



# EUNICE *NEW MEXICO*



**STATE OF NEW MEXICO**  
**CITY OF EUNICE**  
**ANNUAL FINANCIAL**  
**REPORT**  
**JUNE 30, 2015**

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## **INTRODUCTORY SECTION**

STATE OF NEW MEXICO

City of Eunice  
Table of Contents  
June 30, 2015

	<u>Exhibit</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
Table of Contents		4-5
Official Roster		7
<b>FINANCIAL SECTION</b>		
Independent Auditors' Report		10-11
Management's Discussion and Analysis		12-19
<b>BASIC FINANCIAL STATEMENTS</b>		
Government-wide Financial Statements		
Statement of Net Position	A-1	22-23
Statement of Activities	A-2	24-25
Fund Financial Statements		
Balance Sheet – Governmental Funds	B-1	26-27
Reconciliation of the Balance Sheet to the Statement of Net Position		29
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	B-2	30-31
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		33
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual General Fund	C-1	34
Recreation Special Revenue Fund	C-2	35
Statement of Net Position-Proprietary Funds	D-1	36-37
Statement of Revenues, Expenses and Changes in Net Position-Proprietary Funds	D-2	38-39
Statement of Cash Flows –Proprietary Funds	D-3	40-41
Statement of Fiduciary Assets and Liabilities	E-1	43
NOTES TO THE FINANCIAL STATEMENTS		45-75
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>		
Schedule of the City's Proportionate Share of the Net Pension Liability of PERA Fund Municipal General Division	I	78
Schedule of the City's Proportionate Share of the Net Pension Liability of PERA Fund Municipal Police Division	I	79
Schedule of the City's Proportionate Share of the Net Pension Liability of PERA Fund Municipal Fire Division	I	80
Schedule of City's Contributions – PERA Fund Municipal General Division	II	81
Schedule of City's Contributions – PERA Fund Municipal Police Division	II	82
Schedule of City's Contributions – PERA Fund Municipal Fire Division	II	83
Notes to Required Supplementary Information		85
<b>SUPPLEMENTARY INFORMATION</b>		
Nonmajor Governmental Fund Descriptions	<u>Statement</u>	87
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	88-91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	92-95
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Fire Protection Special Revenue Fund	B-1	97

STATE OF NEW MEXICO

City of Eunice  
Table of Contents  
June 30, 2015

	<u>Statement/Schedule</u>	<u>Page</u>
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (CONTINUED)		
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual - continued		
EMS Special Revenue Fund	B-2	98
State Fire Allotment Special Revenue Fund	B-3	99
Correction Fees Special Revenue Fund	B-4	100
Law Enforcement Protection Special Revenue Fund	B-5	101
Ambulance Special Revenue Fund	B-6	102
Senior Center Special Revenue Fund	B-7	103
Gun Range Special Revenue Fund	B-8	104
Swimming Pool Special Revenue Fund	B-9	105
YCCC Project Special Revenue Fund	B-10	106
Youth Advisory Council Special Revenue Fund	B-11	107
Governmental Gross Receipts Special Revenue Fund	B-12	108
Veteran’s Memorial Capital Projects Fund	B-13	109
New Fire Station Capital Projects Fund	B-14	110
Paving and Streets Capital Projects Fund	B-15	111
Municipal Infrastructure Capital Projects Fund	B-16	112
Downtown Capital Projects Fund	B-17	113
Cemetery Capital Projects Fund	B-18	114
Statement of Revenues, Expenses and Changes in Net Position Budget (Non-GAAP Budgetary Basis) and Actual -		
Water Department	B-19	115
Sewer Fund	B-20	116
Solid Waste Fund	B-21	117
Golf Fund	B-22	119
<b>SUPPORTING SCHEDULES</b>		
Schedule of Deposit and Investment Accounts	III	121
Schedule of Collateral Pledged By Depository for Public Funds	IV	122
Schedule of Changes in Fiduciary Assets and Liabilities	V	123
Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)	VI	124-125
<b>COMPLIANCE SECTION</b>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		128-129
Schedule of Findings and Responses	VII	131-136
<b>OTHER DISCLOSURE</b>		137

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**STATE OF NEW MEXICO**

City of Eunice

Official Roster

June 30, 2015

<u>Name</u>	<u>City Commission</u>	<u>Title</u>
Johnnie Matt White		Mayor
Wardell L. Allen		City Council
Terry Bettis		City Council
Jerry Corral		City Council
Billy Hobbs		City Council
Nina Lynch		City Council
Bill W. Robinson		City Council
Jose Manuel Soriano		City Council
Mary Lou Vinson		City Council

**Administration**

Dr. Martin Moore	City Manager
Connie Lynn Whitmire	Finance Director
Candy Brito	City Clerk
Judge C. Jenkins	Municipal Judge
Tommy D. Parker	City Attorney

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**FINANCIAL SECTION**



Accounting & Consulting Group, LLP

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Timothy Keller  
New Mexico State Auditor  
To the City of Eunice City Commission Members  
City of Eunice  
City of Eunice, New Mexico

### ***Report on Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and the major special revenue fund of the City of Eunice (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 non-major governmental funds and the budgetary comparisons for the major capital projects funds, proprietary funds and all nonmajor funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements and the supplementary information of the City of Eunice Housing Authority for the year ended June 30, 2015, which is a component unit of the City. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Authority, is based solely on the reports of the other auditors. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Eunice, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the 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 respects, the respective financial position of each nonmajor governmental fund of the City of Eunice as of June 30, 2015 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital projects funds, major proprietary funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 12 through 19 and Schedules I and II and the notes to the required supplementary information on pages 78 through 85 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquires, the basic financial statements, and other knowledge 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 financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The introductory section and Supporting 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.

Supporting 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, Supporting 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 them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 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.

*Accounting & Consulting Group, LLP*  
Accounting & Consulting Group, LLP  
El Paso, Texas  
February 8, 2016

**STATE OF NEW MEXICO**  
City of Eunice  
Management's Discussion and Analysis  
June 30, 2015

We are pleased to present the City of Eunice's financial statements for the fiscal year ended June 30, 2015. Management's discussion and analysis of these statements is also provided to help the reader fully understand the City's financial condition.

## **FINANCIAL HIGHLIGHTS**

- The City of Eunice's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources at the close of the fiscal year by \$19,260,695 (*net position*). Of this amount, (\$3,087,713) is *unrestricted net position*, which is now negative due to the implementation of GASB Statement No. 68). The restatement of \$(4,602,745) for the Net Pension Plan Liability is the underlying factor of this negative unrestricted net position. This GASB Statement is reflected on the financial statements for the first time in the history of the City and other governmental entities throughout the entire state. Even though ending the year with this negative amount, the City has at this time the available cash and investment balances to meet the government's ongoing obligations to its citizens and creditors.
- The City's total net position increased by \$5,660,914 during the fiscal year. The majority of this overall increase was due to restatements to properly report the City's capital assets.
- As of June 30, 2015, the City's governmental activities reported a combined ending net position balance of \$4,039,871. Of this total, \$1,058,637 is restricted for specific purposes.
- At the close of the current fiscal year, the unassigned fund balance for the general fund was \$192,381, amounting to 5 percent or of total general fund expenditures.
- The City of Eunice's total debt decreased by \$221,512 during the year due to scheduled principal payments being paid. Compensated absences have increased from the prior year by \$24,944.

## **Overview of the Financial Statements**

The City's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Eunice's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Eunice's assets, deferred outflows, of resources, liabilities, and deferred inflows of resources, along with *net position*. Over time, increases or decreases in net position may serve as a useful indicator regarding whether or not the financial position of the City of Eunice is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused personal leave).

Both of the government-wide financial statements distinguish functions of the City of Eunice that are principally supported in a majority by taxes and a minimal amount from other miscellaneous receipts (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Eunice include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the City include water, sewer, solid waste, and golf activities.

The government-wide financial statements can be found in Exhibits A-1 and A-2 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Eunice, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Eunice can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**STATE OF NEW MEXICO**  
City of Eunice  
Management's Discussion and Analysis  
June 30, 2015

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *daily inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Eunice maintains twenty individual governmental funds organized according to their type (special revenue and capital projects). Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, the Recreation Special Revenue Fund, the Veterans' Memorial Capital Projects Fund, the New Fire Station Capital Projects Fund, and the Paving and Streets Capital Projects Fund, which are considered major funds. Data from the other twenty-four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Eunice adopts an annual appropriated budget for each fund. A budgetary comparison statement has been provided for the General Fund and the major Recreation Special Revenue Fund to demonstrate compliance with this budget. In addition, the individual financial statements of the major capital projects funds and all nonmajor governmental funds include budgetary comparison data.

The basic governmental fund financial statements can be found in Exhibits B-1 through C-1 of this report.

**Proprietary funds.** Proprietary funds are generally used to account for services for which the City charges customers – either outside customers or internal units or departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains one type of proprietary fund.

**Enterprise funds.** Are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the water department, sewer services, solid waste and golf course operations for the City. The enterprise funds are considered to be major funds of the City and can be found in Exhibits D-1 through D-3 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Eunice's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City of Eunice's fiduciary fund accounts for self-insurance for retirees.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-75 of this report.

**Combining statements.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 88-114 of this report.

**STATE OF NEW MEXICO**  
City of Eunice  
Management's Discussion and Analysis  
June 30, 2015

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Analysis of Net Position**

As noted earlier, the net of assets over liabilities, otherwise known as net position, may serve over time as a useful indicator of a government's financial position. In the case of the City of Eunice, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$19,260,695 at the close of the current fiscal year.

The significant portion of the City of Eunice's net position represents the City's investment of \$21,289,771 in capital assets (e.g., land improvements, buildings, vehicles, infrastructure and machinery & equipment), less any related outstanding debt used to acquire those assets. The City of Eunice uses these capital assets to provide services to its citizens, so these assets are *not* available for future spending. Although the City of Eunice's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Current and other assets	\$ 2,506,445	\$ 453,834	\$ 2,960,279
Restricted cash, cash equivalents & investments	-	53,939	53,939
Capital assets, net of accumulated depreciation	5,156,085	21,281,758	26,437,843
Total assets	7,662,530	21,789,531	29,452,061
<b><u>Deferred Outflows of Resources</u></b>			
Change in assumptions	19,662	5,508	25,170
Employer contributions subsequent to the measurement date	498,451	139,613	638,064
Total deferred outflows of resources	518,113	145,121	663,234
Total assets and deferred outflows of resources	\$ 8,180,643	\$ 21,934,652	\$ 30,115,295
<b><u>Liabilities</u></b>			
Current liabilities	\$ 332,286	\$ 773,563	\$ 1,105,849
Non-current liabilities	2,816,610	5,662,447	8,479,057
Total liabilities	3,148,896	6,436,010	9,584,906
<b><u>Deferred Inflows of Resources</u></b>			
Change in assumptions	59,703	16,722	76,425
Net difference between projected and actual investment earnings on pension plan investments	932,173	261,096	1,193,269
Total deferred inflows of resources	991,876	277,818	1,269,694
<b><u>Net Position</u></b>			
Net investment in capital assets	5,156,085	16,133,686	21,289,771
Restricted	1,058,637	-	1,058,637
Unrestricted	(2,174,851)	(912,862)	(3,087,713)
Total net position	\$ 4,039,871	\$ 15,220,824	\$ 19,260,695
Total Liabilities and Net Position	\$ 8,180,643	\$ 21,934,652	\$ 30,115,295

A portion of the City of Eunice's governmental restricted net position of \$1,058,637 (26 percent of total governmental net position) represents resources that are subject to restrictions related to outside grantors and donors. The remaining balance of *unrestricted net position*, (\$2,174,851) previously stated above, has fallen to a negative due to the implementation of GASB Statement 68. In the previous year, this amount was \$1,257,271, portions of which may still may be used to meet the government's ongoing obligations to citizens and creditors.

**STATE OF NEW MEXICO**  
City of Eunice  
Management's Discussion and Analysis  
June 30, 2015

At the end of the current fiscal year, the City of Eunice is able to report positive balances in total net position for both governmental and business-type activities.

**Analysis of Changes in Net Position**

The City's net position increased by \$5,660,914 during the fiscal year. This increase is primarily the result of a restatement to properly record the City's capital assets; in addition, governmental activities increased net position by \$745,489 and business-type activities decreased net position by \$173,406.

