



WELCOME TO THE CITY OF

# ESPAÑOLA

"THE HEART OF NORTHERN NEW MEXICO...WHERE CULTURES UNITE"

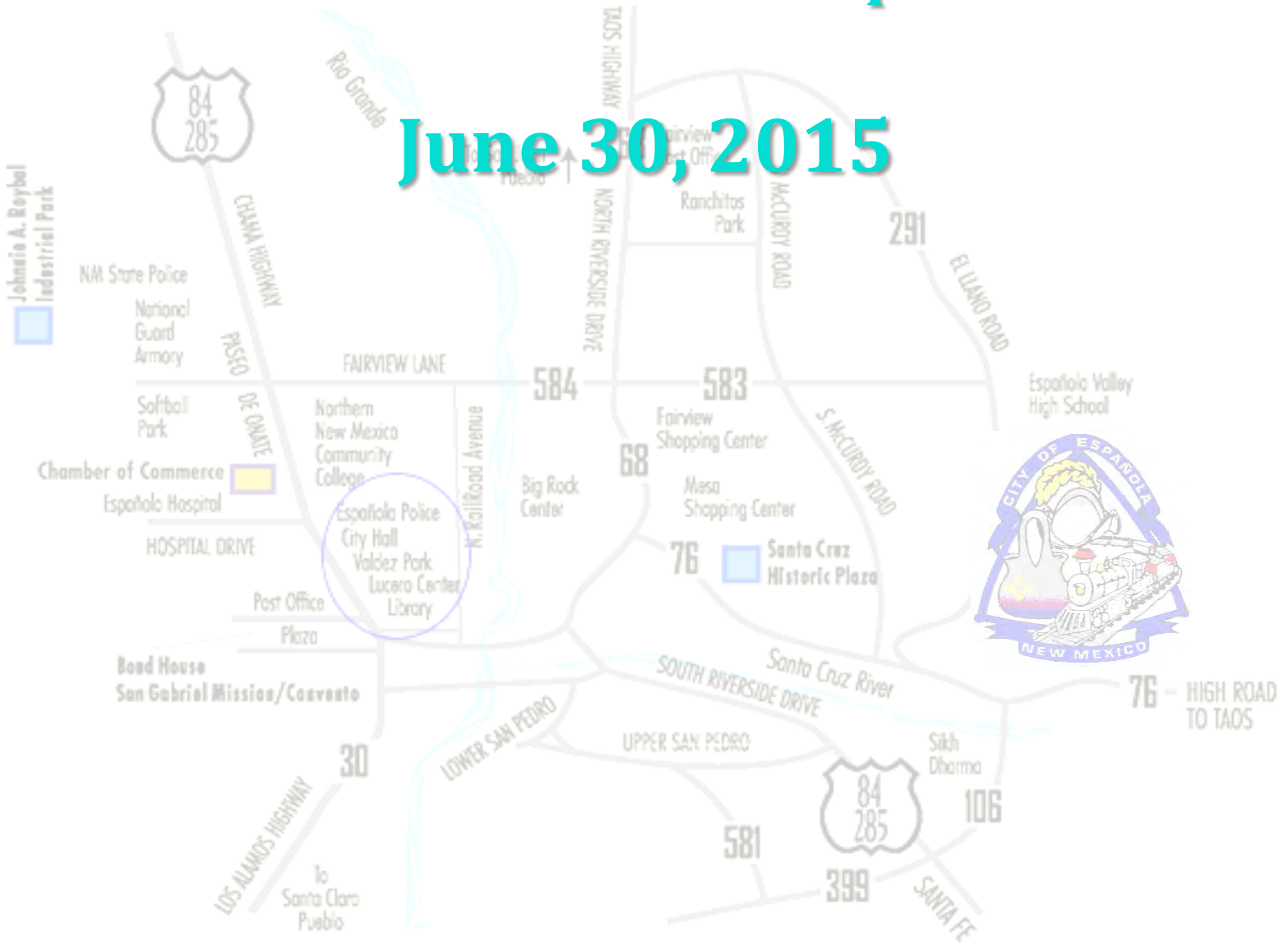


## State of New Mexico

# CITY OF ESPAÑOLA

## Annual Financial Report

# June 30, 2015



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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**

City of Espanola

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**STATE OF NEW MEXICO**

City of Espanola

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**STATE OF NEW MEXICO**

City of Espanola

Official Roster

June 30, 2015

<u>Name</u>	<u>City Council</u>	<u>Title</u>
Alice A. Lucero		Mayor
Pedro Valdez		Mayor Pro Tem
Dennis Tim Salazar		District 1 Councilor
Michelle R. Martinez		District 2 Councilor
Peggy Sue Martinez		District 2 Councilor
John Hernandez		District 3 Councilor
Tania Sanchez		District 3 Councilor
Cory Lewis		District 4 Councilor
Adrianna Ortiz		District 4 Councilor
 <u>Administration</u>		
Joe Duran		Interim City Manager
Tessa Jo Mascarenas		City Clerk
Joyce Sandoval		Administrative Service Director

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**FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

Timothy Keller  
New Mexico State Auditor  
The City Council  
City of Espanola  
Espanola, New Mexico

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the City of Espanola (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental funds, and the budgetary comparisons for the proprietary funds, the major capital projects fund, the major debt service fund and all nonmajor funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Espanola, as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material aspects, the respective financial position of each nonmajor governmental fund as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparisons for the proprietary funds, major capital projects fund, major debt service fund and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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.

Accounting principles generally accepted in the United States of America require Schedules I, II, and notes to the required supplementary information be presented to supplement the basic financial statements. Such 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. 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the City's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The introductory section and Schedules III through VI required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedules III through V required by Section 2.2.2 NMAC 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 Schedules III through V required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*RPC CPAs + Consultants LLP*

RPC CPAs + Consultants, LLP  
Albuquerque, NM  
May 31, 2016

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**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**

City of Espanola

Statement of Net Position

June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current assets			
Cash, investments and cash equivalents	\$ 9,015,971	\$ 1,361,624	\$ 10,377,595
Other investments	170,000	58,929	228,929
Receivables:			
Property taxes	66,898	-	66,898
Other receivables	2,353,607	38,659	2,392,266
Customer receivables, net	-	556,245	556,245
Internal balances	212,563	(212,563)	-
Total current assets	<u>11,819,039</u>	<u>1,802,894</u>	<u>13,621,933</u>
Noncurrent assets			
Restricted cash and cash equivalents	1,894,060	429,748	2,323,808
Capital assets	34,644,587	16,496,560	51,141,147
Less: accumulated depreciation	<u>(19,623,958)</u>	<u>(6,161,418)</u>	<u>(25,785,376)</u>
Total noncurrent assets	<u>16,914,689</u>	<u>10,764,890</u>	<u>27,679,579</u>
<b>Deferred outflows</b>			
Employer contributions subsequent to the measurement date	913,198	142,725	1,055,923
Change in assumptions	<u>59,887</u>	<u>9,360</u>	<u>69,247</u>
Total deferred outflows	<u>973,085</u>	<u>152,085</u>	<u>1,125,170</u>
Total assets and deferred outflows	<u>\$ 29,706,813</u>	<u>\$ 12,719,869</u>	<u>\$ 42,426,682</u>

The accompanying notes are an integral part of these financial statements

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Liabilities</b>			
Current liabilities			
Accounts payable	\$ 304,408	\$ 146,678	\$ 451,086
Accrued payroll	558,312	36,650	594,962
Accrued compensated absences	361,347	58,224	419,571
Accrued interest payable	93,158	68,884	162,042
Bonds payable	13,800	18,444	32,244
Loans and notes payable	816,118	620,522	1,436,640
Total current liabilities	2,147,143	949,402	3,096,545
Noncurrent liabilities			
Accrued compensated absences	424,841	34,914	459,755
Bonds payable	29,200	701,508	730,708
Loans and notes payable	7,766,342	5,006,546	12,772,888
Accrued landfill closure costs	-	541,098	541,098
Net pension liability	5,898,807	921,933	6,820,740
Total noncurrent liabilities	14,119,190	7,205,999	21,325,189
Total liabilities	16,266,333	8,155,401	24,421,734
<b>Deferred inflows</b>			
Net difference between actual and projected investment earnings on pension plan investments			
	1,847,063	288,680	2,135,743
Change in assumptions	105,619	16,507	122,126
Total deferred inflows	1,952,682	305,187	2,257,869
<b>Net position</b>			
Net investment in capital assets	6,395,169	3,988,122	10,383,291
Restricted for:			
Debt service	2,421,635	429,748	2,851,383
Capital projects	2,554,461	-	2,554,461
Special revenue	2,820,153	-	2,820,153
Unrestricted	(2,703,620)	(158,589)	(2,862,209)
Total net position	11,487,798	4,259,281	15,747,079
Total liabilities, deferred inflows, and net position	\$ 29,706,813	\$ 12,719,869	\$ 42,426,682

**STATE OF NEW MEXICO**  
City of Espanola  
Statement of Activities  
For the Year Ended June 30, 2015

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental Activities:</b>				
General government	\$ 3,203,404	\$ 389,757	\$ -	\$ -
Public safety	5,444,439	-	689,039	-
Public works	1,658,581	2,562	327,988	129,828
Culture and recreation	1,229,676	15,421	396,704	-
Interest on long-term debt	352,065	-	-	-
<i>Total governmental activities</i>	<u>11,888,165</u>	<u>407,740</u>	<u>1,413,731</u>	<u>129,828</u>
<b>Business-type Activities:</b>				
Water and wastewater	3,364,827	5,021,381	-	-
Solid waste	969,744	690,174	-	-
<i>Total business-type activities</i>	<u>4,334,571</u>	<u>5,711,555</u>	<u>-</u>	<u>-</u>
<i>Total primary government</i>	<u>\$ 16,222,736</u>	<u>\$ 6,119,295</u>	<u>\$ 1,413,731</u>	<u>\$ 129,828</u>

**General Revenues and Transfers:**

Taxes:  
Property taxes, levied for general purposes  
Gross receipts taxes  
Gasoline and motor vehicle taxes  
Franchise taxes  
Lodger's taxes  
Investment income  
Rental income  
Miscellaneous income  
Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position- restatement (Note 18)

Net position- beginning restated

Net position- ending

The accompanying notes are an integral part of these financial statements



**Net (Expense) Revenue and Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (2,813,647)	\$ -	\$ (2,813,647)
(4,755,400)	-	(4,755,400)
(1,198,203)	-	(1,198,203)
(817,551)	-	(817,551)
(352,065)	-	(352,065)
<u>(9,936,866)</u>	<u>-</u>	<u>(9,936,866)</u>
-	1,656,554	1,656,554
<u>-</u>	<u>(279,570)</u>	<u>(279,570)</u>
-	1,376,984	1,376,984
<u>(9,936,866)</u>	<u>1,376,984</u>	<u>(8,559,882)</u>
217,864	-	217,864
9,769,901	167,009	9,936,910
478,833	-	478,833
295,584	-	295,584
22,366	-	22,366
35,932	3,992	39,924
79,149	-	79,149
85,430	3,375	88,805
663,016	(663,016)	-
<u>11,648,075</u>	<u>(488,640)</u>	<u>11,159,435</u>
<u>1,711,209</u>	<u>888,344</u>	<u>2,599,553</u>
16,888,362	4,482,446	21,370,808
<u>(7,111,773)</u>	<u>(1,111,509)</u>	<u>(8,223,282)</u>
<u>9,776,589</u>	<u>3,370,937</u>	<u>13,147,526</u>
<u>\$ 11,487,798</u>	<u>\$ 4,259,281</u>	<u>\$ 15,747,079</u>

**STATE OF NEW MEXICO**

City of Espanola  
Balance Sheet  
Governmental Funds  
June 30, 2015

	<u>General Fund</u>	<u>Municipal Service Improvements</u>	<u>Infrastructure Projects</u>
<i>Assets</i>			
Cash, investments, and cash equivalents	\$ 3,756,810	\$ 1,906,453	\$ 1,977,910
Other investments	170,000	-	-
Receivables:			
Property taxes	66,898	-	-
Other receivables	1,349,663	373,739	173,256
Due from other funds	410,683	-	-
<i>Total assets</i>	<u>\$ 5,754,054</u>	<u>\$ 2,280,192</u>	<u>\$ 2,151,166</u>
<i>Liabilities</i>			
Accounts payable	\$ 166,149	\$ 52,520	\$ 1,279
Accrued payroll	533,775	-	-
Due to other funds	-	-	-
<i>Total liabilities</i>	<u>699,924</u>	<u>52,520</u>	<u>1,279</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue- property taxes	34,743	-	-
<i>Total deferred inflows of resources</i>	<u>34,743</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>			
Spendable			
Restricted for:			
Municipal service improvements	-	2,227,672	-
Recreation	-	-	-
Fire departments	-	-	-
Tourism	-	-	-
Public safety	-	-	-
Capital projects expenditures	-	-	2,149,887
Debt service expenditures	-	-	-
Committed for:			
Minimum fund balance	819,114	-	-
Unassigned	4,200,273	-	-
<i>Total fund balances</i>	<u>5,019,387</u>	<u>2,227,672</u>	<u>2,149,887</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 5,754,054</u>	<u>\$ 2,280,192</u>	<u>\$ 2,151,166</u>

The accompanying notes are an integral part of these financial statements

2002 Bond Debt Service	Other Governmental Funds	Total
\$ 1,757,814	\$ 1,511,044	\$ 10,910,031
-	-	170,000
-	-	66,898
-	456,949	2,353,607
-	-	410,683
<u>\$ 1,757,814</u>	<u>\$ 1,967,993</u>	<u>\$ 13,911,219</u>
\$ -	\$ 84,460	\$ 304,408
-	24,537	558,312
-	198,120	198,120
<u>-</u>	<u>307,117</u>	<u>1,060,840</u>
-	-	34,743
<u>-</u>	<u>-</u>	<u>34,743</u>
-	-	2,227,672
-	26,608	26,608
-	191,864	191,864
-	99,103	99,103
-	274,906	274,906
-	404,574	2,554,461
1,757,814	663,821	2,421,635
-	-	819,114
-	-	4,200,273
<u>1,757,814</u>	<u>1,660,876</u>	<u>12,815,636</u>
<u>\$ 1,757,814</u>	<u>\$ 1,967,993</u>	<u>\$ 13,911,219</u>

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**STATE OF NEW MEXICO**

City of Espanola

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2015

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$	12,815,636
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		15,020,629
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds		
Deferred outflows of resources related to employer contributions subsequent to the measurement date		913,198
Deferred outflows of resources related to changes in assumptions		59,887
Deferred inflows of resources related to the net difference between actual and projected investment earnings on pension plan investments		(1,847,063)
Deferred inflows of resources related to changes in assumptions		(105,619)
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities		34,743
Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable:		
Accrued interest		(93,158)
Some liabilities, including bonds payable, loans, notes, accrued compensated absences, and the net pension liability are not due and payable in the current period and, therefore, are not reported in the funds:		
Current and noncurrent portions of accrued compensated absences		(786,188)
Current and noncurrent portions of bonds payable		(43,000)
Current and noncurrent portions of loans and notes payable		(8,582,460)
Net pension liability		(5,898,807)
Total net position of governmental activities	\$	<u><u>11,487,798</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Espanola  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015

	<u>General Fund</u>	<u>Municipal Service Improvements</u>	<u>Infrastructure Projects</u>
<i>Revenues</i>			
Taxes			
Property	\$ 656,806	\$ -	\$ -
Gross receipts	7,779,944	-	998,681
Gasoline and motor vehicle taxes	95,333	-	-
Other	295,584	-	-
Intergovernmental income			
Federal operating grants	-	-	-
Federal capital grants	-	-	-
State operating grants	-	939,895	-
State capital grants	-	-	-
Charges for services	389,757	-	-
Investment income	23,896	-	-
Rental income	79,149	-	-
Miscellaneous	57,332	-	-
<i>Total revenues</i>	<u>9,377,801</u>	<u>939,895</u>	<u>998,681</u>
<i>Expenditures</i>			
Current			
General government	3,076,014	-	-
Public safety	3,980,300	-	-
Public works	959,669	47,246	24,088
Culture and recreation	967,422	-	-
Capital outlay	-	242,592	101,512
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>8,983,405</u>	<u>289,838</u>	<u>125,600</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>394,396</u>	<u>650,057</u>	<u>873,081</u>
<i>Other financing sources (uses)</i>			
Transfers in	591,997	-	-
Transfers out	(475,097)	-	(638,876)
<i>Total other financing sources (uses)</i>	<u>116,900</u>	<u>-</u>	<u>(638,876)</u>
<i>Net change in fund balances</i>	511,296	650,057	234,205
<i>Fund balance - beginning of year</i>	<u>4,508,091</u>	<u>1,577,615</u>	<u>1,915,682</u>
<i>Fund balance - end of year</i>	<u>\$ 5,019,387</u>	<u>\$ 2,227,672</u>	<u>\$ 2,149,887</u>

The accompanying notes are an integral part of these financial statements

2002 Bond Debt Service	Other Governmental Funds	Total
\$ -	\$ -	\$ 656,806
-	991,276	9,769,901
-	383,500	478,833
-	22,366	317,950
-	83,820	83,820
-	593	593
-	390,016	1,329,911
-	129,235	129,235
-	17,983	407,740
6,359	5,677	35,932
-	-	79,149
-	28,098	85,430
6,359	2,052,564	13,375,300
-	-	3,076,014
-	1,351,404	5,331,704
-	462,728	1,493,731
-	65,202	1,032,624
-	116,203	460,307
410,000	395,290	805,290
250,570	109,073	359,643
660,570	2,499,900	12,559,313
(654,211)	(447,336)	815,987
660,570	611,738	1,864,305
-	(87,316)	(1,201,289)
660,570	524,422	663,016
6,359	77,086	1,479,003
1,751,455	1,583,790	11,336,633
\$ 1,757,814	\$ 1,660,876	\$ 12,815,636

