\$ -	\$ 6,355,395
General Fund - CD	500,000	*	-	500,000
General - Savings	201,648	*	-	201,648
Fire Protection Fund- Checking	141,413		-	141,413
EMS Fund - Checking	6,696		-	6,696
Correction Fund - Checking	150,702		-	150,702
CDBG Fund - Checking	3,750		-	3,750
Municipal Road Fund - Checking	252,491		-	252,491
LEDA - Checking	320,430		-	320,430
COPS Grant	8,452		-	8,452
Library Grant - Checking	44,761		-	44,761
Public Housing Authority Fund - Checking	333,520		-	333,520
Public Housing Authority Fund - Saving	175,222		-	175,222
FEMA Grant Fund - Checking	1,344,916		-	1,344,916
Motor Vehicle Fund - Checking	586,616		-	586,616
Solid Waste - Checking	157,722		-	157,722
Lodgers Tax Fund - Checking	218,899		-	218,899
Border Crossing Fund - Checking	1,063,899		-	1,063,899
Border Crossing Fund - Savings	3,563,937	*	-	3,563,937
Grant Fund	64,608		-	64,608
Debt Service - Checking	(66,543)		-	(66,543)
NMFA Program Funds	<u>-</u>		<u>1,163,675</u>	<u>1,163,675</u>
Total deposits and investments	<u>15,428,534</u>		<u>1,163,675</u>	16,592,209
		Plus: net reconciling items		(102,848)
		Plus: petty cash		<u>300</u>
		Reconciled balance June 30, 2022		<u>\$ 16,489,661</u>
		Cash and cash equivalents		\$ 11,552,557
		Restricted cash and cash equivalents		<u>4,937,104</u>
		Total cash and cash equivalents and investments		<u>\$ 16,489,661</u>

* Interest Bearing Account

See independent auditors' report

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
SCHEDULE OF PLEDGED COLLATERAL
FOR THE YEAR ENDED JUNE 30, 2022

Name of Depository	Description of Pledged Collateral	Maturity	CUSP Number	Fair Market Value at June 30, 2022
Bank of New York Mellon				
	FMAC FEPC 3.0%	11/1/2049	313KG4S4	\$ 2,173,678
	FMAC FEPC 3.0%	11/1/2050	3140K3BC5	1,057,478
	FNMA FNMS 3.0%	2/1/2047	3140QCVV5	2,281,600
	FNMA FNMS 3.0%	10/1/2038	31418ECR9	4,305,103
	FNMA FNMS 4.5%	1/1/2050	36179UGD8	1,014,739
	FNMA FNMS 3.0%	3/1/2048	3622ABQA3	3,211,065
	FMAC FEPC 3.0%	4/1/2042	3622ABRK0	<u>334,530</u>
	Total Market Value			<u>\$ 14,378,193</u>
Wells Fargo- Demand Deposit Accounts				
Operating Account	\$ 9,823,752			
Savings	3,940,807			
NMFA	1,163,675			
CD	500,000			
Petty Cash	<u>300</u>			
Subtotal	15,428,534			

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, 2022

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
111	Cash - Unrestricted	\$ 504,903	\$ -	\$ 504,903
	Cash- Restricted	5,850	-	-
100	Total Cash	504,903	-	504,903
124	Accounts Receivable - Other Government	5,601	-	5,601
126	Accounts Receivable - Tenants	-	-	-
120	Total Receivables, Net of Allowance for Doubtful Accounts	5,601	-	5,601
131	Investments - Unrestricted	-	-	-
130	Total Investments	-	-	-
150	Total Current Assets	516,354	-	516,354
114	Cash - Tenant Security Deposits	-	-	-
161	Land	150,000	-	150,000
162	Buildings	3,493,990	-	3,493,990
163	Furniture, Equipment & Machinery - Dwellings	66,411	-	66,411
164	Vehicles	48,532	-	48,532
166	Accumulated Depreciation	(2,194,810)	-	(2,194,810)
160	Total Capital Assets, Net of Accumulated Depreciation	1,564,123	-	1,564,123
180	Total Non-Current Assets	1,564,123	-	1,564,123
190	Total Assets	2,080,477	-	2,080,477
200	Deferred Outflows of Resources	48,748	-	48,748
290	Total Assets and Deferred Outflow of Resources	\$2,129,225	\$ -	\$2,129,225