<u>Revenues</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Program revenues:			
Charges for service	\$ 472,234	\$ 3,106,745	\$ 3,578,979
Operating grants and contributions	553,286	-	553,286
Capital grants and contributions	745,741	1,029,762	1,775,503
General revenues:			
Property taxes, levied for general purposes	225,295	-	225,295
Gross receipts taxes	5,347,740	-	5,347,740
Gasoline and auto distribution taxes	109,054	-	109,054
Other taxes	88,649	-	88,649
Investment income	694	2,756	3,450
Miscellaneous income	185,258	603	185,861
Special item - donated asset	5,000	-	5,000
Transfers	(526,845)	526,845	-
<b>Total Revenues</b>	<b>7,206,106</b>	<b>4,666,711</b>	<b>11,872,817</b>
Program expenses:			
General government	\$ 1,666,273	\$ -	\$ 1,666,273
Public safety	2,640,104	-	2,640,104
Public works	381,470	-	381,470
Culture and recreation	1,772,770	-	1,772,770
Water	-	3,424,178	3,424,178
Sewer	-	390,385	390,385
Solid waste	-	429,063	429,063
Golf	-	596,491	596,491
<b>Total Expenses</b>	<b>6,460,617</b>	<b>4,840,117</b>	<b>11,300,734</b>
<b>Change in net position</b>	<b>745,489</b>	<b>(173,406)</b>	<b>572,083</b>
Net Position, beginning	6,750,768	6,849,013	13,599,781
Net Position, restatement (Note 17)	(3,456,386)	8,545,217	5,088,831
Net Position, beginning as restated	3,294,382	15,394,230	18,688,612
Net Position, ending	<u>\$ 4,039,871</u>	<u>\$ 15,220,824</u>	<u>\$ 19,260,695</u>

**Governmental activities.** Excluding the restatements listed above and in Note 17 to the financial statements, governmental activities increased the City's net position by \$745,489. In comparison to prior-year activities, higher charges for services and total grant revenues, as well as tax revenues, contributed to this increase, while expenses remained steady.

**STATE OF NEW MEXICO**  
City of Eunice  
Management's Discussion and Analysis  
June 30, 2015

Tax revenues account for \$5,770,738 or 75 percent of governmental revenues. Tax revenues are made up of property, gross receipts, gasoline and motor vehicle and other taxes.

Grants, both operating and capital, accounted for \$1,299,027 of the governmental activities' revenues, or approximately 17% of revenues, and were received for general governmental, public safety, public works, and culture and recreation purposes.

The City's direct charges to users of governmental services made up \$472,234 or 6 percent of total governmental activities revenues. These charges are for fees, fines and forfeitures, and licenses and permits.

**Business-type activities.** Again excluding the effects of the restatement of net position, business-type activities decreased the City's net position by \$173,406.

The City's direct charges to users of business-type services made up \$3,106,745 or 67 percent of total business-type revenues. These charges are for utility billings for the water, sewer, and solid waste fees, as well as golf course charges and pro shop and concession sales. In addition, capital grants of \$1,029,762 were received for updates to the City's infrastructure and the construction of new water lines. Expenditures displayed a large increase, of \$935,429 over the prior year amount, an increase of nearly 24%.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City of Eunice uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Eunice's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Eunice's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of Governmental funds reported by the City include the General Fund, Special Revenue Funds and Capital Projects Funds.

Revenues for governmental funds overall totaled \$7,720,358 in the fiscal year ended June 30, 2015, which represents an increase of \$678,461 from the fiscal year ended June 30, 2014. This is largely due to the increase in gross receipts and other taxes, grant revenues, and licenses and fees. Expenditures for governmental functions, totaling \$7,047,384, increased by \$717,482 from the fiscal year ended June 30, 2014. This is largely due to the increase in expenditures for public safety and capital outlay. In the fiscal year ended June 30, 2015, revenues for governmental functions exceeded expenditures by \$672,974.

The General Fund is the chief operating fund of the City of Eunice. It is from here that the City pays for the public safety and other basic services it provides to its citizens. At the end of the current fiscal year, *unassigned* fund balance of the general fund was \$192,381.

Overall, the general fund's performance resulted in revenues over expenditures in the fiscal year ended June 30, 2015 of \$1,744,251, an increase of \$91,556 over the comparable figure from the prior year of \$1,652,695. The City's overall financial position improved with the local energy and oil & gas industries bringing in additional gross receipts tax.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide business-type activities financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net position for enterprise funds was (\$912,862). The total decrease in net position for the enterprise funds was (\$173,406). Factors concerning the finances of this fund have been addressed previously in the discussion of the City's business-type activities.

**Fiduciary Funds.** The City maintains one fiduciary fund for the assets associated with retiree self-insurance. Changes to the fiduciary fund were immaterial for the fiscal year.



**STATE OF NEW MEXICO**  
City of Eunice  
Management's Discussion and Analysis  
June 30, 2015

**General Fund Budgetary Highlights**

City budgets reflect the same pattern as seen in the revenue and expenditures of the City. The State of New Mexico budget process is defined under state law and regulation. To enhance the process of developing a budget at the City level, Eunice utilizes goals and objectives defined by the City Council, long term plans and input from various staff groups and the public to develop the City budget. City defines its priorities through this process.

GASB Statement No. 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

The following table examines the summary budget performance of the general fund for the fiscal year ending June 30, 2015. Detailed budget performance is examined through the Statement of Revenues, Expenditures, and Changes in Fund Balance for the General fund found at Exhibit C-1. The City's final budget differs from the original budget due to amendments that were made during the fiscal year and the increase of expenditures. Actual general fund expenditures were \$283,366 less than budgeted. This was primarily due to the public safety function favorable variance of \$231,433. The difference between actual expenditures and budgeted expenditures is due to various departments not spending their projected costs along with personnel vacancy savings over the course of the fiscal year.

	Budget Amounts		Actual (Non- GAAP Basis)	Favorable (Unfavorable) Variance
	Original	Final		
<i>Expenditures:</i>				
General government	\$ 1,720,303	\$ 1,874,201	\$ 1,742,537	\$ 131,664
Public safety	2,003,061	2,434,050	2,202,617	231,433
Public works	-	-	-	-
Culture and recreation	236,296	268,834	280,475	(11,641)
Capital outlay	-	-	68,090	(68,090)
<i>Total Expenditures</i>	<u>\$ 3,959,660</u>	<u>\$ 4,577,085</u>	<u>\$ 4,293,719</u>	<u>\$ 283,366</u>

**Capital Asset and Debt Administration**

**Capital assets.** The City of Eunice's capital assets for its governmental and business-type activities as of June 30, 2015 amount to \$26,437,843 (net of accumulated depreciation). Capital assets include land, construction in progress, library collections, land improvements, buildings and improvements, furniture, fixtures and equipment, and infrastructure. The City's capital assets for the current fiscal year decreased \$337,412 for governmental activities and increased \$12,388,235 for business-type activities (net of accumulated depreciation). These figures include the effects of restatements totaling (\$615,257) for governmental activities and \$9,830,784 for business-type activities.

The significant additions to capital assets during the year include approximately three (3) miles of new water lines, six (6) new fire hydrants, two (2) new grass fire trucks, re-paving of at least five (5) blocks of road, and installation of a new playground.

**STATE OF NEW MEXICO**  
City of Eunice  
Management's Discussion and Analysis  
June 30, 2015

**Capital Asset and Debt Administration (continued)**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Land	\$ 252,668	\$ 103,709	\$ 356,377
Constuction in progress	63,600	37,048	100,648
Library collections	10,800	-	10,800
Land improvements	894,204	752,817	1,647,021
Buildings and improvements	4,319,769	1,435,479	5,755,248
Furniture, fixtures & equipment	1,354,231	3,861,830	5,216,061
Vehicles	2,678,575	365,143	3,043,718
Infrastructure	1,752,388	27,965,555	29,717,943
Total capital assets	<u>11,326,235</u>	<u>34,521,581</u>	<u>45,847,816</u>
Less: accumulated depreciation	<u>(6,170,150)</u>	<u>(13,239,823)</u>	<u>(19,409,973)</u>
Total property, plant and equipment, net of accumulated depreciation	<u>\$ 5,156,085</u>	<u>\$ 21,281,758</u>	<u>\$ 26,437,843</u>

For government-wide financial statement presentation purposes, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 6 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

**Debt Administration.** At the end of the current fiscal year, the City of Eunice had total long-term obligations outstanding of \$5,270,658. No new debt was acquired during the year ended June 30, 2015.

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
NMFA loans	\$ -	\$ 5,148,072	\$ 5,148,072
Compensated absences	<u>86,882</u>	<u>35,704</u>	<u>122,586</u>
Total long-term liabilities	<u>\$ 86,882</u>	<u>\$ 5,183,776</u>	<u>\$ 5,270,658</u>

See Note 7 in the accompanying Notes to the Financial Statements for further information regarding the City of Eunice's long-term debt.

The City sees the economic downturn resulting from lower oil prices as a major factor to negatively impact the City's financial position in the upcoming fiscal year.

**STATE OF NEW MEXICO**  
City of Eunice  
Management's Discussion and Analysis  
June 30, 2015

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Eunice's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Eunice – Finance Director, City of Eunice, 1106 Avenue J, City of Eunice, NM 88231.

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**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**

City of Eunice

Statement of Net Position

June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing Authority
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 512,711	\$ 174,223	\$ 686,934	\$ -
Investments	556,816	497,108	1,053,924	-
Receivables:				
Property taxes	9,893	-	9,893	-
Other taxes	831,950	-	831,950	-
Utility receivables, net	-	269,755	269,755	-
Due from other governments	16,932	-	16,932	-
Miscellaneous receivables	1,777	-	1,777	-
Prepaid expenses	89,114	-	89,114	-
Interfund balances	487,252	(487,252)	-	-
<b>Total current assets</b>	<b>2,506,445</b>	<b>453,834</b>	<b>2,960,279</b>	<b>-</b>
Noncurrent assets				
Restricted cash and cash equivalents	-	53,939	53,939	-
Capital assets	11,326,235	34,521,581	45,847,816	-
Less: accumulated depreciation	(6,170,150)	(13,239,823)	(19,409,973)	-
<b>Total noncurrent assets</b>	<b>5,156,085</b>	<b>21,335,697</b>	<b>26,491,782</b>	<b>-</b>
<b>Deferred outflows of resources</b>				
Employer contributions subsequent to the measurement date	498,451	139,613	638,064	-
Change in assumptions	19,662	5,508	25,170	-
<b>Total deferred outflows of resources</b>	<b>518,113</b>	<b>145,121</b>	<b>663,234</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 8,180,643</b>	<b>\$ 21,934,652</b>	<b>\$ 30,115,295</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing Authority
<b>Liabilities, deferred inflows of resources, and net position</b>				
Current liabilities				
Accounts payable	\$ 181,839	\$ 328,443	\$ 510,282	\$ -
Accrued payroll	95,269	25,854	121,123	-
Accrued compensated absences	54,628	10,711	65,339	-
Customer deposits	550	82,939	83,489	-
Accrued interest	-	14,878	14,878	-
Other accrued expenses	-	20,239	20,239	-
Current portion of long-term debt	-	290,499	290,499	-
Total current liabilities	332,286	773,563	1,105,849	-
Noncurrent liabilities				
Accrued compensated absences	32,254	24,993	57,247	-
Notes payable	-	4,857,573	4,857,573	-
Net pension liability	2,784,356	779,881	3,564,237	-
Total noncurrent liabilities	2,816,610	5,662,447	8,479,057	-
Total liabilities	3,148,896	6,436,010	9,584,906	-
<b>Deferred inflows of resources</b>				
Net difference between protected and actual investment earnings	932,173	261,096	1,193,269	-
Change in assumptions	59,703	16,722	76,425	-
Total deferred inflows of resources	991,876	277,818	1,269,694	-
<b>Net position</b>				
Net investment in capital assets	5,156,085	16,133,686	21,289,771	-
Restricted for:				
Capital projects	655,480	-	655,480	-
Special revenue	329,263	-	329,263	-
Unrestricted	(2,100,957)	(912,862)	(3,013,819)	-
Total net position	4,039,871	15,220,824	19,260,695	-
Total liabilities, deferred inflows of resources, and net position	\$ 8,180,643	\$ 21,934,652	\$ 30,115,295	\$ -

**STATE OF NEW MEXICO**  
City of Eunice  
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>Primary Government</b>				
<b>Governmental activities:</b>				
General government	\$ 1,666,273	\$ 269,353	\$ 214,276	\$ -
Public safety	2,640,104	157,344	178,953	455,000
Public works	381,470	-	-	272,809
Culture and recreation	1,772,770	45,537	160,057	17,932
<i>Total governmental activities</i>	<u>6,460,617</u>	<u>472,234</u>	<u>553,286</u>	<u>745,741</u>
<b>Business-type activities:</b>				
Water	3,424,178	2,223,768	-	1,029,762
Sewer	390,385	292,970	-	-
Solid waste	429,063	406,666	-	-
Golf	596,491	183,341	-	-
<i>Total business-type activities</i>	<u>4,840,117</u>	<u>3,106,745</u>	<u>-</u>	<u>1,029,762</u>
<i>Total primary government</i>	<u>\$ 11,300,734</u>	<u>\$ 3,578,979</u>	<u>\$ 553,286</u>	<u>\$ 1,775,503</u>
<b>Component unit:</b>				
Housing Authority	<u>\$ 53,529</u>	<u></u>	<u>\$ 9,176</u>	<u>\$ 426</u>

**General revenues, special item, and transfers:**

Taxes

Property taxes, levied for general purposes

Gross receipts taxes

Gasoline and motor vehicle taxes

Other taxes

Investment income

Rental revenue

Miscellaneous revenue

Special item - donated asset

Transfer to other entity

Transfers

Total general revenues, special item, and transfers

Change in net position

Net position, beginning

Net position, restatement (note 17)

Net position, as restated

Net position, ending

The accompanying notes are an integral part of these financial statements.