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**STATE OF NEW MEXICO**

City of Espanola

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, 2015

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	\$ 1,479,003
--	--------------

Governmental funds report capital outlays as expenditures. However, in  
the Statement of Activities, the cost of those assets is allocated over their  
estimated useful lives and reported as depreciation expense:

Capital expenditures recorded in capital outlay	460,307
Depreciation expense	(817,226)

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

Decrease in unavailable revenue related to property taxes receivable	(438,942)
--	-----------

The issuance of long-term debt (e.g. bonds, loans, leases) provides current financial  
resources to governmental funds, while the repayment of the principal of long-term  
debt consumes the current financial resources of governmental funds. Neither  
transaction, however, has any effect on net position

Decrease in accrued interest	7,578
Increase in accrued compensated absences	(18,170)
Principal payments on bonds, notes, and loans payable	805,290

Governmental funds report City pension contributions as expenditures. However  
in the Statement of Activities, the cost of pension benefits earned net of employee  
contributions is reported as pension expense

City pension contributions	913,198
Pension expense	(679,829)

Change in net position of governmental activities	<u>\$ 1,711,209</u>
---	---------------------

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Exhibit C-1

City of Espanola

General Fund

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non- GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ 660,203	\$ 654,561	\$ 654,561	\$ -
Gross receipts	7,528,164	7,685,179	7,685,180	1
Gas and motor vehicle	100,000	102,784	102,784	-
Other	315,500	264,370	264,370	-
Intergovernmental income				
Charges for services	112,300	25,564	27,029	1,465
Licenses and fees	497,812	363,283	362,728	(555)
Investment income	24,616	18,949	23,896	4,947
Rental income	74,501	79,149	79,149	-
Miscellaneous	2,600	57,622	57,332	(290)
<i>Total revenues</i>	<u>9,315,696</u>	<u>9,251,461</u>	<u>9,257,029</u>	<u>5,568</u>
<i>Expenditures</i>				
Current				
General government	3,552,880	3,305,955	3,394,932	(88,977)
Public safety	4,330,396	4,249,310	3,958,493	290,817
Public works	1,006,827	958,047	956,311	1,736
Culture and recreation	986,207	960,453	956,922	3,531
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,876,310</u>	<u>9,473,765</u>	<u>9,266,658</u>	<u>207,107</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(560,614)</u>	<u>(222,304)</u>	<u>(9,629)</u>	<u>212,675</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	391,428	(14,093)	-	14,093
Transfers in	591,997	591,997	591,997	-
Transfers out	(422,811)	(355,600)	(475,097)	(119,497)
<i>Total other financing sources (uses)</i>	<u>560,614</u>	<u>222,304</u>	<u>116,900</u>	<u>(105,404)</u>
<i>Net change in fund balance</i>	-	-	107,271	107,271
<i>Fund balance - beginning of year</i>	-	-	4,230,222	4,230,222
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,337,493</u>	<u>\$ 4,337,493</u>
Net change in fund balance (Non-GAAP basis)				\$ 107,271
Adjustments to revenues for gross receipts taxes, franchise taxes, and miscellaneous income				120,772
Adjustments to expenditures for salaries, professional services, and supplies				283,253
Net change in fund balance (GAAP basis)				<u>\$ 511,296</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Exhibit C-2

City of Espanola

Municipal Service Improvements Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	752,820	679,416	679,416	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>752,820</u>	<u>679,416</u>	<u>679,416</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	592,786	470,369	257,711	212,658
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>592,786</u>	<u>470,369</u>	<u>257,711</u>	<u>212,658</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>160,034</u>	<u>209,047</u>	<u>421,705</u>	<u>212,658</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(160,034)	(209,047)	-	209,047
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(160,034)</u>	<u>(209,047)</u>	<u>-</u>	<u>209,047</u>
<i>Net change in fund balance</i>	-	-	421,705	421,705
<i>Fund balance - beginning of year</i>	-	-	1,484,748	1,484,748
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,906,453</u>	<u>\$ 1,906,453</u>
Net change in fund balance (Non-GAAP basis)				\$ 421,705
Adjustments to revenues state operating grants				260,479
Adjustments to expenditures for professional services				(32,127)
Net change in fund balance (GAAP basis)				<u>\$ 650,057</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

City of Espanola  
Statement of Net Position  
Proprietary Funds  
June 30, 2015

	Enterprise Funds		Total
	Water and Wastewater	Solid Waste	
<i>Assets</i>			
<i>Current assets</i>			
Cash, investments, and cash equivalents	\$ 1,361,624	\$ -	\$ 1,361,624
Other investments	58,929	-	58,929
Other receivables	9,789	28,870	38,659
Customer receivables, net	447,221	109,024	556,245
<i>Total current assets</i>	1,877,563	137,894	2,015,457
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	429,748	-	429,748
Capital assets	16,496,560	-	16,496,560
Less: accumulated depreciation	(6,161,418)	-	(6,161,418)
<i>Total noncurrent assets</i>	10,764,890	-	10,764,890
<i>Deferred outflows of resources</i>			
Employer contributions subsequent to the measurement date	142,725	-	142,725
Change in assumptions	9,360	-	9,360
<i>Total deferred outflows of resources</i>	152,085	-	152,085
<i>Total assets and deferred outflows of resources</i>	\$ 12,794,538	\$ 137,894	\$ 12,932,432

The accompanying notes are an integral part of these financial statements

	Enterprise Funds		Total
	Water and Wastewater	Solid Waste	
<i>Liabilities, deferred inflows, and net position</i>			
<i>Liabilities</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 109,234	\$ 37,444	\$ 146,678
Accrued payroll	36,650	-	36,650
Accrued compensated absences	58,224	-	58,224
Interfund payable	-	212,563	212,563
Accrued interest payable	68,884	-	68,884
Current portion of bonds payable	18,444	-	18,444
Current portion of loans and notes payable	620,522	-	620,522
<i>Total current liabilities</i>	<u>911,958</u>	<u>250,007</u>	<u>1,161,965</u>
<i>Noncurrent liabilities</i>			
Accrued compensated absences	34,914	-	34,914
Accrued landfill closure costs	-	541,098	541,098
Bonds payable	701,508	-	701,508
Loans payable	5,006,546	-	5,006,546
Net pension liability	921,933	-	921,933
<i>Total noncurrent liabilities</i>	<u>6,664,901</u>	<u>541,098</u>	<u>7,205,999</u>
<i>Total liabilities</i>	<u>7,576,859</u>	<u>791,105</u>	<u>8,367,964</u>
<i>Deferred inflows of resources</i>			
Net difference between projected and actual	288,680	-	288,680
Change in assumptions	16,507	-	16,507
<i>Total deferred inflows of resources</i>	<u>305,187</u>	<u>-</u>	<u>305,187</u>
<i>Net position</i>			
Net investment in capital assets	3,988,122	-	3,988,122
Restricted for:			
Debt service	429,748	-	429,748
Unrestricted	494,622	(653,211)	(158,589)
<i>Total net position</i>	<u>4,912,492</u>	<u>(653,211)</u>	<u>4,259,281</u>
<i>Total liabilities, deferred inflows, and net position</i>	<u>\$ 12,794,538</u>	<u>\$ 137,894</u>	<u>\$ 12,932,432</u>

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## STATE OF NEW MEXICO

Exhibit D-2

City of Espanola  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2015

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Water and Wastewater</u>	<u>Solid Waste</u>	
<i>Operating revenues</i>			
Charges for services net of allowances of \$24,153 and \$5,888 respectively	\$ 5,021,381	\$ 690,174	\$ 5,711,555
<i>Total operating revenues</i>	<u>5,021,381</u>	<u>690,174</u>	<u>5,711,555</u>
<i>Operating expenses</i>			
Payroll and benefits	1,411,799	-	1,411,799
Contractual services	215,065	771,793	986,858
Supplies and services	492,974	197,951	690,925
Repairs and maintenance	200,948	-	200,948
Utilities	512,264	-	512,264
Depreciation	383,071	-	383,071
<i>Total operating expenses</i>	<u>3,216,121</u>	<u>969,744</u>	<u>4,185,865</u>
<i>Operating income (loss)</i>	<u>1,805,260</u>	<u>(279,570)</u>	<u>1,525,690</u>
<i>Non-operating revenues (expenses)</i>			
Gross receipts taxes	-	167,009	167,009
Interest expense	(148,706)	-	(148,706)
Investment income	3,992	-	3,992
Miscellaneous income	3,375	-	3,375
<i>Total non-operating revenues (expenses)</i>	<u>(141,339)</u>	<u>167,009</u>	<u>25,670</u>
<i>Income before contributions and transfers</i>	1,663,921	(112,561)	1,551,360
Transfers in	535,929	-	535,929
Transfers out	(1,131,845)	(67,100)	(1,198,945)
<i>Change in net position</i>	<u>1,068,005</u>	<u>(179,661)</u>	<u>888,344</u>
<i>Net position- beginning of year</i>	4,955,996	(473,550)	4,482,446
<i>Net position- restatement (Note 18)</i>	<u>(1,111,509)</u>	<u>-</u>	<u>(1,111,509)</u>
<i>Net position- beginning of year -restated</i>	<u>3,844,487</u>	<u>(473,550)</u>	<u>3,370,937</u>
<i>Net position- end of year</i>	<u>\$ 4,912,492</u>	<u>\$ (653,211)</u>	<u>\$ 4,259,281</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Espanola  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2015

	<u>Enterprise Funds</u>		
	<u>Water and Wastewater</u>	<u>Solid Waste</u>	<u>Total</u>
<i>Cash flows from operating activities</i>			
Cash received from user charges	\$ 5,078,034	\$ 703,985	\$ 5,782,019
Cash payments to employees for services	(1,438,567)	-	(1,438,567)
Cash payments to suppliers for goods and services	(1,366,496)	(962,361)	(2,328,857)
<i>Net cash provided (used) by operating activities</i>	<u>2,272,971</u>	<u>(258,376)</u>	<u>2,014,595</u>
<i>Cash flows from noncapital financing activities</i>			
Gross receipts taxes	-	166,970	166,970
Interfund transfers (net)	(1,131,845)	(67,100)	(1,198,945)
Interfund loans (repaid) received	535,929	158,506	694,435
<i>Net cash (used) provided by noncapital financing activities</i>	<u>(595,916)</u>	<u>258,376</u>	<u>(337,540)</u>
<i>Cash flows from capital and related financing activities</i>			
Acquisition of capital assets	(100,662)	-	(100,662)
Insurance recoveries	3,375	-	3,375
Interest paid	(154,371)	-	(154,371)
Principal payments on bonds and loans	(627,229)	-	(627,229)
<i>Net cash (used) by capital and related financing activities</i>	<u>(878,887)</u>	<u>-</u>	<u>(878,887)</u>
<i>Cash flows from investing activities</i>			
Investment income	3,992	-	3,992
<i>Net cash provided by investing activities</i>	<u>3,992</u>	<u>-</u>	<u>3,992</u>
<i>Net increase in cash and cash equivalents</i>	802,160	-	802,160
<i>Cash and cash equivalents - beginning of year</i>	989,212	-	989,212
<i>Cash and cash equivalents - end of year</i>	<u>\$ 1,791,372</u>	<u>\$ -</u>	<u>\$ 1,791,372</u>
<i>Per Exhibit D-1</i>			
Cash, investments, and cash equivalents	\$ 1,361,624	\$ -	\$ 1,361,624
Restricted cash and cash equivalents	429,748	-	429,748
Total	<u>\$ 1,791,372</u>	<u>\$ -</u>	<u>\$ 1,791,372</u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
City of Espanola  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2015

	Enterprise Funds		
	Water and Wastewater	Solid Waste	Total
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>			
Operating income (loss)	\$ 1,805,260	\$ (279,570)	\$ 1,525,690
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	383,071	-	383,071
Noncash reduction in accrued landfill liability	-	(30,061)	(30,061)
Noncash pension expense	106,251	-	106,251
Employer pension contributions	(142,725)	-	(142,725)
Changes in assets and liabilities			
Receivables	56,653	13,811	70,464
Accounts payable	54,755	37,444	92,199
Accrued payroll	4,496	-	4,496
Compensated absences	5,210	-	5,210
<i>Net cash provided (used) by operating activities</i>	<u>\$ 2,272,971</u>	<u>\$ (258,376)</u>	<u>\$ 2,014,595</u>

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**STATE OF NEW MEXICO**  
City of Espanola  
Statement of Fiduciary Assets and Liabilities - Agency Funds  
June 30, 2015

Exhibit E-1

<i>Assets</i>	
Cash	\$ 336,953
Investments	43,000
Accounts receivable	<u>586</u>
 Total assets	 <u><u>\$ 380,539</u></u>
 <i>Liabilities</i>	
Deposits payable	\$ 81,918
Due to other entities	<u>298,621</u>
 Total liabilities	 <u><u>\$ 380,539</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Espanola  
Notes to the Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies**

The City of Espanola (City) was incorporated under the provisions of Chapter 3, Article 2 NMS 1978. The City operates under an elected Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, public utilities (water, wastewater, and solid waste), health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The City of Espanola is a body politic 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 government units. During the year ended June 30, 2015, the City adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* ("GASB 68"), and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* ("GASB 71"). These two Statements are required to be implemented at the same time. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the implementation of GASB 68, the government recognized a net pension liability ("NPL") measured as of a date no later than the end of its prior fiscal year. If the government employer makes a contribution to the pension plan subsequent to the measurement date but prior to the end of the current fiscal year, GASB 68 requires the government to recognize that contribution as a deferred outflow of resources. In addition, GASB 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for changes in the NPL that arise from other types of events, but does not require the government to recognize beginning deferred outflows of resources or deferred inflows of resources if the amounts are not practical to estimate.

The more significant of the City's accounting policies are described below.

**STATE OF NEW MEXICO**  
City of Espanola  
Notes to the Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies (continued)**

**A. *Financial Reporting Entity***

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

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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 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 upon the application of these criteria, the City has no component units, and is not a component unit of another governmental agency.

**B. *Government-wide and fund financial statements***

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

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

**STATE OF NEW MEXICO**  
City of Espanola  
Notes to the Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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 is 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 segments 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, and financial statement presentation***

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions should be recognized when the exchange takes place. Revenues, expenses, gains, losses, assets deferred outflows of resources, liabilities, and deferred inflow of resources resulting from nonexchange transaction should be recognized in accordance with the requirements of the Governmental Accounting Standards Board codification N50 (GASBS 34 paragraph 16 as amended by GASBS 63 paragraphs 7 and 8). Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Accounting principles generally accepted in the United States of America require that grant revenue (voluntary nonexchange transactions) be recognized as revenue in the government-wide financial statements when all eligibility requirements have been met and recognized as revenue in the governmental fund financial statements. Amounts received from reimbursement basis grants are recorded as revenue in the governmental fund financial statements once an allowable cost has been incurred in accordance with GASB codification section N50 paragraph .117 (c) and GASBS 33 paragraph 20c footnote 10. 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.

**STATE OF NEW MEXICO**  
City of Espanola  
Notes to the Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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. All other revenue items are considered to be measurable and available only when cash is received by the government.

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. This fund includes state shared gross receipts tax income fund and state shared gas tax income funds.

The *Municipal Service Improvements* special revenue fund that is used to account for municipal gross receipts pursuant to section 7-9-3.5 NMSA 1978, dedicated from improvements to the municipal streets, buildings, police department and recreational facilities.

The *Infrastructure Projects* capital projects fund accounts for City infrastructure capital projects.

The *2002 Bond Debt Service* fund accounts for the debt service payments of the 1999-2002 Bond Series.

The City reports its proprietary funds as major funds. Proprietary funds include:

The *Water and Wastewater Fund* is used to account for the activities of the City's water and wastewater operations.

The *Solid Waste Fund* is used to account for the all garbage operations of the solid waste system.

Additionally, the City reports the following fund type:

The *Fiduciary Fund* is purely custodial (assets equal liabilities) and does not involve the measurement of results of operations. This fund accounts for assets held by the City in a trustee capacity for the several operations at City Hall.

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.

**STATE OF NEW MEXICO**  
City of Espanola  
Notes to the Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the City's taxpayers 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 such as small cities assistance 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.

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 specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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

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.

**D. Assets, Liabilities and Net Position**

**Deposits and Investments:** The City's cash and cash equivalents for purposes of the statement of cash flows 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. The City maintains a pooled cash and investment fund that includes cash, cash equivalents, and certificates of deposits with original maturities in excess of three months. Each individual fund reports its share of the pooled cash and investments. The amount is reported as Cash, investments and cash equivalents in the statement of net position and the governmental funds balance sheet. The City also maintains investment accounts that are separate from the pooled cash and investments. These separate investments accounts are certificate of deposits with original maturities in excess of three months from the date of acquisition and are reported as other investments in the statement of net position and the governmental funds balance sheet.

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 value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.



**STATE OF NEW MEXICO**  
City of Espanola  
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**NOTE 1. Summary of Significant Accounting Policies (continued)**

***D. Assets, Liabilities and Net Position (continued)***

**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.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The City estimates the allowance for uncollectible accounts based off the days delinquent. The City has estimated all accounts that are greater than 90 days 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.

The City's property taxes receivable from Rio Arriba County were not able to be determined as of June 30, 2015 and therefore, the balance only includes those amounts that have been collected.

**Restricted Assets:** Restricted assets consist of those funds that are not expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be used and restricted for future debt service payments, and to meet reserve requirements specified by the loan and bond documents including loans with the New Mexico Finance Authority.

**Capital Assets:** Capital assets, which include land and improvements, buildings and improvements, vehicles, furniture, equipment, construction in progress, 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. Pursuant to the implementation of GASB Statement No. 34, the historical costs of infrastructure assets (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included in machinery 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. Library books and periodicals are estimated to have a useful life of less than one year or are under the capitalization threshold and are expensed when purchased.