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, 2022

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
312	Accounts Payable <= 90 Days	\$ -	\$ -	\$ -
321	Accrued Wage/Payroll Taxes Payable	1,442	-	1,442
322	Accrued Compensated Absences - Current Portion	6,356	-	6,356
324	Accrued Contingency Liability	-	-	-
331-030	Other	-	-	-
332	Accounts Payable - PHA Projects	-	-	-
333	Accounts Payable - Other Government	-	-	-
341	Tenant Security Deposits	6,371	-	6,371
342	Deferred Revenues	-	-	-
342-010	Operating Subsidy	-	-	-
342-020	Capital Fund	-	-	-
343-020	Capital Projects/Mortgage Revenue	-	-	-
344	Borrowings	-	-	-
345	Other Current Liabilities	-	-	-
346	Accrued Liabilities - Other	-	-	-
347	Due to other funds	-	-	-
348	Loan Liability - Current	-	-	-
348-010	Not For Profit	-	-	-
348-020	Partnership	-	-	-
348-030	Joint Venture	-	-	-
348-040	Tax Credit	-	-	-
348-050	Other	-	-	-
310	Total Current Liabilities	<u>14,169</u>	<u>-</u>	<u>14,169</u>
354	Accrued Compensated Absences - Non Current	-	-	-
357	Net Pension Liability	95,721	-	95,721
357	OPEB Liability	<u>91,004</u>	<u>-</u>	<u>91,004</u>
350	Total Non-Current Liabilities	<u>186,725</u>	<u>-</u>	<u>186,725</u>
300	Total Liabilities	<u>200,894</u>	<u>-</u>	<u>200,894</u>
400	Deferred Inflows of Resources	<u>84,423</u>	<u>-</u>	<u>84,423</u>
508.1	Net investment in capital assets	1,564,123	-	1,564,123
512.0	Unrestricted Net Position	<u>279,785</u>	<u>-</u>	<u>279,785</u>
513	Total Equity/Net Position	<u>1,843,908</u>	<u>-</u>	<u>1,843,908</u>
600	Total Liabilities and Equity/Net Position	<u>\$ 2,129,225</u>	<u>\$ -</u>	<u>\$ 2,129,225</u>

See independent auditors' report

STATE OF NEW MEXICO
CITY OF SUNLAND PARK HOUSING AUTHORITY
A DEPARTMENT OF THE CITY OF SUNLAND PARK
FINANCIAL DATA SCHEDULE
JUNE 30, 2022

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
70300	Net Tenant Rental Revenue	\$ 127,815	\$ -	\$ 127,815
70400	Tenant Revenue- Other	<u>200</u>	<u>-</u>	<u>200</u>
70500	Total Tenant Revenue	<u>128,015</u>	<u>-</u>	<u>128,015</u>
70600	HUD PHA Operating Grants	90,040	-	90,040
70610	Capital Grants	-	-	-
70800	Other Governmental Grants	-	-	-
71100	Investment Income - Unrestricted	720	-	720
71500	Other Revenue	1,982	-	1,982
71600	Gain or Loss on Sale of Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>
70000	Total Revenue	<u>220,757</u>	<u>-</u>	<u>220,757</u>
91100	Administrative Salaries	107,357	-	107,357
91200	Auditing Fees	5,200	-	5,200
91300	Management Fee	-	-	-
91500	Employee Benefit Contributions - Administrative	13,659	-	13,659
91600	Office Expenses	4,047	-	4,047
91700	Professional Service Expense	9,629	-	9,629
91800	Travel	-	-	-
91810	Allocated Overhead	-	-	-
91900	Other	18,483	-	18,483
93400	Duel	-	-	-
93800	Other Utilities Expense	52,432	-	52,432
94300	Maintenance	22,941	-	22,941
96120	Insurance	1,943	-	1,943
96130	Workmen's Compensation	-	-	-
96140	All Other Insurance	-	-	-
97400	Depreciation Expense	<u>99,417</u>	<u>-</u>	<u>99,417</u>
91000	Total Operating Expenses	<u>335,108</u>	<u>-</u>	<u>335,108</u>

See independent auditors' report

STATE OF NEW MEXICO
CITY OF SUNLAND PARK HOUSING AUTHORITY
A DEPARTMENT OF THE CITY OF SUNLAND PARK
FINANCIAL DATA SCHEDULE
JUNE 30, 2022

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
97000	Excess Operating Revenue Over Operating Expenses	<u>(114,351)</u>	<u>-</u>	<u>(114,351)</u>
10010	Operating Transfers In	-	-	-
10000	Excess (Deficiency) of Operating Revenue Over (Under) Total Expenses	<u>(114,351)</u>	<u>-</u>	<u>(114,351)</u>
11030	Net Position at the beginning of the Year	<u>1,958,259</u>	<u>-</u>	<u>1,958,259</u>
11040	Prior Period Adjustment, Equity Transfers and Correction	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	Net Position at End of year	<u>\$ 1,843,908</u>	<u>\$ -</u>	<u>\$ 1,843,908</u>

See independent auditors' report

COMPLIANCE SECTION



Beasley, Mitchell & Co.