<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Housing Authority</b>
\$ (1,182,644)	\$ -	\$ (1,182,644)	\$ -
(1,848,807)	-	(1,848,807)	-
(108,661)	-	(108,661)	-
(1,549,244)	-	(1,549,244)	-
<u>(4,689,356)</u>	<u>-</u>	<u>(4,689,356)</u>	<u>-</u>
-	(170,648)	(170,648)	-
-	(97,415)	(97,415)	-
-	(22,397)	(22,397)	-
-	(413,150)	(413,150)	-
<u>-</u>	<u>(703,610)</u>	<u>(703,610)</u>	<u>-</u>
<u>(4,689,356)</u>	<u>(703,610)</u>	<u>(5,392,966)</u>	<u>-</u>
-	-	-	(43,927)
225,295	-	225,295	-
5,347,740	-	5,347,740	-
109,054	-	109,054	-
88,649	-	88,649	-
694	2,756	3,450	29
-	-	-	12,659
185,258	603	185,861	628
5,000	-	5,000	-
-	-	-	(88,994)
<u>(526,845)</u>	<u>526,845</u>	<u>-</u>	<u>-</u>
<u>5,434,845</u>	<u>530,204</u>	<u>5,965,049</u>	<u>(75,678)</u>
<u>745,489</u>	<u>(173,406)</u>	<u>572,083</u>	<u>(119,605)</u>
6,750,768	6,849,013	13,599,781	117,609
<u>(3,456,386)</u>	<u>8,545,217</u>	<u>5,088,831</u>	<u>1,996</u>
<u>3,294,382</u>	<u>15,394,230</u>	<u>18,688,612</u>	<u>119,605</u>
<u>\$ 4,039,871</u>	<u>\$ 15,220,824</u>	<u>\$ 19,260,695</u>	<u>\$ -</u>

**STATE OF NEW MEXICO**

City of Eunice

Balance Sheet

Governmental Funds

June 30, 2015

	<u>General Fund</u>	<u>Recreation Special Revenue Fund</u>	<u>Veterans' Memorial Capital Projects Fund</u>	<u>New Fire Station Capital Projects Fund</u>
<i>Assets</i>				
Cash and cash equivalents	\$ (461,086)	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	-	-	449,625
Investments	556,816	-	-	-
Receivables:				
Property taxes	9,893	-	-	-
Other taxes	763,166	-	-	-
Due from other governments	-	-	-	-
Miscellaneous receivables	1,777	-	-	-
Prepaid expenses	89,114	-	-	-
Due from other funds	861,600	-	-	-
<i>Total assets</i>	<u>\$ 1,821,280</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 449,625</u>
<i>Liabilities</i>				
Accounts payable	\$ 39,577	\$ 6,169	\$ 6,277	\$ -
Accrued payroll	73,156	9,681	-	-
Security deposits	550	-	-	-
Due to other funds	387,111	104,375	135,780	-
<i>Total liabilities</i>	<u>500,394</u>	<u>120,225</u>	<u>142,057</u>	<u>-</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	7,592	-	-	-
<i>Total deferred inflows of resources</i>	<u>7,592</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable				
Prepaid expenses	89,114	-	-	-
Spendable				
Restricted for:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Fire protection	-	-	-	-
Capital projects	-	-	-	449,625
Committed to:				
Minimum fund balance	1,031,799	-	-	-
Unassigned	192,381	(120,225)	(142,057)	-
<i>Total fund balances</i>	<u>1,313,294</u>	<u>(120,225)</u>	<u>(142,057)</u>	<u>449,625</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,821,280</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 449,625</u>

The accompanying notes are an integral part of these financial statements.

Paving and Streets Capital Project Fund	Other Governmental Funds	Total Governmental Funds
\$ 160,220	\$ 116,874	\$ (183,992)
247,078	-	696,703
-	-	556,816
-	-	9,893
13,658	55,126	831,950
-	16,932	16,932
-	-	1,777
-	-	89,114
-	387,111	1,248,711
<u>\$ 420,956</u>	<u>\$ 576,043</u>	<u>\$ 3,267,904</u>
\$ 10,215	\$ 119,601	\$ 181,839
-	12,432	95,269
-	-	550
-	134,193	761,459
<u>10,215</u>	<u>266,226</u>	<u>1,039,117</u>
-	-	7,592
-	-	7,592
-	-	89,114
-	145,874	145,874
-	37,084	37,084
-	5,053	5,053
-	32,707	32,707
410,741	296,363	1,156,729
-	-	1,031,799
-	(207,264)	(277,165)
<u>410,741</u>	<u>309,817</u>	<u>2,221,195</u>
<u>\$ 420,956</u>	<u>\$ 576,043</u>	<u>\$ 3,267,904</u>

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**STATE OF NEW MEXICO**  
City of Eunice  
Governmental Funds  
Reconciliation of the Balance Sheet to the Statement of Net Position  
June 30, 2015

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

Fund balances - total governmental funds	\$	2,221,195
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		5,156,085
Delinquent property taxes and grants 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		7,592
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		498,451
Deferred outflows of resources related to changes in assumptions		19,662
Deferred inflows of resources related to changes in assumptions		(59,703)
Deferred inflows of resources related to the net difference between projected and actual investment earnings		(932,173)
Certain liabilities, including the net pension liability and current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds		
Current portion of accrued compensated absences		(54,628)
Long-term portion of accrued compensated absences		(32,254)
Net pension liability		<u>(2,784,356)</u>
Net position of governmental activities	\$	<u><u>4,039,871</u></u>

The accompanying notes are an integral part of these financial statements.

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

	General Fund	Recreation Special Revenue Fund	Veterans' Memorial Capital Projects Fund	New Fire Station Capital Projects Fund
<i>Revenues</i>				
Taxes:				
Property	\$ 217,703	\$ -	\$ -	\$ -
Gross receipts	4,962,006	-	-	-
Gasoline and motor vehicle	27,128	-	-	-
Franchise	88,649	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
State operating grants	226,605	-	-	-
State capital grants	-	-	-	-
Local operating grants	40,025	-	-	-
Local capital grants	-	-	-	455,000
Charges for services	42,245	6,757	-	-
Licenses and fees	224,305	8,400	-	-
Investment income	694	-	-	-
Miscellaneous	42,088	35,430	3,946	-
<i>Total revenues</i>	<u>5,871,448</u>	<u>50,587</u>	<u>3,946</u>	<u>455,000</u>
<i>Expenditures</i>				
Current:				
General government	1,741,559	-	-	-
Public safety	2,099,704	-	-	5,375
Public works	-	-	-	-
Culture and recreation	217,844	823,262	20,870	-
Capital outlay	68,090	121,680	125,133	-
<i>Total expenditures</i>	<u>4,127,197</u>	<u>944,942</u>	<u>146,003</u>	<u>5,375</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,744,251</u>	<u>(894,355)</u>	<u>(142,057)</u>	<u>449,625</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	785,780	-	-
Transfers (out)	(2,392,244)	-	-	-
<i>Total other financing sources (uses)</i>	<u>(2,392,244)</u>	<u>785,780</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>(647,993)</u>	<u>(108,575)</u>	<u>(142,057)</u>	<u>449,625</u>
<i>Fund balance - beginning of year</i>	1,343,381	(11,650)	-	-
<i>Fund balance - restatement (Note 17)</i>	<u>617,906</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - as restated</i>	<u>1,961,287</u>	<u>(11,650)</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ 1,313,294</u>	<u>\$ (120,225)</u>	<u>\$ (142,057)</u>	<u>\$ 449,625</u>

The accompanying notes are an integral part of these financial statements.

Paving and Streets Capital Project Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 217,703
-	385,734	5,347,740
81,926	-	109,054
-	-	88,649
-	44,342	44,342
-	182,314	408,919
272,809	17,932	290,741
-	60,000	100,025
-	-	455,000
-	173,362	222,364
-	17,164	249,869
-	-	694
-	103,794	185,258
<u>354,735</u>	<u>984,642</u>	<u>7,720,358</u>
-	-	1,741,559
-	463,976	2,569,055
300,443	-	300,443
-	658,478	1,720,454
98,365	302,605	715,873
<u>398,808</u>	<u>1,425,059</u>	<u>7,047,384</u>
<u>(44,073)</u>	<u>(440,417)</u>	<u>672,974</u>
434,571	645,048	1,865,399
-	-	(2,392,244)
<u>434,571</u>	<u>645,048</u>	<u>(526,845)</u>
<u>390,498</u>	<u>204,631</u>	<u>146,129</u>
20,243	(31,411)	1,320,563
-	136,597	754,503
<u>20,243</u>	<u>105,186</u>	<u>2,075,066</u>
<u>\$ 410,741</u>	<u>\$ 309,817</u>	<u>\$ 2,221,195</u>

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STATE OF NEW MEXICO

City of Eunice

Governmental Funds

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	\$ 146,129
--	------------

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 reported in the fund financial statements	715,873
Depreciation expense	(443,028)
Donation of capital assets	5,000

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

Change in unavailable revenue related to property taxes receivable	(6,373)
--	---------

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	498,451
Pension expense	(160,938)

Some expenses reported in the Statement of Activities do not require the use of  
current financial resources and, therefore, are not reported as expenditures in  
the governmental funds:

Decrease in accrued compensated absences not due and payable	<u>(9,625)</u>
--	----------------

Change in net position of governmental activities	<u>\$ 745,489</u>
---	-------------------

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Exhibit C-1

City of Eunice

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 Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property	\$ 206,576	\$ 206,576	\$ 221,221	\$ 14,645
Gross receipts	3,892,000	4,040,509	5,394,561	1,354,052
Gasoline and motor vehicle	32,000	32,000	26,393	(5,607)
Franchise	92,000	92,000	90,902	(1,098)
Intergovernmental income:				
State operating grant	95,000	95,000	226,605	131,605
Local operating grant	1,139,500	959,500	40,025	(919,475)
Charges for services	451,450	451,450	42,830	(408,620)
Licenses and fees	14,050	14,050	244,550	230,500
Investment income	1,560	1,560	694	(866)
Miscellaneous	135,050	335,050	42,088	(292,962)
<i>Total revenues</i>	<u>6,059,186</u>	<u>6,227,695</u>	<u>6,329,869</u>	<u>102,174</u>
<i>Expenditures</i>				
Current:				
General government	1,720,303	1,874,201	1,742,537	131,664
Public safety	2,003,061	2,434,050	2,202,617	231,433
Public works	-	-	-	-
Culture and recreation	236,296	268,834	280,475	(11,641)
Health and welfare	-	-	-	-
Capital outlay	-	-	68,090	(68,090)
<i>Total expenditures</i>	<u>3,959,660</u>	<u>4,577,085</u>	<u>4,293,719</u>	<u>283,366</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,099,526</u>	<u>1,650,610</u>	<u>2,036,150</u>	<u>385,540</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(265,012)	770,003	-	(770,003)
Transfers in	-	-	-	-
Transfers (out)	(1,834,514)	(2,420,613)	(2,392,244)	28,369
<i>Total other financing sources (uses)</i>	<u>(2,099,526)</u>	<u>(1,650,610)</u>	<u>(2,392,244)</u>	<u>(741,634)</u>
<i>Net change in fund balance</i>	-	-	(356,094)	(356,094)
<i>Fund balance - beginning of year</i>	-	-	1,133,095	1,133,095
<i>Fund balance - restatement (Note 17)</i>	-	-	(206,782)	(206,782)
<i>Fund balance - beginning, as restated</i>	-	-	926,313	926,313
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570,219</u>	<u>\$ 570,219</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (356,094)	
Adjustments to revenues for taxes, intergovernmental, and other revenue accruals.			(458,421)	
Adjustments to expenditures for salaries and operating expenses.			166,522	
Net change in fund balance (GAAP)			<u>\$ (647,993)</u>	

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Exhibit C-2

City of Eunice

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 Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Franchise	-	-	-	-
Intergovernmental income:				
State operating grant	-	-	-	-
Local operating grant	-	-	-	-
Charges for services	22,500	22,500	6,757	(15,743)
Licenses and fees	-	1,500	8,440	6,940
Investment income	10	10	-	(10)
Miscellaneous	20,000	23,000	35,392	12,392
<i>Total revenues</i>	<u>42,510</u>	<u>47,010</u>	<u>50,589</u>	<u>3,579</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	649,897	801,520	821,699	(20,179)
Health and welfare	-	-	-	-
Capital outlay	75,000	75,000	121,680	(46,680)
<i>Total expenditures</i>	<u>724,897</u>	<u>876,520</u>	<u>943,379</u>	<u>(66,859)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(682,387)</u>	<u>(829,510)</u>	<u>(892,790)</u>	<u>(63,280)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	18,287	43,730	-	(43,730)
Transfers in	664,100	785,780	785,780	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>682,387</u>	<u>829,510</u>	<u>785,780</u>	<u>(43,730)</u>
<i>Net change in fund balance</i>	-	-	(107,010)	(107,010)
<i>Fund balance - beginning of year</i>	-	-	(11,650)	(11,650)
<i>Fund balance - restatement (Note 17)</i>	-	-	14,285	14,285
<i>Fund balance - beginning, as restated</i>	-	-	2,635	2,635
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (104,375)</u>	<u>\$ (104,375)</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (107,010)	
Adjustments to revenues for miscellaneous accruals.			(2)	
Adjustments to expenditures for salaries and operating expenses.			(1,563)	
Net change in fund balance (GAAP)			<u>\$ (108,575)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