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

**STATE OF NEW MEXICO**  
City of Espanola  
Notes to the Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities and Net Position (continued)**

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

<u>Assets</u>	<u>Years</u>
Infrastructure	40-60
Buildings and improvements	20-40
Vehicles, furniture and equipment	5-10

**Unavailable Revenues:** Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the City may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Property taxes are collected by Rio Arriba and Santa Fe County's and remitted monthly to the City. The portion of property taxes receivables that are uncollected as of 60 days from year-end are considered to be unavailable and are reported as deferred inflow in the governmental funds balance sheet. The uncollected portion of property taxes receivables as of June 30, 2015 totaled \$34,743.

**Compensated Absences:** The City's employees earn personal leave at a rate of 22 to 27 days per year based on years of service. Employees can carry over unused personal leave each year with a cap of 500 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.

**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 economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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 the straight-line method if the difference is minimal. Bonds payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**STATE OF NEW MEXICO**  
City of Espanola  
Notes to the Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies (continued)**

***D. Assets, Liabilities and Net Position (continued)***

**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, deferred inflows of resources, 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 and is discussed above. In addition, the City has two 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, net difference between projected and actual investment earnings on pension plan investments of \$2,135,743 and change in assumptions of \$122,126, are reported on the Statement of Net Position. These amounts are reported as a deferred inflow and amortized into pension expense over the average remaining service life of employees.

**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, deferred outflows of resources, 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 two types of item that qualifies 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 \$1,055,923. 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 \$69,247 at June 30, 2015. This amount is amortized into pension expense over the average remaining service life of employees.

**Fund Balance Classification Policies and Procedures:** For committed fund balance, the City's highest level of decision-making authority is the City Council. The formal action that is required to be taken to establish a fund balance commitment is the City Council. For assigned fund balance, the City Council or an official or body to which the City Council delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the City considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the City considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Nonspendable Fund Balance:** At June 30, 2015, the City did not have any fund balances in nonspendable form.

**STATE OF NEW MEXICO**  
City of Espanola  
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**NOTE 1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities and Net Position (continued)**

**Restricted and Committed Fund Balance:** At June 30, 2015, the City has presented restricted fund balance on the governmental funds balance sheet in the amount of \$7,796,249 for various general government operations and debt service as restricted by enabling legislation. The City has committed fund balance of the general fund for minimum fund balances in the amount of \$819,114. The details of these fund balance items are located on the governmental funds balance sheet as detailed on pages 18-19.

**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 1/12th the General Fund final budgeted expenditures and transfers out. The amount at June 30, 2015 for the City is \$819,114.

**Net Position:** Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Amounts invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position: Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, debt service, and capital projects" are described on pages 39 and 78-79.
- c. Unrestricted Net Position: All other net position amounts that do not meet the definition of "restricted" or "net investment in capital assets."

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

**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 general fund and the enterprise funds, accrued compensated absences, estimated closure costs for the City's landfill and the useful lives of depreciable assets used to calculate depreciation expense.

**STATE OF NEW MEXICO**  
City of Espanola  
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June 30, 2015

**NOTE 2. Stewardship, Compliance and Accountability**

*Budgetary Information*

Annual budgets of the City are prepared prior to June 1 and must be approved by resolution of the City Councilors, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments 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.

Governmental fund budgets are prepared on the Non-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.

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 City Council in accordance with the above procedures.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual and Statements of Revenues, Expenses and Changes in Net Position- Budget (GAAP Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

**NOTE 3. Deposits and Investments**

State statutes authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. The City is not aware of any invested funds that did not meet the State investment requirements as of June 30, 2015.

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. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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

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

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

**STATE OF NEW MEXICO**  
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**NOTE 3. Deposits and Investments (continued)**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2015, \$8,885,609 of the City’s bank balance of \$9,385,609 was subject to custodial credit risk. \$5,313,706 was uninsured and collateralized by collateral held by the pledging bank’s trust department, not in the City’s name and \$3,571,903 of the City’s deposits were uninsured and uncollateralized at June 30, 2015.

	<u>Century Bank</u>
Amount of deposits	\$ 9,385,609
FDIC Coverage	<u>(500,000)</u>
Total uninsured public funds	<u>8,885,609</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	<u>5,313,706</u>
Uninsured and uncollateralized	<u><u>\$ 3,571,903</u></u>
Collateral requirement (50% of uninsured funds)	\$ 4,442,805
Pledged Collateral	<u>5,313,706</u>
Over (Under) collateralized	<u><u>\$ 870,901</u></u>

The collateral pledged is listed on Schedule IV in this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

**STATE OF NEW MEXICO**  
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**NOTE 3. Deposits and Investments (continued)**

Cash, investments, and	
cash equivalents per Exhibit A-1	\$ 10,377,595
Other investments per Exhibit A-1	228,929
Restricted cash and cash equivalents per Exhibit A-1	2,323,808
Agency funds cash and investments per Exhibit E-1	379,953
Plus outstanding checks	196,260
Less deposits in transit	(23,756)
Less U.S. Treasury Money Market Mutual Funds held with LGIP	(1,772,902)
Less U.S. Treasury Money Market Mutual Funds held with Bank of Albuquerque	(429,719)
Less U.S. Treasury Money Market Mutual Funds held with NMFA	(1,894,089)
Less petty cash	<u>(470)</u>
Bank balance of deposits	<u><u>\$ 9,385,609</u></u>

**Investments**

The City invests excess cash in the State Treasurer Local Government Investment Pool. The New Mexico Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The pool does not have unit shares. Per Section 6-10-10. (F), NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary. As of June 30, 2015, the City's investment in the New Mexico LGIP was rated as AAAM by Standard & Poor's. Due to the short-term maturity term of these investments, amounts invested in LGIP are classified as a cash equivalent in the statement of net position; however, they are considered an investment for disclosure purposes.

Additionally, the City has investments held in U.S. Treasury Money Market Mutual Funds at the Bank of Albuquerque in connection with New Mexico Finance Authority (NMFA) loans. Due to the short-term maturity term of these investments, amounts held at the Bank of Albuquerque are classified as restricted cash in the statement of net position; however, they are considered an investment for disclosure purposes.

The New Mexico Finance Authority (NMFA) holds and invests cash related to debt service and reserve requirements on behalf of the City and in the City's name pursuant to loan agreements with the City. NMFA invest the amounts in U.S Treasuries Money Market Mutual Funds. As the City does not acquire the securities or assets for purpose of obtaining income or profit, the asset does not meet the definition of an investment as defined by GASBS 31 and therefore the assets are classified as restricted cash in the statement of net position.

**STATE OF NEW MEXICO**  
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**NOTE 3. Deposits and Investments (continued)**

The City's investment in certificates of deposits (CD) are classified as investments in the statement of net position due to the original maturity term exceeding 3 months. They are also considered a deposit under GASB 40 and thus the amounts also appear in the deposit disclosure above. The City has one CD included in its pooled cash and investment fund totaling \$2,500,000 at June 30, 2015. Each fund reports its share of the pooled cash and investments at June 30, 2015; therefore, the CD amount is included in cash, investment, and cash equivalents total reported in the statement of net position. Separate CD accounts not included in the pooled cash and investment fund total \$228,929 at June 30, 2015 and are reported as other investments in the statement of net position. The City's agency funds also report \$43,000 in investments which are certificates of deposits with original maturity dates in excess of three months. The City's investments at June 30, 2015 include the following:

<u>Investments</u>	<u>Rated</u>	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
New Mexico Local Government Investment Pool	AAAm	77.7	\$ 1,772,902
Certificate of deposit included in pooled cash and investment fund	Unrated	365 days	2,500,000
Certificates of deposit	Unrated	365 days	228,929
Certificates of deposit -Agency funds	Unrated	365 days	43,000
U.S. Treasury Money Market Mutual Funds held with Bank of Albuquerque	Aaa **	<90 Days	429,719
U.S. Treasury Money Market Mutual Funds held with NMFA	Aaa **	<90 Days	1,894,089
			<u>\$ 6,868,639</u>

\*\* Based on Moody's rating

*Interest Rate Risk – Investments.* The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

*Concentration of Credit Risk – Investments.* For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the City. The investments in the New Mexico LGIP and U.S Treasury Money Market Mutual Funds represent 26% and 34%, respectively, of the investment portfolio, when CD's considered investments are included; and 43% and 57%, respectively, of the investment portfolio when CD's considered investments are excluded. Since the City only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the City. The City's policy related to concentration of credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).



**STATE OF NEW MEXICO**  
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**NOTE 4. Receivables**

Receivables as of June 30, 2015, are as follows:

<b>Governmental Activities:</b>	<u>General</u>	<u>Municipal Service Improvements</u>	<u>Infrastructure Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property taxes receivable	\$ 66,898	\$ -	\$ -	\$ -	\$ 66,898
Other receivable:					
Gross receipts	1,308,432	-	173,256	150,000	1,631,688
Gasoline and motor vehicle	41,231	-	-	61,286	102,517
Nonsufficient funds	-	-	-	8	8
Intergovernmental:					
Federal grants	-	-	-	83,820	83,820
State grants	-	373,739	-	161,835	535,574
<b>Total receivables</b>	<u><u>\$1,416,561</u></u>	<u><u>\$ 373,739</u></u>	<u><u>\$ 173,256</u></u>	<u><u>\$ 456,949</u></u>	<u><u>\$ 2,420,505</u></u>

Receivables for governmental activities are considered to be 100% collectible. Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. Unavailable revenue related to property taxes receivable for the City for the year ended June 30, 2015 was \$34,743.

<b>Business-type Activities:</b>	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
Customer receivables	\$1,137,610	\$ 277,327	\$ 1,414,937
Other receivables:			
Gross receipts taxes	-	28,870	28,870
Nonsufficient funds	9,789	-	9,789
Total gross receivables	<u>1,147,399</u>	<u>306,197</u>	<u>1,453,596</u>
Less: allowance for doubtful accounts	<u>(690,389)</u>	<u>(168,303)</u>	<u>(858,692)</u>
Total net receivables	<u><u>\$ 457,010</u></u>	<u><u>\$ 137,894</u></u>	<u><u>\$ 594,904</u></u>

The allowance for doubtful accounts above relates to customer receivables and consists of accounts that are greater than 90 days overdue.

<b>Fiduciary:</b>	<u>Fiduciary Funds</u>
Accrued interest	<u>\$ 586</u>
Total net receivables	<u><u>\$ 586</u></u>

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**NOTE 5. Transfers and Interfund Receivables**

Net operating transfers, made to close out funds and to supplement other funding sources, were as follows:

<u>Transfers out</u>	<u>Transfers in</u>	<u>Amount</u>
General Fund	Capital projects grants	\$ 10,283
General Fund	Byrne Justice Assitance Grant	10,740
General Fund	Transit System Grant	270
General Fund	NMDOT Litter Control and Beautification	12,172
General Fund	Days and Nights of Summer	170
General Fund	State Agency on Aging Grants	1,356
General Fund	Roads and Streets	18,713
General Fund	Lodgers' tax	31,647
General Fund	2002 Bond Debt Service	314,343
General Fund	NMFA Debt Service	40,741
General Fund	NMFA PPR Equipment Project Loan	6,292
General Fund	USDA Loan / Police Department	22
General Fund	Federal W/WW Project Grant	28,348
Infrastructure Projects	Water and Wastewater	509,437
Infrastructure Projects	NMFA PPR Equipment Project Loan	129,439
E911 Fund	General Fund	9,334
Law Enforcement Protection	USDA Loan / Police Department	15,567
Lodger's Tax	General Fund	12,000
Lodger's Tax	Lodger's Promotional	19,000
Lodger's Tax	General Fund	4,923
Lodger's Tax	Water and Wastewater	12,900
NMFA Debt Service fund Fund	Water and Wastewater	13,592
Water and Wastewater	General Fund	283,420
Water and Wastewater	General Fund	215,220
Water and Wastewater	2002 Bond Debt Service	346,227
Water and Wastewater	NMFA Debt Service	28,100
Water and Wastewater	NMFA PPR Equipment Project Loan	258,878
Solidwaste	General Fund	<u>67,100</u>
	Total	<u>\$ 2,400,234</u>

Internal balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2015 is as follows:

	<u>Due to</u>	<u>Due from</u>
General Fund	\$ 410,683	\$ -
High Intensity Drug Trafficking Areas	-	82,000
NMLA Capital Improvements Grant	-	116,120
Solid Waste	-	212,563
	<u>\$ 410,683</u>	<u>\$ 410,683</u>

All interfund loans are short-term and are expected to be repaid within a year.

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**NOTE 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2015 follows. Land and Historical Works of Art are not subject to depreciation.

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,233,471	\$ -	\$ -	\$ 4,233,471
Historical Works of Art	27,700	-	-	27,700
	<u>4,261,171</u>	<u>-</u>	<u>-</u>	<u>4,261,171</u>
Total capital assets not being depreciated	4,261,171	-	-	4,261,171
Capital assets being depreciated:				
Buildings and improvements	19,913,800	103,707	-	20,017,507
Infrastructure	4,853,886	65,876	-	4,919,762
Vehicles, furniture and equipment	5,155,423	290,724	-	5,446,147
	<u>29,923,109</u>	<u>460,307</u>	<u>-</u>	<u>30,383,416</u>
Total capital assets being depreciated	29,923,109	460,307	-	30,383,416
Less accumulated depreciation:				
Buildings and improvements	10,743,851	413,408		11,157,259
Infrastructure	4,094,811	103,622		4,198,433
Vehicles, furniture and equipment	3,968,070	300,196		4,268,266
	<u>18,806,732</u>	<u>817,226</u>	<u>-</u>	<u>19,623,958</u>
Total accumulated depreciation	18,806,732	817,226	-	19,623,958
Total capital assets, net of depreciation	<u>\$ 15,377,548</u>	<u>\$ (356,919)</u>	<u>\$ -</u>	<u>\$ 15,020,629</u>

Depreciation expense for the year ended June 30, 2015 was \$817,226 and was allocated to the following functions in the statement of activities as follows:

General government	\$ 148,468
Public safety	263,881
Public works	188,770
Culture and recreation	216,107
	<u>817,226</u>
Total	<u>\$ 817,226</u>

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**NOTE 6. Capital Assets (continued)**

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Buildings and improvements	\$ 9,858,769	\$ -	\$ -	\$ 9,858,769
Infrastructure	5,492,166	-	-	5,492,166
Vehicles, furniture and equipment	<u>1,044,963</u>	<u>100,662</u>	<u>-</u>	<u>1,145,625</u>
Total capital assets being depreciated	<u>16,395,898</u>	<u>100,662</u>	<u>-</u>	<u>16,496,560</u>
Less accumulated depreciation:				
Buildings and improvements	3,025,191	235,805		3,260,996
Infrastructure	2,019,608	100,040		2,119,648
Vehicles, furniture and equipment	<u>733,548</u>	<u>47,226</u>		<u>780,774</u>
Total accumulated depreciation	<u>5,778,347</u>	<u>383,071</u>	<u>-</u>	<u>6,161,418</u>
Total capital assets, net of depreciation	<u>\$ 10,617,551</u>	<u>\$ (282,409)</u>	<u>\$ -</u>	<u>\$ 10,335,142</u>

Depreciation expense totaling \$383,071 was charged to water and wastewater fund for fiscal year ending June 30, 2015.

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**NOTE 7. Long-term Debt**

**Governmental Activities:**

During the year ended June 30, 2015, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
NMFA Loans	\$ 9,158,099	\$ -	\$ 741,111	\$ 8,416,988	\$ 763,104
Law Enforcement Bonds	56,200	-	13,200	43,000	13,800
Capital Lease	216,451	-	50,979	165,472	53,014
Compensated Absences	768,018	379,517	361,347	786,188	361,347
<b>Total Long-Term Debt</b>	<b>\$ 10,198,768</b>	<b>\$ 379,517</b>	<b>\$ 1,166,637</b>	<b>\$ 9,411,648</b>	<b>\$ 1,191,265</b>

**Revenue Bonds**

At June 30, 2015, the City had one revenue bond outstanding. For the Series 2008 Law Enforcement Protection Revenue Bonds, the City pledged revenues from Law Enforcement Protection revenues. The revenue bonds are as follows:

<b>Revenue Bonds</b>	Date of Issue	Due Date	Interest Rate	Original Amount of Issue
Series 2008 LE Bonds	2/21/2008	2/21/2018	4.250%	\$ 125,000

The annual requirements to amortize the revenue bonds as of June 30, 2015, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2016	\$ 13,800	\$ 1,820	\$ 15,620
2017	14,400	1,220	15,620
2018	14,800	820	15,620
	<b>\$ 43,000</b>	<b>\$ 3,860</b>	<b>\$ 46,860</b>

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**NOTE 7. Long-term Debt (continued)**

**NMFA Loans**

The City entered into four loan agreements with the New Mexico Finance Authority, wherein the City pledged revenue derived from State-Shared Gross Receipts Tax to cover debt service. This revenue is not subject to intercept agreements. The NMFA loans are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>
NMFA - 1999 PPRF - Espanola 1	2/20/1998	5/1/2018	5.63-6.88%	\$ 450,705
NMFA 2007B PPRF - Espanola 8	9/1/2007	3/1/2025	3.29 - 3.97%	7,700,000
NMFA 2549 - Espanola 12	2/4/2011	5/1/2027	3.306%	1,461,097
NMFA 2550 - Espanola 13	2/4/2011	5/1/2023	3.247%	2,415,000

The annual requirements to amortize the NMFA loans as of June 30, 2015, including interest payments, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 763,104	\$ 310,872	\$ 1,073,976
2017	795,245	286,443	1,081,688
2018	722,542	259,489	982,031
2019	710,000	233,297	943,297
2020	735,000	207,993	942,993
2021-2025	4,540,000	591,724	5,131,724
2026-2027	151,097	9,706	160,803
	<u>\$ 8,416,988</u>	<u>\$ 1,899,524</u>	<u>\$ 10,316,512</u>

**Capital Lease Payable**

The City entered into a capital lease in prior years in the amount of \$407,950 at an interest rate of 3.99% and will mature on November 1, 2017. The total amount of future principal payments and interest is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 53,014	\$ 6,602	\$ 59,616
2017	55,129	4,487	59,616
2018	57,329	2,287	59,616
	<u>\$ 165,472</u>	<u>\$ 13,376</u>	<u>\$ 178,848</u>

**Compensated Absences-** Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2015, compensated absences increased by \$18,170 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

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**NOTE 7. Long-term Debt (continued)**

**Proprietary Funds:**

The proprietary funds have incurred various forms of debt which were used for the purposes of constructing, expanding, repairing and making improvements to its property, plant and equipment. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2015:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
NMFA Loans	\$ 463,548	\$ -	\$ 100,363	\$ 363,185	\$ 101,018
RUS Loans	737,501		17,549	719,952	18,444
NMED Loans	5,773,201	-	509,318	5,263,883	519,504
Landfill Closure Liability	571,159	-	30,061	541,098	-
Compensated Absences	87,928	63,434	58,224	93,138	58,224
<b>Total Long-Term Debt</b>	<b>\$ 7,633,337</b>	<b>\$ 63,434</b>	<b>\$ 715,515</b>	<b>\$ 6,981,256</b>	<b>\$ 697,190</b>

**Revenue Bonds**

At June 30, 2015, the City had the following revenue bonds outstanding:

Description	Date of Issue	Due Date	Interest Rate	Original Amount of Issue
1996 RUS	12/18/1996	12/1/2036	5.13%	\$ 707,200
1997 RUS	3/31/1997	3/1/2037	5.00%	225,000

Net revenues of the City's water utility system have been pledged to service these bonds.