Certified Public Accountants

INDEPENDENT AUDITORS' 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

Mr. Brian S. Colón, Esq., State Auditor
and the Mayor and City Council of the
City of Sunland Park, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds of the City of Sunland Park, New Mexico as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and the combined and individual funds, and have issued our report thereon dated December 15, 2022.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2022-001 to be material weaknesses.



A significant deficiency is a deficiency, or 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 accompany schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Sunland Park, New Mexico financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying schedule of findings and questioned costs as item 2022-003 .

City of Sunland Park, New Mexico's Response to Findings

City of Sunland Park, New Mexico's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Sunland Park, New Mexico's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Beasley, Mitchell & Co.
Las Cruces, New Mexico
December 15, 2022



Beasley, Mitchell & Co.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROLS OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

Mr. Brian S. Colón, Esq., State Auditor
and the Mayor and City Council of the
City of Sunland Park, New Mexico

Report on Compliance for Each Major Federal

Opinion on Each Major Federal Program

We have audited the City of Sunland Park's (the City), compliance with the types of compliance requirements identified as a subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City of Sunland Park's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Sunland Park complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Sunland Park and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Sunland Park's compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Sunland Park's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Sunland Park's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Sunland Park's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Sunland Park's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Sunland Park's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Sunland Park's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Beasley, Mitchell & Co. LLP

Beasley, Mitchell & Co., LLP

Las Cruces, New Mexico

December 15, 2022

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Program Title	Federal Assistance Listing Number	Federal Program Expenses
<u>U.S. Department of Health and Human Services</u>		
Homeland security Grant Program	97.067	\$ 81,324
Public and Indian Housing	14.850	110,027
Coronavirus Relief Fund	21.019	<u>975,550</u>
Total Federal Financial Assistance		<u>\$ 1,166,901</u>

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
NOTES TO SEFA
FOR THE YEAR ENDED JUNE 30, 2022

Note 1 - General

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards of the city. The City's reporting entity is defined in Note 1 of the basic financial statements. Federal awards passed through other governmental agencies are included on the Schedule of Expenditures of Federal Awards.

Note 2 - Basis of Presentation

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the basic financial statements. Federal grants are considered to be earned to the extent of expenditures made under the provision of the grant; and accordingly, when such funds are received, and they are recorded as unearned revenue until earned.

Note 3 - Indirect Cost Allocation

The City of Sunland Park elected to use the 10% de minimus rate.

Note 4 - Sub-Recipients of Federal Awards

The City does not have any sub-recipients for their federal awards.

Note 5 - Loan Balance

There is no new balances to any federal loans.

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 2022

Summary of Audit Results

Type of auditors' report issued	Unmodified
Internal control over financial reporting	
• Material weakness(es) identified	Yes
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted	Yes

Federal Awards

Type of auditors' report issued:	Unmodified
Internal control over major programs	

• Material weakness (es) identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	No
• Other matters	No

Type of auditors' report issued on compliance with major programs:	Unmodified
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• Any audit findings disclosed that are required to be reported in accordance with the Uniform Grant Guidance?	No
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Identification of Major Programs:
Assistance Listing Number

Name of Federal
Program or Cluster

21.019

American Recovery
Plan Assistance

Dollar threshold used to distinguish between Type A and Type B programs

\$ 750,000

Auditee qualified as low-risk auditee	No
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STATE OF NEW MEXICO
CITY OF SUNLAND PARK
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 2022

Section II - Financial Statement Findings

PRIOR YEAR FINDINGS

None Noted

CURRENT YEAR FINDINGS

2022-001	Internal Control - Money Deposit Material Weakness	New
2022-002	Cash Count - Significant Deficiency	New
2022-003	Procurement - Other Compliance	New

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 2022

Cash deposit in bank daily (2022-001) - Material Weakness

CONDITION	Beasley, Mitchell & Co. (BMC) conducted a surprise cash count on November 17, 2022 and noted that the city does not deposit checks and money on a daily or reasonable time. BMC tested 8 deposits in the month of April, all of which were not deposited until May. The total amount of the deposits was \$26,779.	
CRITERIA	According to NMAC 2.2.2.10(L)(1)(d)(ii) all moneys, whether belonging to the state of New Mexico or to any country thereof, or to any city, town, village, municipal school district, union high school district, board of [or] institution, when lawfully in the possession or custody or under the control of the state treasurer, or of any county, city, town or village treasurer, or of any person acting as treasurer of any board in control, shall be considered to be moneys of and belonging to the state of New Mexico, or of the county, city, town, village or board in control for which such treasurer or person so in possession lawfully acts.	
CAUSE	The City failed to deposit the money within the twenty- four hour or in a reasonable period.	
EFFECT	The concern is that money will expose the city to higher risk of fraud, error, or misplacement of cash.	
RECOMMENDATION	It is recommended that the City deposits the cash daily or when reasonably possible.	
RESPONSE	The City will ensure deposits on a daily basis.	
IMPLEMENTATION	Expected Completion: June 30, 2023	Employee Responsible: City manager