City of Eunice

Statement of Net Position

Proprietary Funds

June 30, 2015

Business-Type Activities - Enterprise Funds

	Water Fund	Sewer Fund	Solid Waste Fund
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ -	\$ -	\$ 48,764
Investments	402,756	83,266	11,086
Receivables			
Utility receivables, net	207,018	26,212	36,525
Due from other funds	125,242	-	-
<i>Total current assets</i>	<u>735,016</u>	<u>109,478</u>	<u>96,375</u>
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	53,939	-	-
Capital assets	32,290,642	1,523,674	-
Accumulated depreciation	(12,522,769)	(371,362)	-
<i>Total noncurrent assets</i>	<u>19,821,812</u>	<u>1,152,312</u>	<u>-</u>
<i>Deferred outflows of resources</i>			
Employer contributions subsequent to the measurement date	94,359	9,518	-
Change in assumptions	3,722	376	-
<i>Total deferred outflows of resources</i>	<u>98,081</u>	<u>9,894</u>	<u>-</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 20,654,909</u>	<u>\$ 1,271,684</u>	<u>\$ 96,375</u>
<i>Liabilities, deferred inflows of resources, and net position</i>			
<i>Liabilities</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 281,969	\$ 25,495	\$ 1,768
Accrued payroll expenses	18,103	1,535	-
Accrued compensated absences	6,849	1,205	-
Customer deposits	82,939	-	-
Due to other funds	401,208	200,200	11,086
Accrued interest	14,878	-	-
Other accrued expenses	-	-	-
Current portion of long-term debt	290,499	-	-
<i>Total current liabilities</i>	<u>1,096,445</u>	<u>228,435</u>	<u>12,854</u>
<i>Noncurrent liabilities</i>			
Accrued compensated absences	15,982	1,856	-
Notes payable	4,857,573	-	-
Net pension liability	527,091	53,168	-
<i>Total noncurrent liabilities</i>	<u>5,400,646</u>	<u>55,024</u>	<u>-</u>
<i>Total liabilities</i>	<u>6,497,091</u>	<u>283,459</u>	<u>12,854</u>
<i>Deferred inflows of resources</i>			
Net difference between projected and actual investment earnings on pension plan investments	176,465	17,800	-
Change in assumptions	11,302	1,140	-
<i>Total deferred inflows of resources</i>	<u>187,767</u>	<u>18,940</u>	<u>-</u>
<i>Net Position</i>			
Net investment in capital assets	14,619,801	1,152,312	-
Unrestricted	(649,750)	(183,027)	83,521
<i>Total net position</i>	<u>13,970,051</u>	<u>969,285</u>	<u>83,521</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 20,654,909</u>	<u>\$ 1,271,684</u>	<u>\$ 96,375</u>

The accompanying notes are an integral part of these financial statements.

## Business-Type Activities - Enterprise Funds

Golf Fund		Total	
\$	125,459	\$	174,223
	-		497,108
	-		269,755
	-		125,242
	<u>125,459</u>		<u>1,066,328</u>
	-		53,939
	707,265		34,521,581
	<u>(345,692)</u>		<u>(13,239,823)</u>
	<u>361,573</u>		<u>21,335,697</u>
	35,736		139,613
	1,410		5,508
	<u>37,146</u>		<u>145,121</u>
\$	<u>524,178</u>	\$	<u>22,547,146</u>
\$	19,211	\$	328,443
	6,216		25,854
	2,657		10,711
	-		82,939
	-		612,494
	-		14,878
	20,239		20,239
	-		290,499
	<u>48,323</u>		<u>1,386,057</u>
	7,155		24,993
	-		4,857,573
	<u>199,622</u>		<u>779,881</u>
	<u>206,777</u>		<u>5,662,447</u>
	<u>255,100</u>		<u>7,048,504</u>
	66,831		261,096
	4,280		16,722
	<u>71,111</u>		<u>277,818</u>
	361,573		16,133,686
	<u>(163,606)</u>		<u>(912,862)</u>
	<u>197,967</u>		<u>15,220,824</u>
\$	<u>524,178</u>	\$	<u>22,547,146</u>

**STATE OF NEW MEXICO**  
City of Eunice  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Solid Waste Fund
<i>Operating revenues</i>			
Charges for services	\$ 2,223,768	\$ 292,970	\$ 406,666
<i>Total operating revenues</i>	<u>2,223,768</u>	<u>292,970</u>	<u>406,666</u>
<i>Operating expenses</i>			
General operating	559,559	127,453	429,063
Personnel services	973,567	72,856	-
Depreciation	415,208	38,320	-
Maintenance and materials	127,266	49,332	-
Equipment	1,250,696	102,424	-
<i>Total operating expenses</i>	<u>3,326,296</u>	<u>390,385</u>	<u>429,063</u>
<i>Operating income (loss)</i>	<u>(1,102,528)</u>	<u>(97,415)</u>	<u>(22,397)</u>
<i>Non-operating revenues (expenses)</i>			
Interest expense	(97,882)	-	-
Investment income	2,556	177	23
Miscellaneous income	2	-	-
<i>Total non-operating revenues (expenses)</i>	<u>(95,324)</u>	<u>177</u>	<u>23</u>
<i>Income (loss) before contributions and transfers</i>	<u>(1,197,852)</u>	<u>(97,238)</u>	<u>(22,374)</u>
Capital grants	1,029,762	-	-
Transfers in	-	-	64,256
Transfers (out)	(64,256)	-	-
<i>Change in net position</i>	<u>(232,346)</u>	<u>(97,238)</u>	<u>41,882</u>
<i>Net position - beginning</i>	5,321,995	1,114,608	41,639
<i>Net position - restatement (note 17)</i>	<u>8,880,402</u>	<u>(48,085)</u>	<u>-</u>
<i>Total net position - as restated</i>	<u>14,202,397</u>	<u>1,066,523</u>	<u>41,639</u>
<i>Net position - end of year</i>	<u>\$ 13,970,051</u>	<u>\$ 969,285</u>	<u>\$ 83,521</u>

The accompanying notes are an integral part of these financial statements.

<u>Business-Type Activities - Enterprise Funds</u>	
<u>Golf Fund</u>	<u>Total</u>
\$ 183,341	\$ 3,106,745
<u>183,341</u>	<u>3,106,745</u>
179,368	1,295,443
293,054	1,339,477
21,654	475,182
95,259	271,857
7,156	1,360,276
<u>596,491</u>	<u>4,742,235</u>
<u>(413,150)</u>	<u>(1,635,490)</u>
-	(97,882)
-	2,756
601	603
<u>601</u>	<u>(94,523)</u>
<u>(412,549)</u>	<u>(1,730,013)</u>
-	1,029,762
526,845	591,101
-	(64,256)
<u>114,296</u>	<u>(173,406)</u>
370,771	6,849,013
<u>(287,100)</u>	<u>8,545,217</u>
<u>83,671</u>	<u>15,394,230</u>
<u>\$ 197,967</u>	<u>\$ 15,220,824</u>

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

	<u>Business-Type Activities - Enterprise Funds</u>	
	<u>Water Fund</u>	<u>Sewer</u>
<i>Cash flows from operating activities</i>		
Cash received from user charges	\$ 2,081,183	\$ 300,347
Cash payments to employees for services	(1,017,698)	(81,503)
Cash payments to suppliers for goods and services	(1,728,882)	(342,001)
<i>Net cash (used) by operating activities</i>	<u>(665,397)</u>	<u>(123,157)</u>
<i>Cash flows from noncapital financing activities</i>		
Miscellaneous income	2	-
Internal balances	211,710	200,200
<i>Net cash provided by noncapital financing activities</i>	<u>211,712</u>	<u>200,200</u>
<i>Cash flows from investing activities</i>		
Sale (purchase) of investments	494,032	(83,266)
Interest on investments	2,556	177
<i>Net cash provided (used) by investing activities</i>	<u>496,588</u>	<u>(83,089)</u>
<i>Cash flows from capital and related financing activities</i>		
Government contributions	1,029,762	-
Acquisition of capital assets	(2,672,456)	(46,000)
Interest paid	(83,004)	-
Principal payments on bonds, loans and notes payable	(221,512)	-
<i>Net cash (used) by capital and related financing activities</i>	<u>(1,947,210)</u>	<u>(46,000)</u>
<i>Net (decrease) increase in cash and cash equivalents</i>	(1,904,307)	(52,046)
<i>Cash and cash equivalents - beginning of year</i>	<u>1,958,246</u>	<u>52,046</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 53,939</u>	<u>\$ -</u>
<i>Reconciliation of operating (loss) income to net cash provided (used) by operating activities:</i>		
Operating (loss) income	\$ (1,102,528)	\$ (97,415)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	415,208	38,320
Employer pension contributions	(94,359)	(9,518)
Pension expense	30,467	3,073
Changes in assets and liabilities		
Receivables	(142,585)	7,377
Accounts payable	199,402	(62,792)
Accrued payroll expenses	10,041	(2,103)
Accrued compensated absences	9,720	(99)
Other accrued expenses	-	-
Meter deposits	9,237	-
<i>Net cash (used) by operating activities</i>	<u>\$ (665,397)</u>	<u>\$ (123,157)</u>

The accompanying notes are an integral part of these financial statements.



Business-Type Activities - Enterprise Funds		
Solid Waste Fund	Golf Fund	Total
\$ 415,716	\$ 183,341	\$ 2,980,587
-	(309,887)	(1,409,088)
(478,277)	(260,088)	(2,809,248)
<u>(62,561)</u>	<u>(386,634)</u>	<u>(1,237,749)</u>
-	601	603
<u>75,342</u>	<u>526,845</u>	<u>1,014,097</u>
<u>75,342</u>	<u>527,446</u>	<u>1,014,700</u>
(11,086)	-	399,680
<u>23</u>	<u>-</u>	<u>2,756</u>
<u>(11,063)</u>	<u>-</u>	<u>402,436</u>
-	-	1,029,762
-	(15,353)	(2,733,809)
-	-	(83,004)
<u>-</u>	<u>-</u>	<u>(221,512)</u>
<u>-</u>	<u>(15,353)</u>	<u>(2,008,563)</u>
1,718	125,459	(1,829,176)
<u>47,046</u>	<u>-</u>	<u>2,057,338</u>
<u>\$ 48,764</u>	<u>\$ 125,459</u>	<u>\$ 228,162</u>
\$ (22,397)	\$ (413,150)	\$ (1,635,490)
-	21,654	475,182
-	(35,736)	(139,613)
-	11,538	45,078
9,050	-	(126,158)
(49,214)	1,456	88,852
-	1,666	9,604
-	5,699	15,320
-	20,239	20,239
<u>-</u>	<u>-</u>	<u>9,237</u>
<u>\$ (62,561)</u>	<u>\$ (386,634)</u>	<u>\$ (1,237,749)</u>

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

Exhibit E-1

<i>Assets</i>	
Due from participants	<u>\$ 11,919</u>
<i>Total assets</i>	<u><u>\$ 11,919</u></u>
<i>Liabilities</i>	
Benefits payable	<u>\$ 11,919</u>
<i>Total liabilities</i>	<u><u>\$ 11,919</u></u>

The accompanying notes are an integral part of these financial statements

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

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

The City of Eunice (the "City") is a political subdivision of the state of New Mexico, operates under the Mayor-Council form of government. The City provides the following authorized services: public safety, police and fire, highways and streets, water, sanitation, health and welfare, social services, culture and recreation, public improvements and general administrative services.

The City of Eunice 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.

The City's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

This summary of significant accounting policies of the City is presented to assist in the understanding of the City's financial statements. The financial statements and notes are the representation of the 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.

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

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

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.

At transition to Statement 68, Statement 71 requires the employer or nonemployer contributing entity to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability but before the start of the government’s fiscal year, thus avoiding possible understatement of an employer or nonemployer contributing entity’s beginning net position and expense in the initial period of implementation.

This pronouncement has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects.

**A. Reporting Entity**

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

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements 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 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.

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

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

**A. Reporting Entity (continued)**

Based upon the application of these criteria, the City has one component unit required to be reported under GASB Statements No. 14, No. 39 and No. 61.