The annual requirements to amortize the revenue bonds as of June 30, 2015, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2016	\$ 18,444	\$ 36,591	\$ 55,035
2017	19,383	35,652	55,035
2018	20,370	34,665	55,035
2019	21,408	33,627	55,035
2020	22,499	32,536	55,035
2021-2025	130,903	144,272	275,175
2026-2030	167,826	107,349	275,175
2031-2035	215,162	60,013	275,175
2036-2037	103,957	6,113	110,070
	<b>\$ 719,952</b>	<b>\$ 490,818</b>	<b>\$ 1,210,770</b>

**STATE OF NEW MEXICO**  
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**NOTE 7. Long-term Debt (continued)**

Notes Payable	Date of	Due	Interest	Original
Description	Issue	Date	Rate	Amount
Description	Issue	Date	Rate	of Issue
1991 NMED Wastewater	2/15/1991	2/1/2018	2.00%	\$ 3,669,670
WTB 11-0110- Espanola 11	12/11/2009	6/1/2029	2.50%	258,000
NMFA - 1672-DW - Espanola 7	5/1/2005	5/1/2017	1.75%	808,000
2007 NMED	10/3/2006	12/1/2028	2.00%	6,138,344

The annual requirements to amortize the NMFA loans as of June 30, 2015, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2016	\$ 620,522	\$ 107,019	\$ 727,541
2017	631,579	95,964	727,543
2018	553,682	84,691	638,373
2019	315,144	73,848	388,992
2020	321,216	67,776	388,992
2021-2025	1,701,468	243,497	1,944,965
2026-2029	1,483,457	72,515	1,555,972
	<u>\$ 5,627,068</u>	<u>\$ 745,310</u>	<u>\$ 6,372,378</u>

**Compensated Absences-** Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2015, compensated absences increased by \$5,210 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

**NOTE 8. Risk Management**

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

The City is party to various claims and lawsuits arising in the normal course of business. The maximum exposure of the City is not estimable as of June 30, 2015

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 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 has not changed significantly from prior years and coverage's are expected to be continued.

At June 30, 2015, 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.

In fiscal year 2015 the City changed its method of paying for unemployment claims. In prior year fiscal years the City paid a flat rate per employee to the New Mexico General Services Department. In current and future years the City now reimburses the New Mexico General Services Department for actual claims paid on a dollar-for-dollar basis plus a 5% administrative fee. The City's fiscal year 2015, 2014, and 2013 invoices for unemployment compensation totaled \$90,675, \$161,181, and \$145,582 respectively.



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**NOTE 9. Other Required Individual Fund Disclosures**

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

Deficit fund balance of individual funds. The following funds had a deficit fund balance as of June 30, 2015:

<b>Enterprise fund</b>	
Solid waste	<u><u>\$ (653,211)</u></u>

Actual expenditures in excess of amount budgeted at the budgetary authority level. Budgetary legal level of control is at the fund level. The following funds exceeded approved budgetary authority for the year ended June 30, 2015:

	Approved Budget	Actual Expenditures	Amount Exceeded
Transit System Grant	\$ -	\$ 270	\$ 270
E-911 Grant	1,077,367	1,078,048	681
Capital Projects Grants	-	10,283	10,283
State Agency on Aging Grants	-	1,356	1,356
Solid Waste Fund	962,361	969,744	7,383

Designated cash appropriations in excess of available balances. There were no funds that had designated cash appropriations in excess of available balances for fiscal year ending June 30, 2015.

**NOTE 10. 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.

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**NOTE 10. Pension Plan - Public Employees Retirement Association (continued)**

**General Information about the Pension Plan (continued)**

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.

**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, 2015 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

**Contributions.** The contribution requirements of defined benefit plan members and the City of Espanola 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 FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf). The PERA coverage options that apply to City of Espanola are: Municipal General Division, Municipal Police Division and Municipal Fire Division. Statutorily required contributions to the pension plan from the City of Espanola were \$653,124 and there were \$402,799 employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2015.

**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, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

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. City of Espanola’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, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are

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**NOTE 10. Pension Plan - Public Employees Retirement Association (continued)**

**General Information about the Pension Plan (continued)**

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.

**For PERA Fund Municipal General Division**, at June 30, 2015, City of Espanola reported a liability of \$3,350,561 for its proportionate share of the net pension liability. At June 30, 2014, City of Espanola's proportion was .4295% percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, City of Espanola recognized PERA Fund Municipal General Division pension expense of \$393,163. At June 30, 2015, City of Espanola reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Change in assumptions	\$ -	\$ 2,271
Net difference between projected and actual earnings on pension plan investments	-	1,310,828
Contributions subsequent to the measurement date	764,181	-
	\$ 764,181	\$ 1,313,099

\$764,181 reported as deferred outflows of resources related to pensions resulting from City of Espanola's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (328,272)
2017	(328,272)
2018	(328,272)
2019	(328,272)
2020	(11)
Thereafter	-

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**NOTE 10. Pension Plan - Public Employees Retirement Association (continued)**

**General Information about the Pension Plan (continued)**

**For PERA Fund Municipal Police Division**, at June 30, 2015, City of Espanola reported a liability of \$1,475,427 for its proportionate share of the net pension liability. At June 30, 2014, City of Espanola's proportion was 0.4526 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, City of Espanola recognized PERA Fund Municipal Police Division pension expense of \$168,808. At June 30, 2015, City of Espanola reported PERA Fund Municipal Police Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Change in assumptions	\$ -	\$ 119,855
Net difference between projected and actual earnings on pension plan investments	-	548,629
Contributions subsequent to the measurement date	165,833	-
	<u>\$ 165,833</u>	<u>\$ 668,484</u>

\$165,833 reported as deferred outflows of resources related to pensions resulting from City of Espanola's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (166,972)
2017	(166,972)
2018	(166,972)
2019	(166,972)
2020	(596)
Thereafter	-

**STATE OF NEW MEXICO**  
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**NOTE 10. Pension Plan - Public Employees Retirement Association (continued)**

**General Information about the Pension Plan (continued)**

**For PERA Fund Municipal Fire Division**, at June 30, 2015, City of Espanola reported a liability of \$1,994,752 for its proportionate share of the net pension liability. At June 30, 2014, City of Espanola's proportion was 0.4779 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, City of Espanola recognized PERA Fund Municipal Fire Division pension expense of \$224,109. At June 30, 2015, City of Espanola reported PERA Fund Municipal Fire Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Change in assumptions	\$ 69,247	\$ -
Net difference between projected and actual earnings on pension plan investments	-	276,286
Contributions subsequent to the measurement date	125,909	-
	\$ 195,156	\$ 276,286

\$125,909 reported as deferred outflows of resources related to pensions resulting from City of Espanola's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (51,846)
2017	(51,846)
2018	(51,846)
2019	(51,846)
2020	345
Thereafter	-

**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, 2013 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, 2014 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, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

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City of Espanola  
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**NOTE 10. Pension Plan - Public Employees Retirement Association (continued)**

**General Information about the Pension Plan (continued)**

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of investment expense
Payroll growth	3.50% annual rate
Projected salary increases	3.50 to 14.25% annual rate
Includes inflation at	3.00% annual rate

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:

<b>ALL FUNDS - Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
US Equity	21.10%	5.00%
International Equity	24.80	5.20
Private Equity	7.00	8.20
Core and Global Fixed Income	26.10	1.85
Fixed Income Plus Sectors	5.00	4.80
Real Estate	5.00	5.30
Real Assets	7.00	5.70
Absolute Return	4.00	4.15
Total	100.00%	

**Discount rate:** The discount rate used to measure the total pension liability was 7.75 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 GASBS 67. Therefore, the 7.75% 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 City of Espanola's net pension liability in each PERA Fund Division that City of Espanola participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

**STATE OF NEW MEXICO**  
City of Espanola  
Notes to the Financial Statements  
June 30, 2015

**NOTE 10. Pension Plan - Public Employees Retirement Association (continued)**

**General Information about the Pension Plan (continued)**

<b>PERA Fund Municipal General Division</b>	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
City of Espanola's proportionate share of the net pension liability	\$ 6,316,561	\$ 3,350,561	\$ 1,059,184

<b>PERA Fund Municipal Police Division</b>	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
City of Espanola's proportionate share of the net pension liability	\$ 2,813,641	\$ 1,475,427	\$ 476,200

<b>PERA Fund Municipal Fire Division</b>	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
City of Espanola's proportionate share of the net pension liability	\$ 2,818,434	\$ 1,994,752	\$ 1,387,254

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

**Payables to the pension plan.** There were no unpaid contractually required employer contributions outstanding to PERA at June 30, 2015. 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 as of June 30, 2015 but paid in July 2015.

**NOTE 11. Post Employment Benefits –State Retiree Health Care Plan**

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

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

**STATE OF NEW MEXICO**  
City of Espanola  
Notes to the Financial Statements  
June 30, 2015

**NOTE 11. Post Employment Benefits –State Retiree Health Care Plan (continued)**

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

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

The 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, 2015, 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, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The City's contributions to the RHCA for the years ended June 30, 2015, 2014, and 2013 were \$112,073, \$106,237, and \$99,039 respectively which equal the required contributions for each year.

**NOTE 12. Federal and State Grants**

In the normal course of operations, the City receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.



**STATE OF NEW MEXICO**  
City of Espanola  
Notes to the Financial Statements  
June 30, 2015

**NOTE 13. Landfill Closure and Post Closure Care Costs**

State and Federal laws and regulations require that the City place a final cover on its landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. The landfill was closed as of June 1, 2003. The estimated liability for landfill closure and post closure care costs is \$541,098 as of June 30, 2015. However, the actual cost of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Financial assurance requirements are limited to sampling and cover maintenance during the post-closure period that are paid by user charges. The City is responsible for these costs through 2033.

**NOTE 14. Subsequent Events**

The date to which events occurring after June 30, 2015, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is May 31, 2016, which is the date on which the financial statements were issued.

**NOTE 15. Concentrations**

The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the City is subject to changes in the specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

**NOTE 16. Restricted Position**

The government-wide statement of net position reports \$8,225,997 of restricted net position all of which is restricted by enabling legislation. See pages 39 and 78-79 for descriptions of the related restrictions for special revenue, debt service and capital projects funds.

**NOTE 17. Subsequent Pronouncements**

In February 2015, GASB Statement No. 72 *Fair Value Measurement and Application*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The City will implement this standard during the fiscal year ended June 30, 2016. The City is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the City.

In June 2015, GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not effect the City's financial statements.

**STATE OF NEW MEXICO**  
City of Espanola  
Notes to the Financial Statements  
June 30, 2015

**NOTE 17. Subsequent Pronouncements (continued)**

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The City expects this pronouncement to have a material effect on the financial statements.

In June 2015, GASB Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The City will implement this standard during the fiscal year ended June 30, 2016. The City is still evaluating how this pronouncement will affect the City.

In August 2015, GASB Statement No. 77 *Tax Abatement Disclosures*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The City will implement this standard during the fiscal year ended June 30, 2017. The City is still evaluating how this pronouncement will effect the financial statements.

**NOTE 18. Net Position Restatement**

The City has recorded a prior period adjustment in the amount of \$(9,187,640) to record the beginning balance of the net pension liability and a prior period adjustment of \$964,358 to record a beginning deferred outflow for employer contributions after the beginning measurement date of June 30, 2013 but before July 1, 2014. These adjustments were required for implementation of GASBS 68 and GASBS 71. Total beginning net position was restated by \$(8,223,282).

**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**

City of Espanola

Schedule I

Page 1 of 3

Schedule of the Town's Proportionate Share of the Net Pension Liability of PERA Fund Municipal General Division  
Public Employees Retirement Association (PERA) Plan  
Last 10 Fiscal Years\*

	2015 Measurement Date As of and for the Year Ended <u>June 30, 2014</u>
City of Espanola's proportion of the net pension liability	0.4295%
City of Espanola's proportionate share of the net pension liability	\$ 3,350,561
City of Espanola's covered-employee payroll	\$ 3,511,876
City of Espanola's proportionate share of the net pension liability as a percentage of its covered-employee payroll	95.41%
Plan fiduciary net position as a percentage of the total pension liability	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, City of Espanola 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 Espanola

Schedule I

Page 2 of 3

Schedule of the Town's Proportionate Share of the Net Pension Liability of PERA Fund Municipal Police Division  
Public Employees Retirement Association (PERA) Plan  
Last 10 Fiscal Years\*

	2015 Measurement Date As of and for the Year Ended <u>June 30, 2014</u>
City of Espanola's proportion of the net pension liability	0.4526%
City of Espanola's proportionate share of the net pension liability	\$ 1,475,427
City of Espanola's covered-employee payroll	\$ 859,517
City of Espanola's proportionate share of the net pension liability as a percentage of its covered-employee payroll	171.66%
Plan fiduciary net position as a percentage of the total pension liability	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, City of Espanola 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 Espanola

Schedule I

Page 3 of 3

Schedule of the Town's Proportionate Share of the Net Pension Liability of PERA Fund Municipal Fire Division  
Public Employees Retirement Association (PERA) Plan  
Last 10 Fiscal Years\*

	2015 Measurement Date As of and for the Year Ended <u>June 30, 2014</u>
City of Espanola's proportion of the net pension liability	0.4779%
City of Espanola's proportionate share of the net pension liability	\$ 1,994,752
City of Espanola's covered-employee payroll	\$ 544,379
City of Espanola's proportionate share of the net pension liability as a percentage of its covered-employee payroll	366.43%
Plan fiduciary net position as a percentage of the total pension liability	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, City of Espanola 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 Espanola  
 Schedule of Employer Contributions  
 Public Employees Retirement Association (PERA) Plan  
 PERA Municipal General Division  
 Last 10 Fiscal Years\*

	As of and for the Year Ended <u>June 30, 2015</u>
Contractually required contributions	\$ 764,181
Contributions in relation to the contractually required contribution	(764,181)
Contribution deficiency (excess)	<u>\$ -</u>
City of Espanola's covered-employee payroll	\$ 3,796,076
Contributions as a percentage of covered-employee payroll	20.1%

\* 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, City of Espanola will present information for those years for which information is available.

**STATE OF NEW MEXICO**  
 City of Espanola  
 Schedule of Employer Contributions  
 Public Employees Retirement Association (PERA) Plan  
 PERA Municipal Police Division  
 Last 10 Fiscal Years\*

	As of and for the Year Ended <u>June 30, 2015</u>
Contractually required contributions	\$ 165,833
Contributions in relation to the contractually required contribution	(165,833)
Contribution deficiency (excess)	<u>\$ -</u>
City of Espanola's covered-employee payroll	\$ 878,776
Contributions as a percentage of covered-employee payroll	18.9%

\* 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, City of Espanola will present information for those years for which information is available.



**STATE OF NEW MEXICO**  
 City of Espanola  
 Schedule of Employer Contributions  
 Public Employees Retirement Association (PERA) Plan  
 PERA Municipal Fire Division  
 Last 10 Fiscal Years\*

	As of and for the Year Ended <u>June 30, 2015</u>
Contractually required contributions	\$ 125,909
Contributions in relation to the contractually required contribution	(125,909)
Contribution deficiency (excess)	<u>\$ -</u>
City of Espanola's covered-employee payroll	\$ 582,382
Contributions as a percentage of covered-employee payroll	21.6%

\* 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, City of Espanola will present information for those years for which information is available.

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**STATE OF NEW MEXICO**  
City of Espanola  
Notes to Required Supplementary Information  
June 30, 2015

***Changes of benefit terms.*** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

***Changes of assumptions.*** The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at [http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf).

The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

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**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
City of Espanola  
Nonmajor Governmental Fund Descriptions  
June 30, 2015

**Special Revenue Funds**

**Recreation** – To account for establishing and maintaining recreational facilities. The source of funds is from the distribution of cigarette taxes pursuant to NMSA 7-1-6.11.

**Teen Court** – To establish and account for grant funding awarded to the City by the New Mexico Department of Health for the purpose of establishing a framework of prevention strategies associated with alcohol, tobacco, and other drug abuse.

**Weed & Seed Grant** – To establish and account for federal grant funding awarded to the City for the maintenance of land. This fund was authorized by City Council.