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 2022

Cash Count (2022-002) - Significant Deficiency

CONDITION	Beasley, Mitchell & Co. (BMC) conducted a surprise cash count on November 17, 2022 and noted that the money on hand did not reconcile with recorded cash in the system which was expected to be \$550.
CRITERIA	The Auditing Standards (AU) Section 325 Exhibit B lists the following circumstances as a possible control deficiency, significant deficiency, or material weakness: "inadequate documentation of the components of internal control."
CAUSE	The Motor Vehicle Department consists of mostly new employees who are still in training.
EFFECT	The concern is that the lack of control from the city can facilitate the misuse of cash.
RECOMMENDATION	It is recommended that management is aware of the cash on hand and is constantly monitoring it.
RESPONSE	Management will monitor cash closely to ensure money on hand reconciles with recorded cash in the system.
IMPLEMENTATION	Expected Completion: June 30, 2023 Employee Responsible: MVD Manager

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 2022

Procurement (2022-003)- Other Compliance

CONDITION	During testing of procurement it was noted that 8 out of 8 procurement samples did not have documentation on the date and time each bid was received by the city.
CRITERIA	Procurement officer is required to keep documentation of date and time for any bids received.
CAUSE	The city hired a new procurement officer and lacked proper training on what documentation is necessary.
EFFECT	New procurement manager was unaware that such documentation was needed to ensure that no bids were received after the deadline listed for procurement.
RECOMMENDATION	It is recommended that the procurement officer documents the due date and time frame for receipt of all proposals.
RESPONSE	Procurement Officer will keep track of date and time when each bid is received.
Implementation	Expected Completion: June 30, 2023 Employee Responsible: Certified Procurement Officer

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2022

December 15, 2022

The City of Sunland Park, New Mexico (the City), respectfully submits the following corrective action plan for the year ended June 30, 2022.

Name and address of independent public accounting firm:

Beasley, Mitchell & Co.
P.O. Box 550
Las Cruces, New Mexico 88001

The findings from June 30, 2022 schedule of findings are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

Cash deposit in bank daily (2022-001) – Material Weakness

CONDITION	Beasley, Mitchell & Co. (BMC) conducted a surprise cash count on November 17, 2022 and noted that the city does not deposit checks and money on a daily or on a reasonable time.
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RECOMMENDATION	It is recommended that the city deposits the cash daily or when reasonably possible.
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RESPONSE	The City will ensure deposits on a daily basis.
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Expected Completion: June 30, 2023 **Employee Responsible:** City Manager

Cash Count (2022-001) – Significant Deficiency

CONDITION	Beasley, Mitchell & Co. (BMC) conducted a surprise cash count on November 17, 2022 and noted that the money on hand did not reconcile with recorded cash in the system which was expected to be \$550.
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RECOMMENDATION	It is recommended that management is aware of the cash on hand and is constantly monitoring it.
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RESPONSE	Management will monitor cash closely to ensure money on hand reconciles with recorded cash in the system.
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Expected Completion: June 30, 2023 **Employee Responsible:** MVD Manager

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2022

Procurement (2022-003) – Other Compliance

CONDITION	During testing of procurement it was noted that 8 out of 8 procurement samples did not have documentation on the date and time each bid was received by the city.
RECOMMENDATION	It is recommended that the procurement officer documents the due date and time frame for receipt of all proposals.
RESPONSE	Procurement Officer will keep track of date and time when each bid is received.

Expected Completion: June 30, 2023

Employee Responsible: Certified Procurement Officer

Sincerely yours,


Raquel Alarcon
Finance Director

STATE OF NEW MEXICO
CITY OF SUNLAND PARK
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2022

An entrance conference was held on September 8, 2022 in a closed meeting with Beasley, Mitchell & Co., LLP and with the following City officials:

Javier Perea	Mayor
Michael Martinez	City Manager
Raquel Alarcon	Finance Director

Beasley, Mitchell & Co., LLP

Juan Garcia	Audit Specialist
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An exit conference was held on December 13, 2022 in a closed meeting with Beasley, Mitchell & Co., LLP and with the following City officials:

Mario Infante	City Manager
Raquel Alarcon	Finance Director

Beasley, Mitchell & Co., LLP

Juan Garcia	Audit Specialist
Itzel Elizalde	Staff
Rashel Lopez	Intern

The financial statements presented in this report were compiled with the assistance of the auditors, Beasley, Mitchell & Co., LLP. However, the contents of the financial statements remain the responsibility of management.