Eunice Housing Authority (Authority): This component unit has separate elected and/or appointed boards and provides services to residents, generally within the geographic boundaries of the government. GASB Statement No. 14 requires the Authority to be reported as a component unit of the City of Eunice.

However, on October 1, 2014, the City's agreement for the Eastern Regional Housing Authority to take over the operations of the City of Eunice Housing Authority commenced. All balance sheet and net position items were liquidated as of September 30, 2014. The City's financial statements include the financial operations of the Authority for the three months ended September 30, 2014. See note 19 below. Separately issued financial statements for the Authority for the three-month period ended September 30, 2014 and the nine-month period ended June 30, 2015 may be obtained directly from the administrative office at: Eastern Regional Housing Authority, 106 E Reed St., Roswell, NM 88231.

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

The basic financial statements include both government-wide (based on the City as a whole) 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 non-fiduciary activities of the primary government and its component unit. For the most part, the effect of inter-fund 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 activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. 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 activity and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost (by function of governmental-type activity) is normally covered by general revenues (property, sales, franchise taxes, intergovernmental revenues, interest income, etc.) The City does not allocate indirect costs.

Separate fund based 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 government funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The water, sewer, and golf fund are the major proprietary funds. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds.

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

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

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

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category), and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

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

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

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

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

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

Under the requirements of GASB Statement No. 34, the City is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following:

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 fund.



**STATE OF NEW MEXICO**  
City of Eunice  
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)**

The *Recreation Special Revenue Fund's* objective is to account for money used for the youth center and parks and recreation. Authority for creation of this fund is the City Council.

The *Veterans' Memorial Capital Projects Fund's* objective is to account for the construction of a memorial honoring veterans of the U.S. Armed Forces. The fund is financed through a grant from the State of NM and donations. Authority for creation of this fund is the City Council.

The *New Fire Station Special Revenue Fund* accounts for the construction of the fire station. The fund is financed by donations and general fund transfers. Authority for creation of this fund is the City Council.

The *Paving and Streets Capital Projects Fund's* objective is to account for the money used to pave the City Streets. Authority for creation of this fund is the City Council.

The City reports the following proprietary funds as major funds:

The *Water Fund* accounts for the provision of water services to the residents of the City of Eunice. Overall administration and construction as well as all other activities necessary to provide such service are accounted for in this fund.

The *Sewer Fund* accounts for the provision of sewer services to the residents of the City of Eunice. Overall administration and construction as well as all other activities necessary to provide such service are accounted for in this fund.

The *Solid Waste Fund* accounts for the provision of garbage and refuse services to the residents of the City of Eunice. Overall administration and construction as well as all other activities necessary to provide such service are accounted for in this fund.

The *Golf Fund* accounts for the revenues and expenses associated with the operation of the City of Eunice golf course.

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.

Additionally, the government reports the following agency fund:

*Fiduciary funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The City's fiduciary fund accounts for self-insurance for retirees.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the City's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of City facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources 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

**STATE OF NEW MEXICO**  
City of Eunice  
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)***

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity***

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

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

Investments for the City are reported at fair 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. Restricted investments have been reclassified from prior year classification of restricted cash and cash equivalents, due to the maturity date, and therefore are more accurately considered restricted investments.

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

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

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

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

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

***D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (continued)***

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 10<sup>th</sup> and April 10<sup>th</sup> 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 Lea County and remitted monthly to the City.

The City estimates the allowance for uncollectible accounts based off historical collection trends.

**Restricted Assets:** Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be used and restricted for future debt service payments, capital projects, and other purposes.

**Inventory:** The City's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer recognition of the expenditures until the period in which the inventories actually are consumed. The cost of inventory is recorded as expenditures at the time individual inventory items are consumed.

**Prepaid Expenses:** Prepaid expenses include insurance payments that reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide financial statements and fund financial statements.

**Capital Assets:** Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost 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 furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

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

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (continued)**

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

Assets	Years
Land improvements	30-40
Buildings and improvements	30-40
Furniture, fixtures, and equipment	5-20
Vehicles	5-20
Utility systems	40
Roads	10-20

**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 items that qualify for reporting in this category in both the governmental and business-type activities. Accordingly, the items – Change in assumptions and employer contributions subsequent to measurement date has been reported as a deferred outflow of resources in the amount of \$25,170 and \$638,064, respectively. These amounts are reported in the Statement of Net Position. These amounts will directly reduce the net pension liability in the next fiscal year.

**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 has one type of deferred inflows which arise under the modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the items, unavailable revenue - property taxes tax is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The City has recorded \$7,592 related to property taxes considered “unavailable”. 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 \$1,193,269 and change in assumptions of \$76,425, 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.

**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.

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

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

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (continued)**

**Accrued Expenses:** Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2015, along with applicable FICA and Medicare liabilities.

**Compensated Absences:** City employees are entitled to certain compensation absences based on their employment classification and length of employment. With minor exceptions, the City allows 40 hour week employees to accumulate unused sick leave to a maximum of 526 hours. Accumulated unused sick leave, however, is not paid upon termination from employment or retirement, but will be paid only upon illness while in the employment of the City. The City has a policy that if an employees has in excess of 100 hours of sick leave they may donate excess hours to a designated sick employee. The sick employee must have exhausted all of his/her paid leave prior to receiving the donated sick leave. Accordingly, no provision for accumulated unused sick leave has been made in the accompanying financial statements.

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Accumulated unused vacation is payable upon retirement or termination from employment. All vacation pay and applicable accumulated sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**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. 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.

**Fund Balance Classification Policies and Procedures:** For committed fund balance, the City's highest level of decision-making authority is the City Commission. The formal action that is required to be taken to establish a fund balance commitment is the City Commission.

For assigned fund balance, the City Commission or an official or body to which the City Commission 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 nonspendable fund balance of the City is comprised of prepaid expenses in the general fund in the amount of \$89,114 which is not in spendable form.

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

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

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (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 \$1,377,447 for various City operations as restricted by enabling legislation. The details of these fund balance items are located on the governmental funds balance sheet as detailed on pages 26-27.

**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. The City has not developed a policy for maintaining a minimum amount of fund balance as of June 30, 2015, beyond that required by the State, which is an amount equal to 3/12 of budgeted general fund expenditures. At June 30, 2015, this equaled \$1,031,799.

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

- a. Net investment in capital assets: Net position 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 49 and 87.
- c. Unrestricted Net Position: All other net position that do not meet the definition of "restricted" or "Net Investment in Capital Assets."

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

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

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the City's financial statements include the allowance for uncollectible accounts in the joint utility fund and depreciation on capital assets, current portion of accrued compensated absences, and net pension liability.

**STATE OF NEW MEXICO**  
City of Eunice  
Notes to the Financial Statements  
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 Commissioners, 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 Commission 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 cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

Proprietary fund budgets are prepared on the cash basis. 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 Commissioners in accordance with the above procedures. These amendments resulted in the following changes:

	<u>Excess (deficiency) of revenues over expenditures</u>	
	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 2,099,526	\$ 1,650,610
Recreation Special Revenue Fund	\$ (682,387)	\$ (829,510)
Veterans' Memorial Capital Projects Fund	\$ (50,000)	\$ (50,000)
New Fire Station Capital Projects Fund	\$ -	\$ 82,000
Paving and Streets Capital Projects Fund	\$ (486,234)	\$ (600,590)
Nonmajor Governmental Funds	\$ (330,312)	\$ (367,985)
	<u>Operating income (loss)</u>	
	<u>Budget</u>	<u>Budget</u>
Water Department	\$ (2,465,427)	\$ (3,151,376)
Sewer Fund	\$ 22,136	\$ (131,216)
Solid Waste Fund	\$ (68,000)	\$ (121,016)
Golf Fund	\$ (245,804)	\$ (417,306)

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

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund are included in each individual budgetary comparison.

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

**NOTE 3. Deposits and Investments**

Section 22-8-40, NMSA 1978 authorizes the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, the state investment pool, money market accounts, and United States Government obligations. All invested funds of the City properly followed State investment requirements as of June 30, 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 by the financial institution 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 no longer will receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (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.

*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). June 30, 2015, \$620,747 of the City's bank balance of \$870,747 was subject to custodial credit risk. \$408,021 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the City's name and \$212,726 of the City's deposits was uninsured and uncollateralized at June 30, 2015.

	Wells Fargo
Amount of deposits	\$ 870,747
FDIC Coverage	(250,000)
Total uninsured public funds	620,747
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	408,021
Uninsured and uncollateralized	\$ 212,726
Collateral requirement (50% of uninsured funds)	\$ 310,374
Pledged Collateral	408,021
Over (Under) collateralized	\$ 97,648



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

**NOTE 3. Deposits and Investments (continued)**

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, City or political subdivision of the State of New Mexico.

**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.

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. Also, the City has investments which are managed by NMFA, on deposit with the State Treasurer's office, in NMFA's name for the benefit of the Town.

The City's investments at June 30, 2015 include the following:

Investment Type	Weighted Average Maturities	Fair Value	Rating
New Mexico Local Government Investment Pool	WAR (R) 54.6 day and WAM (F) 77.7 day	\$ 1,053,924	* AAAM
U.S. Treasury Money Market Mutual Funds	>365 Days	53,939	* Aaa
		\$ 1,107,863	

\* Based off Standards & Poor's rating

At June 30, 2015 the City has funds which are managed by NMFA which are considered restricted cash and cash equivalents. Of the \$1,107,863 noted above \$53,939 is considered restricted cash and cash equivalents per Exhibit A-1. For purposes of cash flows at Exhibit D-3 ending cash is considered to be cash and cash equivalents, and restricted cash and cash equivalents.

*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 Local Government Investment Pool represents 96%, of the investment portfolio. The City's policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

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

**NOTE 3. Deposits and Investments (continued)**

Reconciliation to the Statement of Net Position

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

Reconciliation to the Statement of Net Assets:

Cash and cash equivalents per Exhibit A-1	\$	686,934
Restricted cash and cash equivalents per Exhibit A-1		53,939
Investments per Exhibit A-1		<u>1,053,924</u>
 Total cash and cash equivalents		 <u>1,794,797</u>
 Add: outstanding checks		 193,530
Less: deposits in transit		(9,717)
Less: investments in LGIP		(1,053,924)
Less: U.S. Treasury Money Market Mutual Fund		<u>(53,939)</u>
 Bank balance of deposits	 \$	 <u><u>870,747</u></u>

**NOTE 4. Receivables**

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

<b>Governmental activities:</b>	<b>General</b>	<b>Paving and Streets Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
Property taxes	\$ 9,893	\$ -	\$ -	\$ 9,893
Other taxes:				
Gross receipts taxes	750,776	-	55,126	805,902
Gasoline and oil taxes	735	13,658	-	14,393
Franchise taxes	11,655	-	-	11,655
Due from other governments:				
Federal	-	-	2,220	2,220
State	-	-	14,712	14,712
Miscellaneous:				
Charges for services	<u>1,777</u>	<u>-</u>	<u>-</u>	<u>1,777</u>
 Totals by fund	 <u>\$ 774,836</u>	 <u>\$ 13,658</u>	 <u>\$ 72,058</u>	 <u>\$860,552</u>

Receivables for governmental activities are considered to be 100% collectible.

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

**NOTE 4. Receivables (continued)**

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 was \$7,592 for the City for the year ended June 30, 2015.

**Business-type activities:**

	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
Utility receivable	\$ 294,771	\$ 26,212	\$ 36,525	\$ 357,508
Less: Allowance for uncollectable accounts	<u>(87,753)</u>	<u>-</u>	<u>-</u>	<u>(87,753)</u>
Totals	<u>\$ 207,018</u>	<u>\$ 26,212</u>	<u>\$ 36,525</u>	<u>\$ 269,755</u>

**NOTE 5. Transfers and Interfund Receivables**

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 2,392,244
Recreation Special Revenue Fund	785,780	-
Paving and Streets Capital Projects Fund	434,571	-
Fire Special Revenue Fund	196,769	-
Senior Center Special Revenue Fund	222,243	-
Swimming Pool Special Revenue Fund	226,036	-
Water Fund	-	64,256
Solid Waste Fund	64,256	-
Golf Fund	<u>526,845</u>	<u>-</u>
Total	<u>\$ 2,456,500</u>	<u>\$ 2,456,500</u>

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

**NOTE 5. Transfers and Interfund Receivables (continued)**

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

Fund	Due from	Due to
General Fund	\$ 861,600	\$ 387,111
Recreation Special Revenue Fund	-	104,375
Veterans Memorial Capital Projects Fund	-	135,780
Municipal Infrastructure Capital Projects Fund	259,612	-
EMS Special Revenue Fund	-	54,211
Senior Center Special Revenue Fund	-	29,416
Youth Advisory Council Special Revenue Fund	-	30,890
Downtown Project Special Revenue Fund	-	19,676
Governmental Gross Receipts Special Revenue Fund	127,499	-
Water Fund	125,242	401,208
Sewer Fund	-	200,200
Solid Waste Fund	-	11,086
Total	<u>\$ 1,373,953</u>	<u>\$ 1,373,953</u>

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

**NOTE 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2015 follows. Land, construction in progress, and library collections are not subject to depreciation.