**Operation Buckle Down** – To establish and account for grant funding awarded to the Police Department by the New Mexico Department of Transportation for the enforcement of occupant protection laws and ordinances aimed at increasing seat belt and proper child restraint usage pursuant to Section 66-7-501 to 66-7-511 NMSA 1978.

**COPS in Schools Grant** – To establish and account for grant funding awarded to the Police Department by the U.S. Department of Justice to provide a School Resource Officer (SRO) Program for the Espanola Public Schools.

**Byrne Justice Assistance Grant** – To establish and account for federal grant funding awarded to the Police Department by the U.S. Department of Justice for non-lethal force options and technology improvements Grant 2010-SD-B9-006.

**Operation DWI State Grant** – To establish and account for grant funding awarded to the Police Department by the U.S. Department of Transportation for alcohol-impaired driving countermeasures. Source of funds pursuant to 66-7-501 to 66-7-511 NMSA 1978.

**Library Grant** – To account for a grant from the State of New Mexico GO Bond and Grant in Aid to be used for additions to the City's library issued pursuant to Section 18-2-5 NMSA 1978.

**Transit System Grant** – To establish and account for grant funding awarded to the City by the Federal Transit Administration for the City's transit system. This fund was authorized by City Council.

**EMS** – To account for grant funds for the City's EMS department pursuant to Section 24-10A-2 NMSA 1978.

**Wildland Grant** – To account for grant funds to be used for wildland protection. This fund was authorized by City Council.

**Days and Nights of Summer** – To account for revenues related public safety grants. Source of funds pursuant to Section 66-7-501 to 66-7-511 NMSA 1978.

**Public Safety Grants** – To account for grant funds to be used for public safety, including federal department of justice grant funding.

**High Intensity Drug Trafficking Areas** – To account for federal grant funds provided to the City to address drug trafficking in specially designated areas. This fund was authorized by City Council.

**E-911 Grant** – To account for monies received from the State of New Mexico under Section 63-9D-1 NMSA 1978 for the enhancement of the 911 Telephone Emergency System.

**Fire Protection** – To account for the operation and maintenance of the City's fire district received pursuant to Section 59A-53-2 NMSA 1978.

**Roads and Streets** – To account for funds used to maintain roads for which the City has responsibility. Financing sources include motor vehicle registration fees and gasoline taxes pursuant to Section 7-13-1 NMSA 1978.

**STATE OF NEW MEXICO**  
City of Espanola  
Nonmajor Governmental Fund Descriptions  
June 30, 2015

**Special Revenue Funds (continued)**

**Law Enforcement Protection** – To account for a grant from the State of New Mexico used for the purchase and repair of equipment as well as training for police personnel pursuant to Section 29-13-7 NMSA 1978

**Fire Discretionary** – To account for the Fire Department’s discretionary operations.

**Lodger’s Tax** – To account for lodgers’ taxes used to promote the City pursuant to Section 3-38-21 NMSA 1978.

**Lodgers’ Tax Promotional** – To account for lodgers’ taxes used to promote the City pursuant to Section 3-38-21 NMSA 1978.

**Fiesta Council** – To account for funds raised by the Fiesta Council to put on the Espanola Fiestas.

**U.S. Bureau of Reclamation** – To account for grant funds to be used for emergency drought assistance.

**NMDOT Litter Control and Beautification** – To account for the establishment of a local Keep America Beautiful Program to aid in litter control and beautification projects pursuant to Sections 67-16-1 to 67-16-14 NMSA 1978.

**Capital Projects Funds**

**Capital Projects Grant** – This capital projects fund accounts for various capital projects.

**NMLA Capital Improvements Grant** – To establish and account for a capital replacement program.

**Federal W/WW Project Grant** – To complete the wastewater project and to complete water projects.

**State Water Project Grants** – To establish and account for a State water capital project.

**State Agency on Aging Grants** – To account for the renovation of the senior building and to purchase equipment for the senior center.

**GRT Asset Replacement** – To capital projects GRT revenues for asset replacement initiative.

**Debt Service Funds**

**NMFA Debt Service** – To account for the activities related to the debt intercept payments to the State of New Mexico.

**Trust Service Fund** – To account for trust monies related to debt of the City.

**NMFA PPR Equipment Project Loan** – To purchase and equip police vehicles.

**USDA Loan/Police Department** – To purchase police vehicles and equipment.

**Proprietary Funds**

**Water and Wastewater** – To account for the water and wastewater operations of the City.

**Solid Waste** – To account for the solid waste operations of the City.

**STATE OF NEW MEXICO**  
City of Espanola  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	Special Revenue		
	Recreation	Teen Court	Weed and Seed Grant
<i>Assets</i>			
Cash, investments, and cash equivalents	\$ 585	\$ 16,967	\$ 535
Other receivables	-	-	-
<i>Total assets</i>	\$ 585	\$ 16,967	\$ 535
<i>Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	-	-	-
Due to other funds	-	-	-
<i>Total liabilities</i>	-	-	-
<i>Fund balances</i>			
Spendable			
Restricted for:			
Recreation	585	-	-
Fire departments	-	-	-
Tourism	-	-	-
Public safety	-	16,967	-
Capital projects expenditures	-	-	535
Debt service expenditures	-	-	-
<i>Total fund balances</i>	585	16,967	535
<i>Total liabilities and fund balances</i>	\$ 585	\$ 16,967	\$ 535

The accompanying notes are an integral part of these financial statements



Special Revenue

<u>Operation Buckle Down</u>	<u>COPS in Schools Grant</u>	<u>Byrne Justice Assistance Grant</u>	<u>Operation DWI State Grant</u>	<u>Library Grant</u>
\$ 158	\$ -	\$ -	\$ 3,814	\$ 7,997
-	-	-	-	-
<u>\$ 158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,814</u>	<u>\$ 7,997</u>
\$ -	\$ -	\$ -	\$ -	\$ 799
-	-	-	-	-
-	-	-	-	-
-	-	-	-	799
-	-	-	-	-
-	-	-	-	-
-	-	-	-	7,198
158	-	-	3,814	-
-	-	-	-	-
-	-	-	-	-
<u>158</u>	<u>-</u>	<u>-</u>	<u>3,814</u>	<u>7,198</u>
<u>\$ 158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,814</u>	<u>\$ 7,997</u>

**STATE OF NEW MEXICO**  
City of Espanola  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	Special Revenue		
	Transit System Grant	EMS	Wildland Grant
<i>Assets</i>			
Cash, investments, and cash equivalents	\$ -	\$ 12,439	\$ 29,915
Other receivables	-	-	-
<i>Total assets</i>	\$ -	\$ 12,439	\$ 29,915
<i>Liabilities</i>			
Accounts payable	\$ -	\$ 2,423	\$ -
Accrued payroll	-	-	-
Due to other funds	-	-	-
<i>Total liabilities</i>	-	2,423	-
<i>Fund balances</i>			
Spendable			
Restricted for:			
Recreation	-	-	-
Fire departments	-	-	-
Tourism	-	-	29,915
Public safety	-	10,016	-
Capital projects expenditures	-	-	-
Debt service expenditures	-	-	-
<i>Total fund balances</i>	-	10,016	29,915
<i>Total liabilities and fund balances</i>	\$ -	\$ 12,439	\$ 29,915

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Days and Nights of Summer</u>	<u>Public Safety Grants</u>	<u>High Intensity Drug Trafficking Areas</u>	<u>E-911 Grant</u>	<u>Fire Protection</u>
\$ -	\$ 4,917	\$ -	\$ 47,797	\$ 198,265
-	-	83,820	150,008	-
<u>\$ -</u>	<u>\$ 4,917</u>	<u>\$ 83,820</u>	<u>\$ 197,805</u>	<u>\$ 198,265</u>
\$ -	\$ -	\$ -	\$ 7,642	\$ 6,401
-	-	1,820	22,717	-
-	-	82,000	-	-
<u>-</u>	<u>-</u>	<u>83,820</u>	<u>30,359</u>	<u>6,401</u>
-	-	-	-	-
-	-	-	-	191,864
-	-	-	-	-
-	4,917	-	167,446	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>4,917</u>	<u>-</u>	<u>167,446</u>	<u>191,864</u>
<u>\$ -</u>	<u>\$ 4,917</u>	<u>\$ 83,820</u>	<u>\$ 197,805</u>	<u>\$ 198,265</u>

**STATE OF NEW MEXICO**  
City of Espanola  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	Special Revenue		
	Roads and Streets	Law Enforcement Protection	Fire Discretionary
<i>Assets</i>			
Cash, investments, and cash equivalents	\$ -	\$ 25,530	\$ 13,458
Other receivables	61,286	32,600	-
<i>Total assets</i>	\$ 61,286	\$ 58,130	\$ 13,458
<i>Liabilities</i>			
Accounts payable	\$ 25,283	\$ -	\$ -
Accrued payroll	-	-	-
Due to other funds	-	-	-
<i>Total liabilities</i>	25,283	-	-
<i>Fund balances</i>			
Spendable			
Restricted for:			
Recreation	-	-	-
Fire departments	-	-	-
Tourism	-	-	-
Public safety	-	58,130	13,458
Capital projects expenditures	36,003	-	-
Debt service expenditures	-	-	-
<i>Total fund balances</i>	36,003	58,130	13,458
<i>Total liabilities and fund balances</i>	\$ 61,286	\$ 58,130	\$ 13,458

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Lodgers' Tax</u>	<u>Lodgers' Tax Promotional</u>	<u>Fiesta Council</u>	<u>U.S. Bureau of Reclamation</u>	<u>NMDOT Litter Control and Beautification</u>
\$ -	\$ 61,990	\$ 26,472	\$ 38,857	\$ -
-	-	-	-	-
<u>\$ -</u>	<u>\$ 61,990</u>	<u>\$ 26,472</u>	<u>\$ 38,857</u>	<u>\$ -</u>
\$ -	\$ -	\$ 449	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	449	-	-
-	-	26,023	-	-
-	-	-	-	-
-	61,990	-	-	-
-	-	-	-	-
-	-	-	38,857	-
-	-	-	-	-
-	61,990	26,023	38,857	-
<u>\$ -</u>	<u>\$ 61,990</u>	<u>\$ 26,472</u>	<u>\$ 38,857</u>	<u>\$ -</u>

**STATE OF NEW MEXICO**  
City of Espanola  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	Capital Projects		
	Capital Projects Grants	NMLA Capital Improvements Grant	Federal W/WW Project Grant
<i>Assets</i>			
Cash, investments, and cash equivalents	\$ -	\$ -	\$ 28,348
Other receivables	-	129,235	-
<i>Total assets</i>	\$ -	\$ 129,235	\$ 28,348
<i>Liabilities</i>			
Accounts payable	\$ -	\$ 13,115	\$ 28,348
Accrued payroll	-	-	-
Due to other funds	-	116,120	-
<i>Total liabilities</i>	-	129,235	28,348
<i>Fund balances</i>			
Spendable			
Restricted for:			
Recreation	-	-	-
Fire departments	-	-	-
Tourism	-	-	-
Public safety	-	-	-
Capital projects expenditures	-	-	-
Debt service expenditures	-	-	-
<i>Total fund balances</i>	-	-	-
<i>Total liabilities and fund balances</i>	\$ -	\$ 129,235	\$ 28,348

The accompanying notes are an integral part of these financial statements

Capital Projects			Debt Service	
State Water Project Grants	State Agency on Aging Grants	GRT Asset Replacement	NMFA Debt Service	Trust Service Fund
\$ 29,205	\$ -	\$ 299,974	\$ 192,730	\$ 3
-	-	-	-	-
<u>\$ 29,205</u>	<u>\$ -</u>	<u>\$ 299,974</u>	<u>\$ 192,730</u>	<u>\$ 3</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
29,205	-	299,974	-	-
-	-	-	192,730	3
<u>29,205</u>	<u>-</u>	<u>299,974</u>	<u>192,730</u>	<u>3</u>
<u>\$ 29,205</u>	<u>\$ -</u>	<u>\$ 299,974</u>	<u>\$ 192,730</u>	<u>\$ 3</u>

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**STATE OF NEW MEXICO**  
City of Espanola  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	Debt Service		
	NMFA PPR Equipment Project Loan	USDA Loan / Police Department	Total Nonmajor Governmental Funds
<i>Assets</i>			
Cash, investments, and cash equivalents	\$ 471,088	\$ -	\$ 1,511,044
Other receivables	-	-	456,949
<i>Total assets</i>	\$ 471,088	\$ -	\$ 1,967,993
<i>Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ 84,460
Accrued payroll	-	-	24,537
Due to other funds	-	-	198,120
<i>Total liabilities</i>	-	-	307,117
<i>Fund balances</i>			
<i>Spendable</i>			
<i>Restricted for:</i>			
Recreation	-	-	26,608
Fire departments	-	-	191,864
Tourism	-	-	99,103
Public safety	-	-	274,906
Capital projects expenditures	-	-	404,574
Debt service expenditures	471,088	-	663,821
<i>Total fund balances</i>	471,088	-	1,660,876
<i>Total liabilities and fund balances</i>	\$ 471,088	\$ -	\$ 1,967,993

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Espanola  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015

	Special Revenue		
	Recreation	Teen Court	Weed and Seed Grant
<i>Revenues</i>			
Taxes			
Gross receipts	\$ -	\$ -	\$ -
Gasoline and motor vehicle taxes	-	-	-
Other	-	-	-
Federal operating grants	-	-	-
Federal capital grants	-	-	-
State operating grants	-	15,081	-
State capital grants	-	-	-
Charges for services	-	-	-
Investment income	-	-	-
Miscellaneous	1	-	535
<i>Total revenues</i>	1	15,081	535
<i>Expenditures</i>			
Current			
Public safety	-	14,362	-
Public works	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	-	14,362	-
<i>Excess (deficiency) of revenues over expenditures</i>	1	719	535
<i>Other financing sources (uses)</i>			
Transfers in	-	-	-
Transfers out	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-
<i>Net change in fund balances</i>	1	719	535
<i>Fund balances - beginning of year</i>	584	16,248	-
<i>Fund balances - end of year</i>	\$ 585	\$ 16,967	\$ 535

The accompanying notes are an integral part of these financial statements

Special Revenue

Operation Buckle Down	COPS in Schools Grant	Byrne Justice Assistance Grant	Operation DWI State Grant	Library Grant
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
158	-	-	4,709	25,313
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>158</u>	<u>-</u>	<u>-</u>	<u>4,709</u>	<u>25,313</u>
-	-	10,740	895	-
-	-	-	-	-
-	-	-	-	18,115
-	-	-	-	-
-	-	-	-	-
-	-	<u>10,740</u>	<u>895</u>	<u>18,115</u>
<u>158</u>	<u>-</u>	<u>(10,740)</u>	<u>3,814</u>	<u>7,198</u>
-	-	10,740	-	-
-	-	-	-	-
-	-	<u>10,740</u>	<u>-</u>	<u>-</u>
158	-	-	3,814	7,198
-	-	-	-	-
<u>\$ 158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,814</u>	<u>\$ 7,198</u>

**STATE OF NEW MEXICO**  
City of Espanola  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015

	Special Revenue		
	Transit System		
	Grant	EMS	Wildland Grant
<i>Revenues</i>			
Taxes			
Gross receipts	\$ -	\$ -	\$ -
Gasoline and motor vehicle taxes	-	-	-
Other	-	-	-
Federal operating grants	-	-	-
Federal capital grants	-	-	-
State operating grants	-	14,440	-
State capital grants	-	-	-
Charges for services	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
<i>Total revenues</i>	-	14,440	-
<i>Expenditures</i>			
Current			
Public safety	-	14,480	-
Public works	270	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	270	14,480	-
<i>Excess (deficiency) of revenues over expenditures</i>	(270)	(40)	-
<i>Other financing sources (uses)</i>			
Transfers in	270	-	-
Transfers out	-	-	-
<i>Total other financing sources (uses)</i>	270	-	-
<i>Net change in fund balances</i>	-	(40)	-
<i>Fund balances - beginning of year</i>	-	10,056	29,915
<i>Fund balances - end of year</i>	\$ -	\$ 10,016	\$ 29,915

The accompanying notes are an integral part of these financial statements

Special Revenue

Days and Nights of Summer	Public Safety Grants	High Intensity Drug Trafficking Areas	E-911 Grant	Fire Protection
\$ -	\$ -	\$ -	\$ 991,276	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	83,820	-	-
-	-	-	-	-
2,932	-	-	-	262,183
-	-	-	-	-
-	-	-	-	-
-	-	-	944	208
-	-	-	6,375	-
2,932	-	83,820	998,595	262,391
3,102	-	83,820	1,082,386	124,628
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	50,979
-	-	-	-	8,637
3,102	-	83,820	1,082,386	184,244
(170)	-	-	(83,791)	78,147
170	-	-	-	-
-	-	-	(9,334)	-
170	-	-	(9,334)	-
-	-	-	(93,125)	78,147
-	4,917	-	260,571	113,717
\$ -	\$ 4,917	\$ -	\$ 167,446	\$ 191,864

**STATE OF NEW MEXICO**  
City of Espanola  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015

	Special Revenue		
	Roads and Streets	Law Enforcement Protection	Fire Discretionary
<i>Revenues</i>			
Taxes			
Gross receipts	\$ -	\$ -	\$ -
Gasoline and motor vehicle taxes	383,500	-	-
Other	-	-	-
Federal operating grants	-	-	-
Federal capital grants	-	-	-
State operating grants	-	65,200	-
State capital grants	-	-	-
Charges for services	2,562	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
<i>Total revenues</i>	<u>386,062</u>	<u>65,200</u>	<u>-</u>
<i>Expenditures</i>			
Current			
Public safety	-	16,991	-
Public works	384,178	-	-
Culture and recreation	-	-	-
Capital outlay	12,496	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>396,674</u>	<u>16,991</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(10,612)</u>	<u>48,209</u>	<u>-</u>
<i>Other financing sources (uses)</i>			
Transfers in	18,713	-	-
Transfers out	-	(15,567)	-
<i>Total other financing sources (uses)</i>	<u>18,713</u>	<u>(15,567)</u>	<u>-</u>
<i>Net change in fund balances</i>	8,101	32,642	-
<i>Fund balances - beginning of year</i>	<u>27,902</u>	<u>25,488</u>	<u>13,458</u>
<i>Fund balances - end of year</i>	<u>\$ 36,003</u>	<u>\$ 58,130</u>	<u>\$ 13,458</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Lodgers' Tax</u>	<u>Lodgers' Tax Promotional</u>	<u>Fiesta Council</u>	<u>U.S. Bureau of Reclamation</u>	<u>NMDOT Litter Control and Beautification</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
14,866	-	7,500	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	15,421	-	-
1,115	-	-	-	-
-	-	21,187	-	-
<u>15,981</u>	<u>-</u>	<u>44,108</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	12,172
89	13,673	33,325	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>89</u>	<u>13,673</u>	<u>33,325</u>	<u>-</u>	<u>12,172</u>
<u>15,892</u>	<u>(13,673)</u>	<u>10,783</u>	<u>-</u>	<u>(12,172)</u>
31,647	19,000	-	-	12,172
(48,823)	-	-	-	-
<u>(17,176)</u>	<u>19,000</u>	<u>-</u>	<u>-</u>	<u>12,172</u>
(1,284)	5,327	10,783	-	-
1,284	56,663	15,240	38,857	-
<u>\$ -</u>	<u>\$ 61,990</u>	<u>\$ 26,023</u>	<u>\$ 38,857</u>	<u>\$ -</u>

**STATE OF NEW MEXICO**  
City of Espanola  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015

	Capital Projects		
	Capital Projects Grants	NMLA Capital Improvements Grant	Federal W/WW Project Grant
<i>Revenues</i>			
Taxes			
Gross receipts	\$ -	\$ -	\$ -
Gasoline and motor vehicle taxes	-	-	-
Other	-	-	-
Federal operating grants	-	-	-
Federal capital grants	-	-	593
State operating grants	-	-	-
State capital grants	-	129,235	-
Charges for services	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
<i>Total revenues</i>	-	129,235	593
<i>Expenditures</i>			
Current			
Public safety	-	-	-
Public works	10,283	25,528	28,941
Culture and recreation	-	-	-
Capital outlay	-	103,707	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	10,283	129,235	28,941
<i>Excess (deficiency) of revenues over expenditures</i>	(10,283)	-	(28,348)
<i>Other financing sources (uses)</i>			
Transfers in	10,283	-	28,348
Transfers out	-	-	-
<i>Total other financing sources (uses)</i>	10,283	-	28,348
<i>Net change in fund balances</i>	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements



Capital Projects			Debt Service	
State Water Project Grants	State Agency on Aging Grants	GRT Asset Replacement	NMFA Debt Service	Trust Service Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	339	-
-	-	-	-	-
-	-	-	339	-
-	-	-	-	-
-	1,356	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	31,111	-
-	-	-	9,214	-
-	1,356	-	40,325	-
-	(1,356)	-	(39,986)	-
-	1,356	-	68,841	-
-	-	-	(13,592)	-
-	1,356	-	55,249	-
-	-	-	15,263	-
29,205	-	299,974	177,467	3
\$ 29,205	\$ -	\$ 299,974	\$ 192,730	\$ 3

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## STATE OF NEW MEXICO

City of Espanola

Statement A-2

Page 5 of 5

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2015

	Debt Service		
	NMFA PPR Equipment Project Loan	USDA Loan / Police Department	Total Nonmajor Governmental Funds
<i>Revenues</i>			
Taxes			
Gross receipts	\$ -	\$ -	\$ 991,276
Gasoline and motor vehicle taxes	-	-	383,500
Other	-	-	22,366
Federal operating grants	-	-	83,820
Federal capital grants	-	-	593
State operating grants	-	-	390,016
State capital grants	-	-	129,235
Charges for services	-	-	17,983
Investment income	3,071	-	5,677
Miscellaneous	-	-	28,098
<i>Total revenues</i>	<u>3,071</u>	<u>-</u>	<u>2,052,564</u>
<i>Expenditures</i>			
Current			
Public safety	-	-	1,351,404
Public works	-	-	462,728
Culture and recreation	-	-	65,202
Capital outlay	-	-	116,203
Debt service			
Principal	300,000	13,200	395,290
Interest	88,833	2,389	109,073
<i>Total expenditures</i>	<u>388,833</u>	<u>15,589</u>	<u>2,499,900</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(385,762)</u>	<u>(15,589)</u>	<u>(447,336)</u>
<i>Other financing sources (uses)</i>			
Transfers in	394,609	15,589	611,738
Transfers out	-	-	(87,316)
<i>Total other financing sources (uses)</i>	<u>394,609</u>	<u>15,589</u>	<u>524,422</u>
<i>Net change in fund balances</i>	8,847	-	77,086
<i>Fund balances - beginning of year</i>	<u>462,241</u>	<u>-</u>	<u>1,583,790</u>
<i>Fund balances - end of year</i>	<u>\$ 471,088</u>	<u>\$ -</u>	<u>\$ 1,660,876</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-1

City of Espanola

Recreation Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	100	100	1	(99)
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>100</u>	<u>100</u>	<u>1</u>	<u>(99)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	100	100	-	100
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	1	1
<i>Fund balance- beginning of year</i>	-	-	584	584
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 585</u>	<u>\$ 585</u>
Net change in fund balance (Non-GAAP basis)				\$ 1
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 1</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-2

City of Espanola

Teen Court Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	14,500	15,081	15,081	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>14,500</u>	<u>15,081</u>	<u>15,081</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	18,329	18,466	14,425	4,041
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>18,329</u>	<u>18,466</u>	<u>14,425</u>	<u>4,041</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,829)</u>	<u>(3,385)</u>	<u>656</u>	<u>4,041</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	3,829	3,385	-	(3,385)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,829</u>	<u>3,385</u>	<u>-</u>	<u>(3,385)</u>
<i>Net change in fund balance</i>	-	-	656	656
<i>Fund balance - beginning of year</i>	-	-	16,311	16,311
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,967</u>	<u>\$ 16,967</u>
Net change in fund balance (Non-GAAP basis)				\$ 656
No adjustments to revenues				-
Adjustments to expenditures for salaries				63
Net change in fund balance (GAAP basis)				<u>\$ 719</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-3

City of Espanola

Weed and Seed Grant Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Miscellaneous	-	-	535	535
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>535</u>	<u>535</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>535</u>	<u>535</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>535</u>	<u>535</u>
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance- restatement</i>	-	-	-	-
<i>Fund balance- as restated</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 535</u>	<u>\$ 535</u>
Net change in fund balance (Non-GAAP basis)				\$ 535
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 535</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-4

City of Espanola

Operation Buckle Down Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	854	158	158	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>854</u>	<u>158</u>	<u>158</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	854	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>854</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>158</u>	<u>158</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(158)	-	158
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(158)</u>	<u>-</u>	<u>158</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>158</u>	<u>158</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158</u>	<u>\$ 158</u>
Net change in fund balance (Non-GAAP basis)				\$ 158
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 158</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-5

City of Espanola

COPS in Schools Grant Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	950	906	(44)
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>950</u>	<u>906</u>	<u>(44)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	950	906	44
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>950</u>	<u>906</u>	<u>44</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP basis)				\$ -
Adjustments to revenues for state operating grants				(906)
Adjustments to expenditures for personnel costs				906
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-6

City of Espanola

Byrne Justice Assistance Grant Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	21,568	11,633	9,057	(2,576)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>21,568</u>	<u>11,633</u>	<u>9,057</u>	<u>(2,576)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	21,568	11,633	10,740	893
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>21,568</u>	<u>11,633</u>	<u>10,740</u>	<u>893</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,683)</u>	<u>(1,683)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	10,740	10,740
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>10,740</u>	<u>10,740</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>9,057</u>	<u>9,057</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(9,057)</u>	<u>(9,057)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP basis)				\$ 9,057
Adjustments to revenues for federal operating grants				(9,057)
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-7

City of Espanola

Operation DWI State Grant Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	3,604	4,709	4,709	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,604</u>	<u>4,709</u>	<u>4,709</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	3,604	895	895	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,604</u>	<u>895</u>	<u>895</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>3,814</u>	<u>3,814</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(3,814)	-	3,814
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(3,814)</u>	<u>-</u>	<u>3,814</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>3,814</u>	<u>3,814</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,814</u>	<u>\$ 3,814</u>
Net change in fund balance (Non-GAAP basis)				\$ 3,814
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 3,814</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-8

City of Espanola

Library Grant Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	66,371	35,979	35,979	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>66,371</u>	<u>35,979</u>	<u>35,979</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	66,371	25,443	23,922	1,521
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>66,371</u>	<u>25,443</u>	<u>23,922</u>	<u>1,521</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>10,536</u>	<u>12,057</u>	<u>1,521</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(10,536)	-	10,536
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(10,536)</u>	<u>-</u>	<u>10,536</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>12,057</u>	<u>12,057</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(4,060)</u>	<u>(4,060)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,997</u>	<u>\$ 7,997</u>
Net change in fund balance (Non-GAAP basis)				\$ 12,057
Adjustments to revenues for state operating grants				(10,666)
Adjustments to expenditures for professional services				5,807
Net change in fund balance (GAAP basis)				<u>\$ 7,198</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-9

City of Espanola

Transit System Grant Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Rental income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	270	(270)
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>270</u>	<u>(270)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(270)</u>	<u>(270)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	270	270
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>270</u>	<u>270</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance- restatement</i>	-	-	-	-
<i>Fund balance- as restated</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-10

City of Espanola

EMS Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	10,985	14,440	14,440	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>10,985</u>	<u>14,440</u>	<u>14,440</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	5,642	15,390	12,967	2,423
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,642</u>	<u>15,390</u>	<u>12,967</u>	<u>2,423</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>5,343</u>	<u>(950)</u>	<u>1,473</u>	<u>2,423</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(5,343)	950	-	(950)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(5,343)</u>	<u>950</u>	<u>-</u>	<u>(950)</u>
<i>Net change in fund balance</i>	-	-	1,473	1,473
<i>Fund balance - beginning of year</i>	-	-	10,966	10,966
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,439</u>	<u>\$ 12,439</u>
Net change in fund balance (Non-GAAP basis)				\$ 1,473
No adjustments to revenues				-
Adjustments to expenditures for supplies				(1,513)
Net change in fund balance (GAAP basis)				<u>\$ (40)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-11

City of Espanola

Wildland Grant Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	36,537	36,537	-	(36,537)
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>36,537</u>	<u>36,537</u>	<u>-</u>	<u>(36,537)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	36,537	36,537	-	36,537
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>36,537</u>	<u>36,537</u>	<u>-</u>	<u>36,537</u>
<i>Excess (deficiency) of revenues over expenditures</i>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	29,915	29,915
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,915</u>	<u>\$ 29,915</u>
Net change in fund balance (Non-GAAP basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-12

City of Espanola

Days and Nights of Summer Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	3,142	2,972	(170)
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>3,142</u>	<u>2,972</u>	<u>(170)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	3,142	3,142	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>3,142</u>	<u>3,142</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(170)</u>	<u>(170)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	170	170
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>170</u>	<u>170</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP basis)				\$ -
Adjustments to revenues for state operating grants				(40)
Adjustments to expenditures for salaries				40
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-13

City of Espanola

Public Safety Grants Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	4,917	4,917
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,917</u>	<u>\$ 4,917</u>
Net change in fund balance (Non-GAAP basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-14

City of Espanola

High Intensity Drug Trafficking Areas Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental income				
Federal operating grants	114,000	114,000	-	(114,000)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Rental income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>114,000</u>	<u>114,000</u>	<u>-</u>	<u>(114,000)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	114,000	114,000	-	114,000
Public works	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>114,000</u>	<u>114,000</u>	<u>-</u>	<u>114,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance- restatement</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance- as restated</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP basis)				\$ -
Adjustments to revenues for state operating grants				83,820
Adjustments to expenditures for salaries and supplies				(83,820)
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-15

City of Espanola

E-911 Grant Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	1,070,552	1,080,740	1,087,964	7,224
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Investment income (loss)	1,500	944	944	-
Miscellaneous	5,000	6,375	6,375	-
<i>Total revenues</i>	<u>1,077,052</u>	<u>1,088,059</u>	<u>1,095,283</u>	<u>7,224</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	1,067,714	1,077,367	1,078,048	(681)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,067,714</u>	<u>1,077,367</u>	<u>1,078,048</u>	<u>(681)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>9,338</u>	<u>10,692</u>	<u>17,235</u>	<u>6,543</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(4)	(1,358)	-	1,358
Transfers in	-	-	-	-
Transfers out	(9,334)	(9,334)	(9,334)	-
<i>Total other financing sources (uses)</i>	<u>(9,338)</u>	<u>(10,692)</u>	<u>(9,334)</u>	<u>1,358</u>
<i>Net change in fund balance</i>	-	-	7,901	7,901
<i>Fund balance - beginning of year</i>	-	-	39,896	39,896
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,797</u>	<u>\$ 47,797</u>
Net change in fund balance (Non-GAAP basis)				\$ 7,901
Adjustments to revenues for gross receipts taxes				(96,688)
Adjustments to expenditures for salaries and repairs				(4,338)
Net change in fund balance (GAAP basis)				<u>\$ (93,125)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-16

City of Espanola

Fire Protection Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	495,856	262,183	262,183	-
State capital grants	-	-	-	-
Investment income (loss)	275	208	208	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>496,131</u>	<u>262,391</u>	<u>262,391</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	267,968	150,716	127,886	22,830
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay				
Debt service				
Principal	68,533	59,616	50,979	8,637
Interest	-	-	8,637	(8,637)
<i>Total expenditures</i>	<u>336,501</u>	<u>210,332</u>	<u>187,502</u>	<u>22,830</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>159,630</u>	<u>52,059</u>	<u>74,889</u>	<u>22,830</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(159,630)	(52,059)	-	52,059
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(159,630)</u>	<u>(52,059)</u>	<u>-</u>	<u>52,059</u>
<i>Net change in fund balance</i>	-	-	74,889	74,889
<i>Fund balance - beginning of year</i>	-	-	123,376	123,376
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,265</u>	<u>\$ 198,265</u>
Net change in fund balance (Non-GAAP basis)				\$ 74,889
No adjustments to revenues				-
Adjustments to expenditures for salaries				3,258
Net change in fund balance (GAAP basis)				<u>\$ 78,147</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-17

City of Espanola

Roads and Streets Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gasoline and motor vehicle	333,844	369,876	350,116	(19,760)
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	600	2,562	2,562	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>334,444</u>	<u>372,438</u>	<u>352,678</u>	<u>(19,760)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	294,444	305,874	305,476	398
Culture and recreation	-	-	-	-
Capital outlay	40,000	66,564	65,915	649
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>334,444</u>	<u>372,438</u>	<u>371,391</u>	<u>1,047</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(18,713)	(18,713)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	18,713	18,713
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	<u>18,713</u>	<u>18,713</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP basis)				\$ -
Adjustments to revenues for gasoline and motor vehicles				33,384
Adjustments to expenditures for repairs				(25,283)
Net change in fund balance (GAAP basis)				<u>\$ 8,101</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-18

City of Espanola

Law Enforcement Protection Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	50,433	32,600	32,600	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>50,433</u>	<u>32,600</u>	<u>32,600</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	15,837	16,991	16,991	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>15,837</u>	<u>16,991</u>	<u>16,991</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>34,596</u>	<u>15,609</u>	<u>15,609</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(19,032)	(42)	-	42
Transfers in	-	-	-	-
Transfers out	(15,564)	(15,567)	(15,567)	-
<i>Total other financing sources (uses)</i>	<u>(34,596)</u>	<u>(15,609)</u>	<u>(15,567)</u>	<u>42</u>
<i>Net change in fund balance</i>	-	-	42	42
<i>Fund balance - beginning of year</i>	-	-	25,488	25,488
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,530</u>	<u>\$ 25,530</u>
Net change in fund balance (Non-GAAP basis)				\$ 42
Adjustments to revenues for state operating grants				32,600
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 32,642</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-19

City of Espanola

Fire Discretionary Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	13,458	13,458
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,458</u>	<u>\$ 13,458</u>
Net change in fund balance (Non-GAAP basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-20

City of Espanola

Lodgers' Tax Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	49,321	68,193	14,866	(53,327)
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	1,115	1,115	-
<i>Total revenues</i>	<u>49,321</u>	<u>69,308</u>	<u>15,981</u>	<u>(53,327)</u>
<i>Expenditures</i>				
Current				
General government	20,485	20,485	89	20,396
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>20,485</u>	<u>20,485</u>	<u>89</u>	<u>20,396</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>28,836</u>	<u>48,823</u>	<u>15,892</u>	<u>(32,931)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(570)	-	-	-
Transfers in	-	-	31,647	31,647
Transfers out	(28,266)	(48,823)	(48,823)	-
<i>Total other financing sources (uses)</i>	<u>(28,836)</u>	<u>(48,823)</u>	<u>(17,176)</u>	<u>31,647</u>
<i>Net change in fund balance</i>	-	-	(1,284)	(1,284)
<i>Fund balance - beginning of year</i>	-	-	1,284	1,284
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP basis)				\$ (1,284)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ (1,284)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-21