<b>Governmental Activities:</b>	Balance June 30, 2014	Adjustments	Transfers	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated:						
Land	\$ 252,668	\$ -	\$ -	\$ -	\$ -	\$ 252,668
Construction in progress	149,836	-	(149,836)	63,600	-	63,600
Library collections	131,964	(121,164)	-	-	-	10,800
	<u>534,468</u>	<u>(121,164)</u>	<u>(149,836)</u>	<u>63,600</u>	<u>-</u>	<u>327,068</u>
Capital assets being depreciated:						
Land improvements	367,333	408,003	-	118,868	-	894,204
Buildings and improvements	6,574,827	(2,306,961)	-	51,903	-	4,319,769
Furniture, fixtures, and equipment	668,665	352,190	-	333,376	-	1,354,231
Vehicles	2,389,276	185,360	-	103,939	-	2,678,575
Roads	3,112,391	(1,559,026)	149,836	49,187	-	1,752,388
	<u>13,112,492</u>	<u>(2,920,434)</u>	<u>149,836</u>	<u>657,273</u>	<u>-</u>	<u>10,999,167</u>
Total capital assets	<u>13,646,960</u>	<u>(3,041,598)</u>	<u>-</u>	<u>720,873</u>	<u>-</u>	<u>11,326,235</u>
Accumulated depreciation:						
Land improvements	29,895	408,003	-	12,961	-	450,859
Buildings and improvements	4,173,000	(2,198,172)	-	77,151	-	2,051,979
Furniture, fixtures, and equipment	399,063	285,464	-	114,000	-	798,527
Vehicles	1,561,146	231,013	-	190,054	-	1,982,213
Roads	1,869,195	(1,031,485)	-	48,862	-	886,572
Library collections	121,164	(121,164)	-	-	-	-
	<u>8,153,463</u>	<u>(2,426,341)</u>	<u>-</u>	<u>443,028</u>	<u>-</u>	<u>6,170,150</u>
Net capital assets	<u>\$ 5,493,497</u>	<u>\$ (615,257)</u>	<u>\$ -</u>	<u>\$ 277,845</u>	<u>\$ -</u>	<u>\$ 5,156,085</u>

Depreciation expense for the year ended June 30, 2015 was charged to governmental activities as follows:

Total by Function	
General government	\$ 52,186
Public safety	200,051
Public works	89,050
Culture and recreation	101,741
Total	<u>\$ 443,028</u>

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

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

**Business-type Activities:**

	Balance June 30, 2014	Adjustments	Transfers	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated:						
Land	\$ 103,709	\$ -	\$ -	\$ -	\$ -	\$ 103,709
Construction in progress	246,586	-	(246,586)	37,048	-	37,048
	<u>350,295</u>	<u>-</u>	<u>(246,586)</u>	<u>37,048</u>	<u>-</u>	<u>140,757</u>
Capital assets being depreciated:						
Land improvements	23,081	(23,081)	-	752,817	-	752,817
Buildings and improvements	1,435,479	-	-	-	-	1,435,479
Furniture, fixtures, and equipment	3,341,910	334,906	-	185,014	-	3,861,830
Vehicles	401,051	(174,996)	-	139,088	-	365,143
Utility Systems	5,169,400	20,630,903	246,586	1,918,666	-	27,965,555
	<u>10,370,921</u>	<u>20,767,732</u>	<u>246,586</u>	<u>2,995,585</u>	<u>-</u>	<u>34,380,824</u>
Total capital assets	<u>10,721,216</u>	<u>20,767,732</u>	<u>-</u>	<u>3,032,633</u>	<u>-</u>	<u>34,521,581</u>
Accumulated depreciation:						
Land improvements	20,869	(20,870)	-	9,348	-	9,347
Buildings and improvements	228,799	-	-	25,748	-	254,547
Furniture, fixtures, and equipment	1,239,906	115,407	-	100,233	-	1,455,546
Vehicles	292,596	(70,853)	-	20,752	-	242,495
Utility Systems	45,523	10,913,264	-	319,101	-	11,277,888
	<u>1,827,693</u>	<u>10,936,948</u>	<u>-</u>	<u>475,182</u>	<u>-</u>	<u>13,239,823</u>
Net capital assets	<u>\$ 8,893,523</u>	<u>\$ 9,830,784</u>	<u>\$ -</u>	<u>\$ 2,557,451</u>	<u>\$ -</u>	<u>\$ 21,281,758</u>

Depreciation expense for the year ended June 30, 2015 was charged to business-type activities as follows:

Total by Function	
Water	\$ 415,208
Sewer	38,320
Golf	21,654
Total	<u>\$ 475,182</u>

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

**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	Reductions	Balance June 30, 2015	Due Within One Year
Compensated absences	\$ 77,257	\$ 71,429	\$ 61,804	\$ 86,882	\$ 54,628
Total	<u>\$ 77,257</u>	<u>\$ 71,429</u>	<u>\$ 61,804</u>	<u>\$ 86,882</u>	<u>\$ 54,628</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 \$9,625 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

**Business-Type Activities:**

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	Reductions	Balance June 30, 2015	Due Within One Year
Loans Payable:					
NMFA Water lines	\$ 4,743,092	\$ -	\$ 221,512	\$ 4,521,580	\$ 225,943
NMFA Water lines	626,492	-	-	626,492	64,556
Compensated absences	20,385	25,422	10,103	35,704	10,711
Total	<u>\$ 5,389,969</u>	<u>\$ 25,422</u>	<u>\$ 231,615</u>	<u>\$ 5,183,776</u>	<u>\$ 301,210</u>

**NMFA Loans- Notes Payable**

In October 2012, the borrowed \$5,050,000 from the New Mexico Finance Authority. The note matures on February 27, 2032, and accrues interest at 2.00% per annum. The proceeds of the loan were used for the replacement of 30M water lines. The payments of principal and interest are paid from pledged state shared gross receipts tax revenues.

On April 4, 2014, the City borrowed \$640,000 from the New Mexico Finance Authority. The note matures on April 4, 2033, and it does not accrue interest but has administrative fees .2500% per semi-annually. The proceeds of the loan were used for the City's drinking water. The payments of principal and interest are paid from pledged gross receipts tax revenues.

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

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

The NMFA loans are as follows:

Description	Interest Rate	Payment Frequency	Maturity Date	Due Within One Year
<b>Business - Type Activities</b>				
NMFA Water lines	2.00%	Monthly	May 2032	\$ 225,943
NMFA Water lines	0.25%	Monthly	June 2013	<u>64,556</u>
				<u>\$ 290,499</u>

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

Fiscal Year Ending June 30, 15	Principal	Interest	Total Debt Service
2016	\$ 290,499	\$ 79,128	\$ 369,627
2017	262,860	75,174	338,034
2018	267,551	71,141	338,692
2019	272,333	67,027	339,360
2020	277,211	72,968	350,179
2021-2025	1,462,635	248,218	1,710,853
2026-2030	1,599,817	129,991	1,729,808
2031-2032	<u>715,166</u>	<u>16,178</u>	<u>731,344</u>
	<u>\$ 5,148,072</u>	<u>\$ 759,825</u>	<u>\$ 5,907,897</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 \$15,319 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 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's have 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. No major lawsuits have been filed against the City of Eunice.

New Mexico Self-Insurers' Fund has not provided information on an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.



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

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

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

- A.** Deficit fund balance of individual funds. There were no funds with a deficit fund balance as of June 30, 2015.

**Major Funds**

Recreation Special Revenue Fund	\$ (120,225)
Veterans' Memorial Capital Projects Fund	(142,057)

**Non Major Funds**

Fire Fund Special Revenue Fund	(38,126)
EMS Fund Special Revenue Fund	(57,835)
Senior Center Special Revenue Fund	(19,827)
Swimming Pool Special Revenue Fund	(16,832)
Youth Advisory Council Special Revenue Fund	(29,423)
Downtown Project Capital Projects Fund	<u>(45,221)</u>

Total	<u>\$ (469,546)</u>
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- B.** 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.

**Major Funds**

Recreation Special Revenue Fund	\$ 66,859
Water Fund	673,348

**Non Major Funds**

Youth Advisory Council Special Revenue Fund	<u>23,690</u>
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Total	<u>\$ 763,897</u>
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- C.** Designated cash appropriations in excess of available balances. The following funds that had designated cash appropriations in excess of available balances for the year ended June 30, 2015.

	Designated Cash	Beginning of Year Cash and Interfund Receivable Available	Cash Appropriation in excess of Available
Ambulance Special Revenue Fund	\$ 1,199	\$ -	\$ 1,199
Veterans' Memorial Capital Projects Fund	50,000	-	50,000
Correction Fees Special Revenue Fund	3,079	-	3,079
Recreation Special Revenue Fund	43,730	2,635	41,095

**NOTE 10. Pension Plan - Public Employees Retirement Association**

**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.

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

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

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

All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

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

**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 Eunice 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://osannm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://osannm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf). The PERA coverage options that apply to City of Eunice are: Municipal General Division, Municipal Police Division and Municipal Fire Division. Statutorily required contributions to the pension plan from the City of Eunice were \$638,064 and there were no 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 Eunice’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 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.

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

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

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

**For PERA Fund Municipal General Division**, at June 30, 2015, City of Eunice reported a liability of \$1,914,383 for its proportionate share of the net pension liability. At June 30, 2014, City of Eunice's proportion was .2454% 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 Eunice recognized PERA Fund Municipal General Division pension expense of \$79,868. At June 30, 2015, City of Eunice 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>
Changes of assumptions	\$ -	\$ 1,297
Net difference between projected and actual earnings on pension plan investments	-	748,957
City of Eunice's contributions subsequent to the measurement date	<u>434,067</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 434,067</u></b>	<b><u>\$ 750,254</u></b>

\$434,067 reported as deferred outflows of resources related to pensions resulting from City of Eunice'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	\$ 187,562
2017	187,562
2018	187,562
2019	187,562
2020	<u>6</u>
	<b><u>\$ 750,254</u></b>

**For PERA Fund Municipal Police Division**, at June 30, 2015, City of Eunice reported a liability of \$924,831 for its proportionate share of the net pension liability. At June 30, 2014, City of Eunice's proportion was 0.2837 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

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

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

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

For the year ended June 30, 2015, City of Eunice recognized PERA Fund Municipal Police Division pension expense of \$62,107. At June 30, 2015, City of Eunice 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>
Changes of assumptions	\$ -	\$ 75,128
Net difference between projected and actual earnings on pension plan investments	-	343,893
City of Eunice's contributions subsequent to the measurement date	148,699	-
<b>Total</b>	<b>\$ 148,699</b>	<b>\$ 419,021</b>

\$148,699 reported as deferred outflows of resources related to pensions resulting from City of Eunice'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	\$	104,662
2017		104,662
2018		104,662
2019		104,662
2020		373
	\$	419,021

**For PERA Fund Municipal Fire Division**, at June 30, 2015, City of Eunice reported a liability of \$725,023 for its proportionate share of the net pension liability. At June 30, 2014, City of Eunice's proportion was 0.1737 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 Eunice recognized PERA Fund Municipal Fire Division pension expense of \$64,042. At June 30, 2015, City of Eunice 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>
Changes of assumptions	\$ 25,170	\$ -
Net difference between projected and actual earnings on pension plan investments	-	100,419
City of Eunice's contributions subsequent to the measurement date	55,298	-
<b>Total</b>	<b>\$ 80,468</b>	<b>\$ 100,419</b>

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

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

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

\$55,298 reported as deferred outflows of resources related to pensions resulting from City of Eunice'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	\$ 18,844
2017	18,844
2018	18,844
2019	18,842
2020	(125)
	\$ 75,249

**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.

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	3.5 to 14.25% annual rate
Includes inflation at	3.00% annual rate

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

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

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

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

<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 Eunice's net pension liability in each PERA Fund Division that City of Eunice 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 Eunice  
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 Eunice's proportionate share of the net pension liability	<u>\$ 3,609,043</u>	<u>\$ 1,914,383</u>	<u>\$ 605,178</u>
<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 Eunice's proportionate share of the net pension liability	<u>\$ 1,763,654</u>	<u>\$ 924,831</u>	<u>\$ 298,493</u>
<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 Eunice's proportionate share of the net pension liability	<u>\$ 1,024,403</u>	<u>\$ 725,023</u>	<u>\$ 504,218</u>

**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.** At June 30, 2015 there were no contributions due and payable to PERA for the City

**NOTE 11. Contingent Liabilities**

The City is party to various claims and lawsuits arising in the normal course of business. The City is insured through the New Mexico Self Insurers Fund. The maximum exposure of the City is not estimable as of June 30, 2015 in the remaining cases.

**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.

**NOTE 13. Construction and Other Significant Commitments**

The City did not have any significant construction projects ongoing or other commitments as of the year ended June 30, 2015.