City of Espanola

Lodgers' Tax Promotional Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	19,000	17,673	17,673	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>19,000</u>	<u>17,673</u>	<u>17,673</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(19,000)</u>	<u>(17,673)</u>	<u>(17,673)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(1,327)	-	1,327
Transfers in	19,000	19,000	19,000	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>19,000</u>	<u>17,673</u>	<u>19,000</u>	<u>1,327</u>
<i>Net change in fund balance</i>	-	-	1,327	1,327
<i>Fund balance - beginning of year</i>	-	-	60,663	60,663
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,990</u>	<u>\$ 61,990</u>
Net change in fund balance (Non-GAAP basis)				\$ 1,327
No adjustments to revenues				-
Adjustments to expenditures for supplies				4,000
Net change in fund balance (GAAP basis)				<u>5,327</u>

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-22

City of Espanola

Fiesta Council Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	7,500	7,500	7,500	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	14,400	15,421	15,421	-
Miscellaneous	18,100	21,187	21,187	-
<i>Total revenues</i>	<u>40,000</u>	<u>44,108</u>	<u>44,108</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	40,000	34,729	33,001	1,728
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>40,000</u>	<u>34,729</u>	<u>33,001</u>	<u>1,728</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>9,379</u>	<u>11,107</u>	<u>1,728</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(9,379)	-	9,379
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(9,379)</u>	<u>-</u>	<u>9,379</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>11,107</u>	<u>11,107</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>15,365</u>	<u>15,365</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,472</u>	<u>\$ 26,472</u>
Net change in fund balance (Non-GAAP basis)				\$ 11,107
No adjustments to revenues				-
Adjustments to expenditures for supplies				(324)
Net change in fund balance (GAAP basis)				<u>\$ 10,783</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-23

City of Espanola

U.S. Bureau of Reclamation Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	38,857	38,857
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,857</u>	<u>\$ 38,857</u>
Net change in fund balance (Non-GAAP basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-24

City of Espanola

NMDOT Litter Control and Beautification Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	10,000	20,616	10,650	(9,966)
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>10,000</u>	<u>20,616</u>	<u>10,650</u>	<u>(9,966)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	10,000	9,966	9,966	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>10,000</u>	<u>9,966</u>	<u>9,966</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>10,650</u>	<u>684</u>	<u>(9,966)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(10,650)	-	10,650
Transfers in	-	-	12,172	12,172
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(10,650)</u>	<u>12,172</u>	<u>22,822</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>12,856</u>	<u>12,856</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(12,856)</u>	<u>(12,856)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP basis)				\$ 12,856
Adjustments to revenues for state operating grants				(10,650)
Adjustments to expenditures for repairs				(2,206)
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-25

City of Espanola

Capital Projects Grants Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	10,283	(10,283)
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>10,283</u>	<u>(10,283)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(10,283)</u>	<u>(10,283)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Proceeds from the sale of land	-	-	-	-
Transfers in	-	-	10,283	10,283
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>10,283</u>	<u>10,283</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non-GAAP basis)				-
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-26

City of Espanola

NMLA Capital Improvements Grant Capital Projects Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
State operating grants	-	-	-	-
State capital grants	200,000	200,000	-	(200,000)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income (loss)	-	-	-	-
Rental income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	100,000	13,115	1,532	11,583
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	100,000	114,588	114,588	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>200,000</u>	<u>127,703</u>	<u>116,120</u>	<u>11,583</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>72,297</u>	<u>(116,120)</u>	<u>(188,417)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(72,297)	-	72,297
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(72,297)</u>	<u>-</u>	<u>72,297</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(116,120)</u>	<u>(116,120)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (116,120)</u>	<u>\$ (116,120)</u>
Net change in fund balance (Non-GAAP basis)				\$ (116,120)
Adjustments to revenues for state capital grants				129,235
Adjustments to expenditures for buildings and structures				(13,115)
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-27

City of Espanola

Federal W/WW Project Grant Capital Projects Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	2,100,392	149,300	149,300	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,100,392</u>	<u>149,300</u>	<u>149,300</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	56,723	594	593	1
Culture and recreation	-	-	-	-
Capital outlay	2,043,669	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,100,392</u>	<u>594</u>	<u>593</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>148,706</u>	<u>148,707</u>	<u>1</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(148,706)	-	148,706
Transfers in	-	-	28,348	28,348
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(148,706)</u>	<u>28,348</u>	<u>177,054</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>177,055</u>	<u>177,055</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(148,707)</u>	<u>(148,707)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,348</u>	<u>\$ 28,348</u>
Net change in fund balance (Non-GAAP basis)				\$ 177,055
Adjustments to revenues for federal capital grants				(148,707)
Adjustments to expenditures for accounts payable				(28,348)
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-28

City of Espanola

State Water Project Grants Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	29,205	29,205
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,205</u>	<u>\$ 29,205</u>
Net change in fund balance (Non-GAAP basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-29

City of Espanola

State Agency on Aging Grants Capital Projects Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	1,356	(1,356)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>1,356</u>	<u>(1,356)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,356)</u>	<u>(1,356)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	1,356	1,356
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>1,356</u>	<u>1,356</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-30

City of Espanola

GRT Asset Replacement Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	299,974	299,974
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 299,974</u>	<u>\$ 299,974</u>
Net change in fund balance (Non-GAAP basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-31

City of Espanola

NMFA Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Investment income (loss)	-	-	339	339
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>339</u>	<u>339</u>
<i>Expenditures</i>				
Current				
General government	2,416	843	-	843
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	160,491	147,483	31,111	116,372
Interest	35,820	44,691	9,214	35,477
<i>Total expenditures</i>	<u>198,727</u>	<u>193,017</u>	<u>40,325</u>	<u>152,692</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(198,727)</u>	<u>(193,017)</u>	<u>(39,986)</u>	<u>153,031</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	59,627	(14,924)	-	14,924
Transfers in	139,100	207,941	68,841	(139,100)
Transfers out	-	-	(13,592)	(13,592)
<i>Total other financing sources (uses)</i>	<u>198,727</u>	<u>193,017</u>	<u>55,249</u>	<u>(137,768)</u>
<i>Net change in fund balance</i>	-	-	15,263	15,263
<i>Fund balance - beginning of year</i>	-	-	177,467	177,467
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,730</u>	<u>\$ 192,730</u>
Net change in fund balance (Non-GAAP basis)				\$ 15,263
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 15,263</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-32

City of Espanola

Trust Service Fund Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>				
	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	3	3
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 3	\$ 3
Net change in fund balance (Non-GAAP basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				\$ -

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-33

City of Espanola

NMFA PPR Equipment Project Loan Debt Service Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Investment income (loss)	-	-	3,071	3,071
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>3,071</u>	<u>3,071</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	312,173	300,000	300,000	-
Interest	95,851	88,833	88,833	-
<i>Total expenditures</i>	<u>408,024</u>	<u>388,833</u>	<u>388,833</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(408,024)</u>	<u>(388,833)</u>	<u>(385,762)</u>	<u>3,071</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	408,024	388,833	394,609	5,776
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>408,024</u>	<u>388,833</u>	<u>394,609</u>	<u>5,776</u>
<i>Net change in fund balance</i>	-	-	8,847	8,847
<i>Fund balance - beginning of year</i>	-	-	462,241	462,241
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 471,088</u>	<u>\$ 471,088</u>
Net change in fund balance (Non-GAAP basis)				\$ 8,847
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 8,847</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-34

City of Espanola

USDA Loan / Police Department Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	13,495	13,200	13,200	-
Interest	2,005	2,389	2,389	-
<i>Total expenditures</i>	<u>15,500</u>	<u>15,589</u>	<u>15,589</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(15,500)</u>	<u>(15,589)</u>	<u>(15,589)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(15,623)	-	15,623
Transfers in	15,500	31,212	15,589	(15,623)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>15,500</u>	<u>15,589</u>	<u>15,589</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-35

City of Espanola

Infrastructure Projects Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	1,187,432	998,138	998,138	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,187,432</u>	<u>998,138</u>	<u>998,138</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	484,116	149,971	147,575	2,396
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>484,116</u>	<u>149,971</u>	<u>147,575</u>	<u>2,396</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>703,316</u>	<u>848,167</u>	<u>850,563</u>	<u>2,396</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(67,369)	(209,291)	-	209,291
Transfers in	-	-	-	-
Transfers out	(635,947)	(638,876)	(638,876)	-
<i>Total other financing sources (uses)</i>	<u>(703,316)</u>	<u>(848,167)</u>	<u>(638,876)</u>	<u>209,291</u>
<i>Net change in fund balance</i>	-	-	211,687	211,687
<i>Fund balance - beginning of year</i>	-	-	1,766,223	1,766,223
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,977,910</u>	<u>\$ 1,977,910</u>
Net change in fund balance (Non-GAAP basis)				\$ 211,687
Adjustments to revenues for gross receipts taxes				543
Adjustments to expenditures for professional services				21,975
Net change in fund balance (GAAP basis)				<u>\$ 234,205</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-36

City of Espanola

2002 Bond Debt Service Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variences
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Investment income (loss)	-	63	6,359	6,296
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>63</u>	<u>6,359</u>	<u>6,296</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	915,000	915,000	410,000	505,000
Interest	634,881	634,881	250,570	384,311
<i>Total expenditures</i>	<u>1,549,881</u>	<u>1,549,881</u>	<u>660,570</u>	<u>889,311</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,549,881)</u>	<u>(1,549,818)</u>	<u>(654,211)</u>	<u>895,607</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	660,570	(27,063)	-	27,063
Transfers in	889,311	1,576,881	660,570	(916,311)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,549,881</u>	<u>1,549,818</u>	<u>660,570</u>	<u>(889,248)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>6,359</u>	<u>6,359</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,751,455</u>	<u>1,751,455</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,757,814</u>	<u>\$ 1,757,814</u>
Net change in fund balance (Non-GAAP basis)				\$ 6,359
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 6,359</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-37

City of Espanola

Water and Wastewater Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Position

Budget (GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budget Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 5,286,155	\$ 5,069,143	\$ 5,021,381	\$ (47,762)
<i>Total operating revenues</i>	<u>5,286,155</u>	<u>5,069,143</u>	<u>5,021,381</u>	<u>(47,762)</u>
<i>Operating expenses</i>				
Personnel services	1,804,571	1,438,567	1,411,799	26,768
Contractual services	429,314	210,535	215,065	(4,530)
Supplies and services	854,279	494,588	492,974	1,614
Repairs and maintenance	344,000	230,023	200,948	29,075
Utilities	671,000	470,132	512,264	(42,132)
Depreciation expense	-	390,000	383,071	6,929
Bad debt expense	-	-	-	-
<i>Total operating expenses</i>	<u>4,103,164</u>	<u>3,233,845</u>	<u>3,216,121</u>	<u>17,724</u>
<i>Operating income (loss)</i>	<u>1,182,991</u>	<u>1,835,298</u>	<u>1,805,260</u>	<u>(30,038)</u>
<i>Non-operating revenues (expenses)</i>				
Interest expense	(155,144)	(154,650)	(148,706)	5,944
Interest income	4,800	4,090	3,992	(98)
<i>Total non-operating revenues (expenses)</i>	<u>(150,344)</u>	<u>(147,185)</u>	<u>(141,339)</u>	<u>5,846</u>
<i>Income (loss) before transfers and grants</i>	<u>1,032,647</u>	<u>1,688,113</u>	<u>1,663,921</u>	<u>(24,192)</u>
Transfer of capital assets	-	-	-	-
Transfers	(524,500)	(609,508)	(595,916)	13,592
<i>Change in net position</i>	<u>\$ 508,147</u>	<u>\$ 1,078,605</u>	<u>1,068,005</u>	<u>\$ (10,600)</u>
<i>Total net position, beginning of year</i>			4,955,996	
<i>Net position restatement (Note 18)</i>			(1,111,509)	
<i>Net position, beginning of year, restated</i>			<u>3,844,487</u>	
<i>Total net position, end of year</i>			<u>\$ 4,912,492</u>	

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-38

City of Espanola

Solid Waste Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Position

Budget (GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budget Amounts		Actual (GAAP Basis)	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 909,300	\$ 712,513	\$ 690,174	\$ (22,339)
<i>Total operating revenues</i>	<u>909,300</u>	<u>712,513</u>	<u>690,174</u>	<u>(22,339)</u>
<i>Operating expenses</i>				
Personnel services	-	-	-	-
Contractual services	665,100	789,410	771,793	17,617
Supplies and services	189,200	172,951	197,951	(25,000)
Repairs and maintenance	-	-	-	-
Utilities	-	-	-	-
Bad debt expense	-	-	-	-
<i>Total operating expenses</i>	<u>854,300</u>	<u>962,361</u>	<u>969,744</u>	<u>(7,383)</u>
<i>Operating income (loss)</i>	<u>55,000</u>	<u>(249,848)</u>	<u>(279,570)</u>	<u>(29,722)</u>
<i>Non-operating revenues (expenses)</i>				
Gross receipts taxes	160,400	166,970	167,009	39
Interest expense	-	-	-	-
Interest income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>160,400</u>	<u>166,970</u>	<u>167,009</u>	<u>39</u>
<i>Income (loss) before transfers and grants</i>	<u>215,400</u>	<u>(82,878)</u>	<u>(112,561)</u>	<u>(29,683)</u>
Transfers	<u>(67,100)</u>	<u>(67,100)</u>	<u>(67,100)</u>	<u>-</u>
<i>Change in net position</i>	<u>\$ 148,300</u>	<u>\$ (149,978)</u>	<u>(179,661)</u>	<u>\$ (29,683)</u>
<i>Total net position, beginning of year</i>			<u>(473,550)</u>	
<i>Total net position, end of year</i>			<u>\$ (653,211)</u>	

The accompanying notes are an integral part of these financial statements

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**SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
City of Espanola  
Schedule of Deposit and Investment Accounts  
June 30, 2015

Schedule III  
Page 1 of 2

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
<b>Century Bank</b>					
Bond Court	Checking	\$ 63,709	\$ -	\$ -	\$ 63,709
E-911	Checking	790,124	-	2,635	787,489
Fire Fund	Checking	136,340	-	5,327	131,013
General Fund	Checking	1,468,729	19,153	118,639	1,369,243
Online Utility	Checking	2,331,147	3,691	-	2,334,838
Payroll Fund	Checking	103,673	49	69,220	34,502
Restricted Fund	Checking	1,666,488	-	-	1,666,488
General Fund - Express Bill Pay	Checking	53,031	863	-	53,894
Certificate of Deposit	CD	70,000	-	-	70,000
Certificate of Deposit	CD	85,000	-	-	85,000
Certificate of Deposit	CD	15,439	-	439	15,000
Certificate of Deposit	CD	58,929	-	-	58,929
Certificate of Deposit	CD	37,000	-	-	37,000
Certificate of Deposit	CD	6,000	-	-	6,000
Certificate of Deposit	CD	2,500,000	-	-	2,500,000
Total Valley National Bank		9,385,609	23,756	196,260	9,213,105
<b>Bank of Albuquerque- Restricted Cash and Cash Equivalents</b>					
Espanola Municipal Infrastructure GRT Income Fund	U.S. Treasury Mutual Fund	54,315	-	-	54,315
Espanola Municipal Infrastructure GRT Debt Service Reserve	U.S. Treasury Mutual Fund	375,404	-	-	375,404
Total Bank of Albuquerque		429,719	-	-	429,719
<b>New Mexico Finance Authority - Restricted Cash and Cash Equivalents</b>					
Espanola 1	State Treasurer Debt Service	40,877	-	-	40,877
Espanola 1- Reserve	State Treasurer Debt Service	53,090	-	-	53,090
Espanola 7	State Treasurer Debt Service	29	-	-	29
Espanola 8	State Treasurer Debt Service	553,056	-	-	553,056
Espanola 8- Reserve	State Treasurer Debt Service	775,949	-	-	775,949
Espanola 12	State Treasurer Debt Service	132,516	-	-	132,516
Espanola 12- Reserve	State Treasurer Debt Service	44,199	-	-	44,199
Espanola 13	State Treasurer Debt Service	243,366	-	-	243,366
Espanola 13-Reserve3	State Treasurer Debt Service	51,007	-	-	51,007
Total New Mexico Finance Authority		1,894,089	-	-	1,894,089

See independent auditors' report

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Total		<u>\$ 9,815,328</u>	<u>\$ 23,756</u>	<u>\$ 196,260</u>	11,536,913
New Mexico State Treasurer Local Government Investment Pool					\$ 1,772,902
Add: petty cash					470
Total deposits and investments					<u>\$ 13,310,285</u>
Deposits and investments per financial statements:					
Cash, investments, and cash equivalents - Exhibit A-1					\$ 10,377,595
Other investments - Exhibit A-1					228,929
Restricted cash and cash equivalents - Exhibit A-1					2,323,808
Fiduciary funds cash and investments - Exhibit E-1					379,953
Total deposits and investments					<u>\$ 13,310,285</u>

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**STATE OF NEW MEXICO**

Schedule IV

City of Espanola

Schedule of Collateral Pledged by Depository for Public Funds

June 30, 2015

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2015	Location of Safekeeper
<b>Century Bank</b>					
	Grant Cnty NM	9/1/2017	387766BE7	\$ 305,337	Federal Home Loan Bank of Dallas, TX
	San Juan Cnty NM	8/1/2018	798359JG1	413,652	Federal Home Loan Bank of Dallas, TX
	Santa Fe NM Comnty	8/1/2018	801901JE0	1,764,413	Federal Home Loan Bank of Dallas, TX
	Grant Cnty NM	9/1/2018	387766BF4	315,515	Federal Home Loan Bank of Dallas, TX
	Ruidoso NM Mun Sch	8/1/2019	781338GL6	309,771	Federal Home Loan Bank of Dallas, TX
	San Miguel Cnty	6/1/2020	799108DB8	466,536	Federal Home Loan Bank of Dallas, TX
	New Mexico EDL	12/1/2024	647110EQ4	248,021	Federal Home Loan Bank of Dallas, TX
	Bernalillo Cnty	7/1/1933	013493CG4	<u>1,490,461</u>	Federal Home Loan Bank of Dallas, TX
Total Pledged Collateral				<u><u>\$ 5,313,706</u></u>	