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

**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 February 8, 2016, which is the date on which the financial statements were issued. None were noted.

**NOTE 15. Restricted Net Position**

The government-wide statement of net position reports \$1,058,637 of restricted net position, all of which is restricted by enabling legislation. See pages 49 and 87 for descriptions of the related restrictions for special revenue and capital projects funds.

**NOTE 16. 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 17. Prior Period Adjustments**

Fund balance and net position were restated to correct errors in beginning balances and as a result of the implementation of GASB Statement No. 68. These various restatements are detailed on the following pages.



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

**NOTE 17. Prior Period Adjustments (continued)**

Non-GAAP budgetary basis fund balance restatements:

	<u>Major Governmental Funds</u>				
	<u>General Fund</u>	<u>Recreation Fund Special Revenue Fund</u>	<u>Paving and Streets Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	
To adjust fund balance to cash basis	\$ (206,782)	\$ 14,285	\$ 56,517	\$ 170,566	
Total restatement - Non-GAAP budgetary basis	<u>\$ (206,782)</u>	<u>\$ 14,285</u>	<u>\$ 56,517</u>	<u>\$ 170,566</u>	
	<u>Major Governmental Funds</u>				
	Total Governmental Funds				
To adjust fund balance to cash basis	\$ 34,586				
Total restatement - Non-GAAP budgetary basis	<u>\$ 34,586</u>				
	<u>Major Proprietary Funds</u>				
	<u>Water Department</u>	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Golf Fund</u>	<u>Total Proprietary Funds</u>
To adjust fund balance to cash basis	\$ (1,878,243)	\$ (1,062,562)	\$ 5,407	\$ (372,042)	\$ (3,307,440)
To correct NMFA cash	298,823	-	-	-	298,823
Total restatement - Non-GAAP budgetary basis	<u>\$ (1,579,420)</u>	<u>\$ (1,062,562)</u>	<u>\$ 5,407</u>	<u>\$ (372,042)</u>	<u>\$ (3,008,617)</u>
Governmental fund balance restatements:					
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>		
To remove unidentified or improper accruals	\$ 181,374	\$ 136,597	\$ 317,971		
To move accruals to correct fund	436,532	-	436,532		
	<u>\$ 617,906</u>	<u>\$ 136,597</u>	<u>\$ 754,503</u>		

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

**NOTE 17. Prior Period Adjustments (continued)**

Proprietary net position restatements:

	<u>Major Proprietary Funds</u>			Total Proprietary Funds
	<u>Water Department</u>	<u>Sewer Fund</u>	<u>Golf Fund</u>	
To remove unidentified or improper accruals	\$ 89,581	\$ (87,700)	\$ -	\$ 1,881
To move accruals to correct fund	(436,532)	-	-	(436,532)
Capital assets and accumulated depreciation	9,722,510	108,274	-	9,830,784
To correct NMFA cash	298,823	-	-	298,823
To remove nonexistent inventory balances	(113,311)	-	(29,315)	(142,626)
Implementation of GASBS No. 68	<u>(680,669)</u>	<u>(68,659)</u>	<u>(257,785)</u>	<u>(1,007,113)</u>
	<u>\$ 8,880,402</u>	<u>\$ (48,085)</u>	<u>\$ (287,100)</u>	<u>\$ 8,545,217</u>

Net position restatements:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
	To remove unidentified or improper accruals	\$ 317,971	\$ 1,881
To move accruals to correct fund	436,532	(436,532)	-
Capital assets and accumulated depreciation	(615,257)	9,830,784	9,215,527
To correct NMFA cash	-	298,823	298,823
To remove nonexistent inventory balances	-	(142,626)	(142,626)
Implementation of GASBS No. 68	<u>(3,595,632)</u>	<u>(1,007,113)</u>	<u>(4,602,745)</u>
	<u>\$ (3,456,386)</u>	<u>\$ 8,545,217</u>	<u>\$ 5,088,831</u>

**NOTE 18. 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 affect the City's financial statements.

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

**NOTE 18. 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 affect the financial statements.

**NOTE 19. Transfer to Subsequent Reporting Entity**

As described in Note 1, the City's discretely presented component unit operated as the City of Eunice Housing Authority (the Authority) until September 30, 2014, and the net position of the Authority was transferred to the Eastern Regional Housing Authority as of October 1, 2014. The results of operations for the three months ended September 30, 2014 have been presented in Exhibit A-2. The following schedule represents the equity transfer presented within Exhibit A-2 as of June 30, 2015.

	Low Rent Public Housing	Housing Choice Vouchers
Net position as of June 30, 2014	\$ 117,609	\$ -
Change in net position for the three months ended September 30, 2014	(28,615)	-
Net position as of September 30, 2014 - transferred to Eastern Regional Housing Authority	<u>\$ 88,994</u>	<u>\$ -</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

STATE OF NEW MEXICO

City of Eunice

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

Schedule I

Page 1 of 3

	2015 Measurement Date (As of and for the year ended <u>June 30, 2014</u> )
City of Eunice's proportion of the net pension liability	0.2454%
City of Eunice's proportionate share of the net pension liability	\$ 1,914,383
City of Eunice's covered-employee payroll	\$ 1,972,536
City of Eunice's proportionate share of the net pension liability as a percentage of its covered-employee payroll	97.05%
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 Eunice 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 Eunice

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

Schedule I

Page 2 of 3

	2015 Measurement Date (As of and for the year ended <u>June 30, 2014</u> )
City of Eunice's proportion of the net pension liability	0.2837%
City of Eunice's proportionate share of the net pension liability	\$ 924,831
City of Eunice's covered-employee payroll	\$ 492,825
City of Eunice's proportionate share of the net pension liability as a percentage of its covered-employee payroll	187.66%
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 Eunice 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 Eunice

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

Schedule I

Page 3 of 3

	2015 Measurement Date (As of and for the year ended <u>June 30, 2014</u> )
City of Eunice's proportion of the net pension liability	0.1737%
City of Eunice's proportionate share of the net pension liability	\$ 725,023
City of Eunice's covered-employee payroll	\$ 185,914
City of Eunice's proportionate share of the net pension liability as a percentage of its covered-employee payroll	389.98%
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 Eunice 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 Eunice  
 Schedule of City's Contributions  
 Public Employees Retirement Association (PERA) Plan  
 PERA Fund Municipal General Division  
 Last 10 Fiscal Years\*

	As of and for the year ended June <u>30, 2015</u>
Contractually required contribution	\$ 434,067
Contributions in relation to the contractually required contribution	<u>(434,067)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
City of Eunice's covered-employee payroll	\$ 2,224,893
Contributions as a percentage of covered-employee payroll	19.51%

\* 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 Eunice will present information for those years for which information is available.

STATE OF NEW MEXICO

City of Eunice

Schedule of City's Contributions

Public Employees Retirement Association (PERA) Plan

PERA Fund Municipal Police Division

Last 10 Fiscal Years\*

Schedule II

Page 2 of 3

	As of and for the year ended June 30, 2015
Contractually required contribution	\$ 148,699
Contributions in relation to the contractually required contribution	<u>(148,699)</u>
Contribution deficiency (excess)	<u>\$ -</u>
City of Eunice's covered-employee payroll	\$ 546,674
Contributions as a percentage of covered-employee payroll	27.20%

\* 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 Eunice 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 Eunice

Schedule of City's Contributions

Public Employees Retirement Association (PERA) Plan

PERA Fund Municipal Fire Division

Last 10 Fiscal Years\*

Schedule II

Page 3 of 3

	As of and for the year ended June 30, 2015
Contractually required contribution	\$ 55,298
Contributions in relation to the contractually required contribution	<u>(55,298)</u>
Contribution deficiency (excess)	<u>\$ -</u>
City of Eunice's covered-employee payroll	\$ 178,564
Contributions as a percentage of covered-employee payroll	30.97%

\* 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 Eunice will present information for those years for which information is available.

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**STATE OF NEW MEXICO**  
City of Eunice  
Notes to Required Supplementary Information  
For the Year Ended 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.*** 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.

**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
City of Eunice  
Nonmajor Governmental and Proprietary Fund Descriptions  
June 30, 2015

**Special Revenue Funds**

**Fire Fund** –To account for the operations and maintenance of the Fire Department which is financed by a specific allotment from the State Fire Marshal's Office (NMSA 59A-53-1).

**EMS Fund** – The objective of this fund is to account for the acquisition of emergency medical equipment. The fund is financed through a grant from the State of NM. The authority for the creation of this fund is the Emergency Medical Fund Act, 24-10A-6, NMSA 1978.

**State Fire Allotment Funds** – accounts for the operations of the fire department. The fund is financed by grants and general fund transfers. The authority for the creation of this fund was given by 59A-53-1 NMSA 1978.

**Corrections Fund-** Accounts for the cost of housing prisoners through the assessment of traffic violations within the City's jurisdiction. Authority for creation of this fund is the City Council.

**Law Enforcement Fund** – The objective of this fund is to account for receipts and disbursements of State Funds Chapter 289, Law of 1983. These funds are to enhance the efficiency and effectiveness of the police force. The authority for the creation of this fund is Chapter 289, Laws of 1983, Section 29-13-3, NMSA 1978.

**Ambulance Fund** – The objective of to account for State funds used for Emergency Medical Services. Authority for creation of this fund is the City Council.

**Senior Center Fund** – The objective of to account for State funds used for the construction, grant revenues and expenditures, and operations of the Senior Citizens Center. Authority for creation of this fund is the City Council.

**Gun Range Fund** – The objective of this fund is to account for the operations of the gun range. The fund is financed by donations given to help with small expenses, and memberships are sold a year at a time. Authority for the creation of this fund is the City Council.

**Swimming Pool Fund** –The objective of the fund is to account for the construction, operation and payroll purposes for the new Aquatic Facility. Authority for creation of this fund is the City Council.

**YCCC Project Fund** – The objective of this fund is to assist in paying for projects related to the City lake by workers ages 16 through 18. Authority for creation of this fund is the City Council.

**Youth Advisory Council** –Accounts for the Youth Council's money raised for scholarships and community projects. Authority for creation of this fund is the City Council.

**Governmental Gross Receipts** – The objective of this fund is to account for the gross receipts tax received by the City of Eunice. Authority for creation of this fund is the City Council.

**Capital Projects Funds**

**Municipal Infrastructure** – Account for the one-cent gasoline tax allocated to the City for the explicit purpose of street repairs. Authority for creation of this fund is the City Council.

**Downtown Project** – The objective of this fund is to account for the reconstruction of Main Street. Authority for creation of this fund is the City Council.

**Cemetery Fund** - The objective of this fund is to assist in paying for a new cemetery for the City of Eunice. Authority for the creation of this fund is the City Council.

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

Special Revenue

	Fire Fund	EMS Fund	State Fire Allotment	Corrections Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 22,440	\$ -	\$ 36,379	\$ 3,071
Receivables:				
Other taxes	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 22,440</u>	<u>\$ -</u>	<u>\$ 36,379</u>	<u>\$ 3,071</u>
<i>Liabilities</i>				
Accounts payable	\$ 60,566	\$ 3,624	\$ 3,672	\$ 1,592
Accrued payroll	-	-	-	-
Due to other funds	-	54,211	-	-
<i>Total liabilities</i>	<u>60,566</u>	<u>57,835</u>	<u>3,672</u>	<u>1,592</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
General government	-	-	-	-
Public safety	-	-	-	1,479
Culture and recreation	-	-	-	-
Fire protection	-	-	32,707	-
Capital projects	-	-	-	-
Unassigned	(38,126)	(57,835)	-	-
<i>Total fund balances</i>	<u>(38,126)</u>	<u>(57,835)</u>	<u>32,707</u>	<u>1,479</u>
<i>Total liabilities and fund balances</i>	<u>\$ 22,440</u>	<u>\$ -</u>	<u>\$ 36,379</u>	<u>\$ 3,071</u>

The accompanying notes are an integral part of these financial statements



Special Revenue

Law Enforcement Protection	Ambulance Fund	Senior Center Fund	Gun Range Fund	Swimming Pool Fund	YCCC Project
\$ 33,087	\$ 5,514	\$ -	\$ 5,053	\$ 8,764	\$ -
-	-	-	-	-	-
-	-	16,932	-	-	-
-	-	-	-	-	-
<u>\$ 33,087</u>	<u>\$ 5,514</u>	<u>\$ 16,932</u>	<u>\$ 5,053</u>	<u>\$ 8,764</u>	<u>\$ -</u>
\$ 2,996	\$ -	\$ 6,418	\$ -	\$ 14,089	\$ -
-	-	925	-	11,507	-
-	-	29,416	-	-	-
<u>2,996</u>	<u>-</u>	<u>36,759</u>	<u>-</u>	<u>25,596</u>	<u>-</u>
-	-	-	-	-	-
30,091	5,514	-	-	-	-
-	-	-	5,053	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(19,827)	-	(16,832)	-
<u>30,091</u>	<u>5,514</u>	<u>(19,827)</u>	<u>5,053</u>	<u>(16,832)</u>	<u>-</u>
<u>\$ 33,087</u>	<u>\$ 5,514</u>	<u>\$ 16,932</u>	<u>\$ 5,053</u>	<u>\$ 8,764</u>	<u>\$ -</u>