See independent auditors' report

**STATE OF NEW MEXICO**  
City of Espanola  
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds  
For the Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<i>Assets</i>				
<i>Judicial:</i>				
Cash	\$ (22,314)	\$ 29,287	\$ 14,442	\$ (7,469)
Accounts Receivable	12,193	-	12,193	-
Assets	<u>\$ (10,121)</u>	<u>\$ 29,287</u>	<u>\$ 26,635</u>	<u>\$ (7,469)</u>
<i>Municipal Court:</i>				
Cash	\$ (748)	\$ -	\$ -	\$ (748)
Assets	<u>\$ (748)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (748)</u>
<i>Bond:</i>				
Cash	\$ 85,962	\$ 106,557	\$ 102,751	\$ 89,768
Assets	<u>\$ 85,962</u>	<u>\$ 106,557</u>	<u>\$ 102,751</u>	<u>\$ 89,768</u>
<i>Utility Deposit Trust:</i>				
Cash	\$ 233,381	\$ 33,072	\$ 18,616	\$ 247,837
Investments	43,000	-	-	43,000
Accounts Receivable	482	104	-	\$ 586
Assets	<u>\$ 276,863</u>	<u>\$ 33,176</u>	<u>\$ 18,616</u>	<u>\$ 291,423</u>
<i>Employee Activities:</i>				
Cash	\$ (78)	\$ -	-	(78)
Assets	<u>\$ (78)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (78)</u>
<i>Emergency Fire:</i>				
Cash	\$ 225	\$ -	\$ -	\$ 225
Assets	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225</u>

See independent auditors' report



	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<i>Assets</i>				
<i>Fire Donations:</i>				
Cash	\$ 1,145	\$ -	\$ -	\$ 1,145
Assets	<u>\$ 1,145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,145</u>
<i>Espanola Beautification:</i>				
Cash	\$ 5,862	\$ -	\$ 556	\$ 5,306
Assets	<u>\$ 5,862</u>	<u>\$ -</u>	<u>\$ 556</u>	<u>\$ 5,306</u>
<i>Forfeiture:</i>				
Cash	\$ 967	\$ -	\$ -	\$ 967
Assets	<u>\$ 967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 967</u>
Total assets	<u>\$ 360,077</u>	<u>\$ 169,020</u>	<u>\$ 148,558</u>	<u>\$ 380,539</u>
<i>Liabilities</i>				
Deposits payable	\$ 73,161	\$ 89,972	\$ 81,215	\$ 81,918
Accounts payable	1,849	-	1,849	-
Due to other entities	<u>285,067</u>	<u>79,048</u>	<u>65,494</u>	<u>298,621</u>
Total liabilities	<u>\$ 360,077</u>	<u>\$ 169,020</u>	<u>\$ 148,558</u>	<u>\$ 380,539</u>

**STATE OF NEW MEXICO**  
City of Española  
Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)  
For the Year Ended June 30, 2015

Prepared by: City of Española

Title: Chief Procurement Officer

Date: April 2016

RFP#/ RFB#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
RFP 2014-002	BID	WILSON & CO.	Task Order Based, there is not actual contract amount	N/A
			N/A	N/A
			N/A	N/A
			N/A	N/A
RFP 2015-001	BID	RPC CPAs +Consultants	\$64,147	N/A
			N/A	N/A
			N/A	N/A
RFP 2010-004	BID	Coppler Law Firm	\$175.00/HR for services as needed	N/A
RFP 2015-001	BID	MAR Tech Services	\$ 85,964.00	\$ 103,706.97
			N/A	N/A
			N/A	N/A
			N/A	N/A
IFB 2015-06	BID	Ben E. Keith	\$ 9,793.34	N/A
IFB 2015-06	BID		N/A	N/A

See independent auditors' report

Name and Physical Address per the Procurement Documentation, of <u>ALL</u> Vendors that Responded	In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the Vendor In-State and Chose Veteran's Preference (Y or N) For Federal Funds Answer N/A	Brief Description of the Scope of Work
Wilson & Co, The American Road SE, Suite 100 Rio Rancho, NM Souder Miller & Associates 2904 Rodeo Park Drive Santa Fe, NM Molzen Corbin 2701 Miles Road SE Albuquerque, NM 222 Rio Rancho NE Rio Rancho, NM	Y	N	Professional Engineering Services on an "as needed" basis.
RPC CPAs +Consultants 2700 San Pedro NE Albuquerque, NM 87110 Harshwal & Company 6739 Academy Road NE, Suite 130 Albuquerque, NM 87109	Y	N	Annual Audit for City of Espanola FYE 2015, 2016, 2017
REDW, LLC 7425 Jefferson St. NE Albuquerque, NM 87109 Coppler Law Firm 645 Don Gaspar Ave. Santa Fe, NM 87505	Y	N	Attorney Services for the City of Espanola
MAR Tech Services 18329 US 84/285, Suite B Espanola, NM 87532 Allied 360 Construction, LLC	Y	N	Veteran's Memorial Amphitheater & Drainage Improvements
PO Box 1913 La Mesilla Construction #98 CR 119 Espanola, NM 87532 Tewa Construction, LLC	Y	N	
PO Box 2368 Espanola, NM 87532 Ben E. Keith P.O Box 26656 Albuquerque, NM 87125	Y	N	Dairy Products for Senior Center
Interior Packing Co. 114 Bracken Road Montgomery, NY 12549	Y	N	Dairy Products for Senior Center
N	N		

**STATE OF NEW MEXICO**  
City of Española  
Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)  
For the Year Ended June 30, 2015

Prepared by: City of Española

Title: Chief Procurement Officer

Date: April 2016

RFP#/ RFB#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
PW Bid 2014-14	BID	Mesa Verde Enterprise	\$ 1,817,586	N/A
PW Bid 2014-14	BID		N/A	N/A

See independent auditors' report

Name and Physical Address per the Procurement Documentation, of <u>ALL</u> Vendors that Responded	In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the Vendor In-State and Chose Veteran's Preference (Y or N) For	Brief Description of the Scope of Work
Mesa Verde Enterprises P.O. Box 907 Alamogordo, NM 88311	Y	N	Airport Runway Extension Airport
Morrow Enterprises P.O. Box 1747 Las Cruces, NM 88004	Y	N	Runway Extension

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**COMPLIANCE SECTION**

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

**INDEPENDENT AUDITORS' REPORT**

Timothy Keller  
New Mexico State Auditor  
The City Council  
City of Espanola  
Espanola, 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, and the budgetary comparisons of the general fund and major special revenue fund of the City of Espanola (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and the combining and individual funds and related budgetary comparisons of the City, presented as supplementary information, and have issued our report thereon dated May 31, 2016.

**Internal Control Over Financial Reporting**

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

*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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

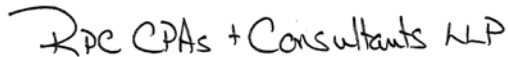
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items FS 2000-003, FS 2003-001, FS 2012-003, FS 2012-011, and FS 2015-001.

## **The City's Responses to Findings**

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

## **Purpose of this Report**

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



RPC CPAS + Consultants, LLP  
Albuquerque, New Mexico  
May 31, 2016

**STATE OF NEW MEXICO**  
City of Espanola  
Schedule of Findings and Responses  
June 30, 2015

**Section I – Summary of Auditors’ Results**

*Financial Statements:*

- |  |            |
|--|------------|
| 1. Type of auditors’ report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?   | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted?                     | None noted |

**Section II – Prior Year Audit Findings**

**Prior Year Audit Findings**

**Financial Statement Findings**

FS 2000-003 Budgetary Noncompliance (Other Matter) (Repeat/Modified)

FS 2003-001 Late Audit Report (Other Matter) (Repeat/Modified)

FS 2010-003 Deficiencies in Internal Control Structure Design, Operation and Oversight (Significant Deficiency) (Resolved)

FS 2011-003 Insufficient Capital Asset Internal Controls (Other Matter) (Resolved)

FS 2011-004 Late Submission of IPA Recommendation Form and Audit Contract (Other Matter) (Resolved)

FS 2012-002 Stale Dated Transactions Not Cancelled (Other Matter) (Resolved)

FS 2012-003 Non Compliance with Procurement Code (Other Matter) (Repeat/Modified)

FS 2012-004 Insufficient Internal Controls related to Credit Cards (Other Matter) (Resolved)

FS 2012-005 Noncompliance with Related Parties Transactions (Other Matter) (Resolved)

FS 2012-011 Personal Use of City Vehicles (Other Matter) (Repeated/Modified)

**STATE OF NEW MEXICO**  
City of Espanola  
Schedule of Findings and Responses  
June 30, 2015

**Section III – Financial Statement Findings and Responses**

**FS 2000-003 Budgetary Noncompliance (Other-Noncompliance) (Repeat/Modified)**

*Condition:* In violation of the New Mexico State statute the following funds exceeded approved budgetary authority for the year ended June 30, 2015:

	Approved Budget	Actual Expenditures	Amount Exceeded
Transit System Grant	\$ -	\$ 270	\$ 270
E-911 Grant	1,077,367	1,078,048	681
Capital Projects Grants	-	10,283	10,283
State Agency on Aging Grants	-	1,356	1,356
Solid Waste Fund	962,361	969,744	7,383

Management’s progress toward implementing the prior year corrective action plan includes reducing the amount of funds with budget overages for fiscal year 2015.

*Criteria:* A budget is a proposed plan of financial operations for a given period of time. The annual budget authorizes and provides the basis for control of financial operations during the fiscal year. NMSA 1978 Section 6-6-6. Approved budgets; claims or warrants in excess of budget; liability “When any budget for a local public body has been approved and received by a local public body, it is binding upon all officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof, and no official shall pay any check or warrant in excess thereof, and the allowances or claims or checks or warrants so allowed or paid shall be a liability against the officials so allowing or paying those claims or checks or warrants, and recovery for the excess amounts so allowed or paid may be had against the bondsmen of those officials.”

*Cause:* The City did not adequately monitor its budget in these areas. Expenditures were approved in excess of available budget or budget adjustments were not approved and journal entries were not made to cover the expenditure approved.

*Effect:* The City is spending funds that were not authorized by the City Council.

*Auditors’ Recommendation:* We recommend that expenditures not be approved which would cause the budget to be exceeded. We also recommend that timely budget adjustments be prepared when necessary.

*Agency’s Response:* The City of Espanola agrees that amounts were posted to the accounts in excess of the budget, however, these excess amounts were not billed to any reimbursable grant but reflect an accounting error that should have been corrected prior to audit. The City’s Finance Department is improving on the budget monitoring and correction of errors in a more timely manner. The City Manager and Administrative Services Director are responsible for corrective active action and corrective action will occur by June 30, 2016.

**FS 2003-001 Late Audit Report (Other-Noncompliance) (Repeat/Modified)**

*Condition:* The City did not submit the fiscal year 2015 financial report by the required deadline of December 15, 2015. The report was submitted by the City in June of 2016.

Management has achieved much progress over the past few months with regard to catching up on past audits. The fiscal year 2016 audit is expected to be submitted on time.

*Criteria:* Per 2.2.2.9A (1) NMAC, the City was required to submit its 2015 fiscal year-end annual financial report to the New Mexico State Auditor by December 15, 2015.

*Effect:* The City was not in compliance with the State Audit rule 2.2.2.9(A). Users of the financial statements (i.e. legislators, creditors, bondholders, and state and federal grantors) do not have timely audit reports and financial statements available for their review. Also, due to the late timing of the report, it will be more difficult for the City to correct deficiencies that result in findings.

*Cause:* The prior year's audit report was not submitted timely to the State Auditor's Office. The situation led to the current year's audit report not being submitted timely.

*Auditors' Recommendation:* The City should develop policies and procedures that ensure financial records are ready for audit in a timely manner so that future fiscal periods' financial reports can be submitted prior to the deadline.

*Agency's Response:* The City is in the process of correcting its status regarding late audit reports. The plan is to be current with our fiscal year 2016 audit report. The City Manager and Administrative Services Director are responsible for corrective active action and corrective action will occur by December 15, 2016.

**FS 2012-003 Non Compliance with Procurement Code (Other-Noncompliance) (Repeat/Modified)**

*Condition:* During our test work regarding compliance with the NM Procurement Code, we noted that the City could not locate RFP documents, evidence of quotes, or provide sole source documentation related to the following:

- Avaya –Expenditures totaled \$34,055 during fiscal year 2015. The exact procurement method used for this contract could not be determined.

Management has achieved some progress towards corrective action. Fewer instances of noncompliance were noted in fiscal year 2015 compared to prior years.

*Criteria:* Section 13-1-102 NMSA 1978 states that “All procurement shall be achieved by competitive sealed bid pursuant to Sections 13-1-103 through 13-1-110 NMSA 1978, except procurement achieved pursuant to the following sections of the Procurement Code:.. Section 13-1-125 NMSA 1978, small purchases...” Section 13-1-125(A), NMSA 1978 states that “A central purchasing office shall procure services, construction or items of tangible personal property having a value not exceeding twenty thousand dollars (\$20,000) in accordance with the applicable small purchase regulations...”

*Effect:* Not properly applying the New Mexico Statutes pertaining to contracting with a vendor, without complying with applicable State Statutes, is a violation of said statutes and could lead to potential litigation and State sanctions.

*Cause:* Poor record keeping caused the City to not be able to locate the procurement documents associated with the vendors above.

*Auditors’ Recommendations:* The City should implement policies pertaining to the application of the New Mexico Procurement Code, Regulations and City Policy pertaining to purchasing. In addition, the procurement staff should be provided with formal training related to the New Mexico Procurement Code, the applicable regulations and the City Purchasing Policy.

*Agency’s Response:* Currently the City procurement officer maintains the RFP records such that verifying the procurement process was followed will be readily available for review. The City had experienced turnover in this position in the past and control was weak over these documents. The Procurement Officer is responsible for corrective action and corrective action has already occurred as of the date of this report.

**FS 2012-011 Personal Use of City Vehicles (Other-Noncompliance) (Repeat/Modified)**

*Criteria:* According to the 2015 State Audit Rule 2.2.2.10 (H), personal use of a government agency vehicle is always taxable income to the employee unless the vehicle is a qualified non-personal use vehicle provided to the employee as a “working condition fringe benefit.”

*Condition:* Audit procedures indicate that the City did not include personal use of City vehicles with employees’ taxable earnings the year ended June 30, 2015.

Management’s progress towards corrective action includes put a process in place to capture that data needed in order to properly report the fringe benefit in employees’ wage reporting at calendar year end during fiscal year 2016.

*Effect:* The personal use of City vehicles without reporting such use as taxable income to the employees places the City in noncompliance with the State Audit Rule and may result in related payroll tax liability to the federal government, if assessed.

*Cause:* There are City employees who use City vehicles for personal use, but that use has not been included in employees’ taxable earnings.

*Auditors’ Recommendations:* We recommend that the City implement proper internal controls to ensure all employees that take home non-exempt City vehicles are tracked and proper taxable income is added the employees W-2 to ensure they are in accordance with State Audit Rule 2.2.2.10 (H) and the Internal Revenue Service Code.

*Agency’s Response:* The City is now aware of the requirement and put a process in place to capture that data needed in order to properly report the fringe benefit in employees’ wage reporting at calendar year end. The Administrative Services Director is responsible for corrective action and corrective action has already occurred as of the date of this report.

**FS 2015-001 Travel and Per Diem Act (Other-Noncompliance)**

*Condition:* During our travel and per diem test work we noted 1 instance out of 5 travel disbursements tested in which an employee was reimbursed in the amount of \$20.00 for a 2-day access pass to a local area gym.

*Criteria:* Only certain types of travel costs are eligible for reimbursement under the Travel and Per Diem act.

Section 2.42.2.9 of the Travel and Per Diem act establishes the criteria for which travel expenses can be reimbursed to employees for lodging and meals. Section 2.42.2.12 establishes the criteria for which other expenses can be reimbursed to employees for taxi or other transportation fares, gratuities, parking fees, rental cars, charter aircraft, professional fees or dues that are beneficial to the agency's operations or mission.

*Effect:* The City is not in compliance with the Travel and Per Diem act. Potential fraud, waste, and abuse could occur if the Travel and Per Diem Act provisions are not adhered to.

*Cause:* Two clerical errors occurred. (1) the employee submitting the reimbursement request inadvertently included the receipt for the gym membership with the other travel receipts even though the amount requested for reimbursement did not include the gym membership fee and (2) the accounts payable clerk inadvertently paid the employee for the gym membership fee even though the amount was not included in the requested total.

*Auditors' Recommendation:* We recommend the City conduct training for its employees and supervisors over the Travel and Per Diem act provisions and discuss specifically the types of expenditures that are allowable under the Travel and Per Diem Act. We further recommend employees not submit receipts to the accounts payable department unless they are requesting reimbursement for the travel expense to avoid confusion.

*Agency's Response:* The City will reiterate to employees and department directors which types of expenditures are allowable under the provisions of the Travel and Per Diem Act. An invoice will be prepared and submitted to the employee for the \$20 gym membership fee. The City Manager is responsible for corrective action and corrective action will occur by June 30, 2016.



**STATE OF NEW MEXICO**

City of Espanola

Other Disclosures

June 30, 2015

**OTHER DISCLOSURES**

**Exit Conference**

An exit conference was held on June 3, 2016. In attendance were the following:

**Representing the City of Espanola:**

Alice A. Lucero	Mayor
Pedro Valdez	Councilor
Mark Trujillo	Interim City Manager
Joyce Sandoval	Administrative Service Director
Jessica Ortiz	Financial Analyst

**Representing Accounting & Consulting Group, LLP:**

Robert Cordova, CPA	Partner
Morgan Browning, CPA, CGFM	Manager

**Auditor Prepared Financial Statements**

RPC CPAs + Consultants, LLP prepared the GAAP-basis financial statements and footnotes of the City of Espanola from the original books and records provided to them by the management of the City. The responsibility for the financial statements remains with the City.