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

	Special Revenue		Capital Projects	
	Youth Advisory Council	Governmental Gross Receipts	Municipal Infrastructure	Downtown Project
<i>Assets</i>				
Cash and cash equivalents	\$ 2,566	\$ -	\$ -	\$ -
Receivables:				
Other taxes	-	18,375	36,751	-
Due from other governments	-	-	-	-
Due from other funds	-	127,499	259,612	-
<i>Total assets</i>	<u>\$ 2,566</u>	<u>\$ 145,874</u>	<u>\$ 296,363</u>	<u>\$ -</u>
<i>Liabilities</i>				
Accounts payable	\$ 1,099	\$ -	\$ -	\$ 25,545
Accrued payroll	-	-	-	-
Due to other funds	30,890	-	-	19,676
<i>Total liabilities</i>	<u>31,989</u>	<u>-</u>	<u>-</u>	<u>45,221</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
General government	-	145,874	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Fire protection	-	-	-	-
Capital projects	-	-	296,363	-
Unassigned	(29,423)	-	-	(45,221)
<i>Total fund balances</i>	<u>(29,423)</u>	<u>145,874</u>	<u>296,363</u>	<u>(45,221)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 2,566</u>	<u>\$ 145,874</u>	<u>\$ 296,363</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Cemetery</u>	
\$ -	\$ 116,874
-	55,126
-	16,932
<u>-</u>	<u>387,111</u>
<u>\$ -</u>	<u>\$ 576,043</u>
\$ -	119,601
-	12,432
<u>-</u>	<u>134,193</u>
<u>-</u>	<u>266,226</u>
-	145,874
-	37,084
-	5,053
-	32,707
-	296,363
<u>-</u>	<u>(207,264)</u>
<u>-</u>	<u>309,817</u>
<u>\$ -</u>	<u>\$ 576,043</u>

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

	Special Revenue			
	Fire Fund	EMS Fund	State Fire Allotment	Corrections Fund
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal operating grants	-	-	-	-
State operating grants	-	-	77,875	-
State capital grants	-	-	-	-
Local operating grants	20,000	20,000	-	-
Charges for services	5,400	132,458	-	-
Licenses and fees	-	-	-	17,164
Miscellaneous	76,943	11	-	-
<i>Total revenues</i>	102,343	152,469	77,875	17,164
<i>Expenditures</i>				
Current:				
Public safety	209,361	136,008	74,370	15,516
Culture and recreation	-	-	-	-
Capital outlay	114,335	62,403	16,629	-
<i>Total expenditures</i>	323,696	198,411	90,999	15,516
<i>Excess (deficiency) of revenues over expenditures</i>	(221,353)	(45,942)	(13,124)	1,648
<i>Other financing sources (uses)</i>				
Transfers in	196,769	-	-	-
<i>Total other financing sources (uses)</i>	196,769	-	-	-
<i>Net change in fund balances</i>	(24,584)	(45,942)	(13,124)	1,648
<i>Fund balances - beginning of year</i>	(13,542)	50,091	160,988	(169)
<i>Fund balances - restatement (note 17)</i>	-	(61,984)	(115,157)	-
<i>Fund balances - as restated</i>	(13,542)	(11,893)	45,831	(169)
<i>Fund balances - end of year</i>	\$ (38,126)	\$ (57,835)	\$ 32,707	\$ 1,479

The accompanying notes are an integral part of these financial statements

Special Revenue

Law Enforcement Protection	Ambulance Fund	Senior Center Fund	Gun Range Fund	Swimming Pool Fund	YCCC Project
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	44,342	-	-	-
31,380	9,698	63,314	-	-	-
-	-	-	-	-	-
-	-	20,000	-	-	-
-	-	-	5,124	30,380	-
-	-	-	-	-	-
-	-	22,059	-	-	-
<u>31,380</u>	<u>9,698</u>	<u>149,715</u>	<u>5,124</u>	<u>30,380</u>	<u>-</u>
24,537	4,184	-	-	-	-
-	-	404,829	-	213,580	-
-	-	-	-	51,903	-
<u>24,537</u>	<u>4,184</u>	<u>404,829</u>	<u>-</u>	<u>265,483</u>	<u>-</u>
<u>6,843</u>	<u>5,514</u>	<u>(255,114)</u>	<u>5,124</u>	<u>(235,103)</u>	<u>-</u>
-	-	222,243	-	226,036	-
-	-	222,243	-	226,036	-
<u>6,843</u>	<u>5,514</u>	<u>(32,871)</u>	<u>5,124</u>	<u>(9,067)</u>	<u>-</u>
<u>48,648</u>	<u>-</u>	<u>13,044</u>	<u>(71)</u>	<u>(7,765)</u>	<u>-</u>
<u>(25,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>23,248</u>	<u>-</u>	<u>13,044</u>	<u>(71)</u>	<u>(7,765)</u>	<u>-</u>
<u>\$ 30,091</u>	<u>\$ 5,514</u>	<u>\$ (19,827)</u>	<u>\$ 5,053</u>	<u>\$ (16,832)</u>	<u>\$ -</u>

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

	Special Revenue		Capital Projects	
	Youth Advisory Council	Governmental Gross Receipts	Municipal Infrastructure	Downtown Project
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ -	\$ 132,411	\$ 253,323	\$ -
Intergovernmental				
Federal operating grants	-	-	-	-
State operating grants	47	-	-	-
State capital grants	-	-	-	17,932
Local operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	4,781	-	-	-
<i>Total revenues</i>	4,828	132,411	253,323	17,932
<i>Expenditures</i>				
Current:				
Public safety	-	-	-	-
Culture and recreation	34,251	-	-	5,818
Capital outlay	-	-	-	57,335
<i>Total expenditures</i>	34,251	-	-	63,153
<i>Excess (deficiency) of revenues over expenditures</i>	(29,423)	132,411	253,323	(45,221)
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	(29,423)	132,411	253,323	(45,221)
<i>Fund balances - beginning of year</i>	-	13,463	43,040	(268,685)
<i>Fund balances - restatement (note 17)</i>	-	-	-	268,685
<i>Fund balances - as restated</i>	-	13,463	43,040	-
<i>Fund balances - end of year</i>	\$ (29,423)	\$ 145,874	\$ 296,363	\$ (45,221)

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>	
<u>Cemetery</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 385,734
-	44,342
-	182,314
-	17,932
-	60,000
-	173,362
-	17,164
-	103,794
-	<u>984,642</u>
-	463,976
-	658,478
-	302,605
-	<u>1,425,059</u>
-	<u>(440,417)</u>
-	645,048
-	645,048
-	204,631
<u>(70,453)</u>	<u>(31,411)</u>
<u>70,453</u>	<u>136,597</u>
-	105,186
<u>\$ -</u>	<u>\$ 309,817</u>

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## STATE OF NEW MEXICO

Statement B-1

City of Eunice

Fire Protection Fund 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	Favorable
			Budgetary	(Unfavorable)
			Basis)	Final to Actual
<i>Revenues:</i>				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
State operating grants	442,000	-	-	-
Local operating grants	20,000	20,000	20,000	-
Charges for services	20,000	20,000	5,400	(14,600)
Licenses and fees	-	-	-	-
Investment income	20	20	-	(20)
Miscellaneous	395,026	997,046	79,698	(917,348)
<i>Total revenues</i>	<u>877,046</u>	<u>1,037,066</u>	<u>105,098</u>	<u>(931,968)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	792,400	166,900	206,289	(39,389)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	90,000	855,000	73,138	781,862
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>882,400</u>	<u>1,021,900</u>	<u>279,427</u>	<u>742,473</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,354)</u>	<u>15,166</u>	<u>(174,329)</u>	<u>(189,495)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(23,376)	(167,296)	-	167,296
Transfers in	28,730	152,130	196,769	44,639
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>5,354</u>	<u>(15,166)</u>	<u>196,769</u>	<u>211,935</u>
<i>Net change in fund balance</i>	-	-	22,440	22,440
<i>Fund balance - beginning of year</i>	-	-	(13,542)	(13,542)
<i>Fund balance - restatement (note 17)</i>	-	-	13,542	13,542
<i>Fund balance - beginning, as restated</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,440</u>	<u>\$ 22,440</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 22,440	
Adjustments to revenues for adjustments for miscellaneous revenues.			(2,755)	
Adjustments to expenditures for public safety expenditure accruals.			(44,269)	
Net change in fund balance (GAAP)			<u>\$ (24,584)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-2

City of Eunice

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 Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental				
State operating grants	-	-	-	-
Local operating grants	20,000	20,000	20,000	-
Charges for services	250,010	250,010	132,457	(117,553)
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	11	11
<i>Total revenues</i>	<u>270,010</u>	<u>270,010</u>	<u>152,468</u>	<u>(117,542)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	180,865	174,615	144,276	30,339
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	20,000	65,000	62,403	2,597
<i>Total expenditures</i>	<u>200,865</u>	<u>239,615</u>	<u>206,679</u>	<u>32,936</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>69,145</u>	<u>30,395</u>	<u>(54,211)</u>	<u>(84,606)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(69,145)	(30,395)	-	30,395
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(69,145)</u>	<u>(30,395)</u>	<u>-</u>	<u>30,395</u>
<i>Net change in fund balance</i>	-	-	(54,211)	(54,211)
<i>Fund balance - beginning of year</i>	-	-	50,091	50,091
<i>Fund balance - restatement (note 17)</i>	-	-	(50,091)	(50,091)
<i>Fund balance - beginning, as restated</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (54,211)</u>	<u>\$ (54,211)</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (54,211)	
Adjustments to revenues for charges for services.			1	
Adjustments to expenditures for public safety accruals.			8,268	
Net change in fund balance (GAAP)			<u>\$ (45,942)</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-3

City of Eunice

State Fire Allotment 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	Favorable
			Budgetary	(Unfavorable)
			Basis)	Final to Actual
<i>Revenues:</i>				
Taxes				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
State operating grants	120,000	120,000	77,875	(42,125)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>120,000</u>	<u>120,000</u>	<u>77,875</u>	<u>(42,125)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	60,000	60,000	70,698	(10,698)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	45,000	45,000	16,629	28,371
<i>Total expenditures</i>	<u>105,000</u>	<u>105,000</u>	<u>87,327</u>	<u>17,673</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>15,000</u>	<u>15,000</u>	<u>(9,452)</u>	<u>(24,452)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(15,000)	(15,000)	-	15,000
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>	<u>15,000</u>
<i>Net change in fund balance</i>	-	-	(9,452)	(9,452)
<i>Fund balance - beginning of year</i>	-	-	160,988	160,988
<i>Fund balance - restatement (note 17)</i>	-	-	(115,157)	(115,157)
<i>Fund balance - beginning, as restated</i>	-	-	45,831	45,831
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,379</u>	<u>\$ 36,379</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (9,452)	
No adjustments for revenue accruals.			-	
Adjustments to expenditures for public safety accruals.			(3,672)	
Net change in fund balance (GAAP)			<u>\$ (13,124)</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-4

City of Eunice

Correction Fees 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	Favorable
			Budgetary	(Unfavorable)
			Basis)	Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Intergovernmental				
State operating grants	-	-	-	-
Local operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	11,000	11,000	17,165	6,165
Investment income	15	15	-	(15)
<i>Total revenues</i>	<u>11,015</u>	<u>11,015</u>	<u>17,165</u>	<u>6,150</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	11,000	14,094	14,094	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>11,000</u>	<u>14,094</u>	<u>14,094</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>15</u>	<u>(3,079)</u>	<u>3,071</u>	<u>6,150</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(15)	3,079	-	(3,079)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(15)</u>	<u>3,079</u>	<u>-</u>	<u>(3,079)</u>
<i>Net change in fund balance</i>	-	-	3,071	3,071
<i>Fund balance - beginning of year</i>	-	-	(169)	(169)
<i>Fund balance - restatement (note 17)</i>	-	-	169	169
<i>Fund balance - beginning, as restated</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,071</u>	<u>\$ 3,071</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 3,071	
Adjustments to revenues for license and fee accruals.			(1)	
Adjustments to expenditures for public safety accruals.			(1,422)	
Net change in fund balance (GAAP)			<u>\$ 1,648</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-5

City of Eunice

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 Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Intergovernmental				
State operating grants	24,800	24,800	31,365	6,565
Local operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>24,800</u>	<u>24,800</u>	<u>31,365</u>	<u>6,565</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	23,800	23,800	21,526	2,274
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>23,800</u>	<u>23,800</u>	<u>21,526</u>	<u>2,274</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,000</u>	<u>1,000</u>	<u>9,839</u>	<u>8,839</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(1,000)	(1,000)	-	1,000
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>1,000</u>
<i>Net change in fund balance</i>	-	-	9,839	9,839
<i>Fund balance - beginning of year</i>	-	-	48,648	48,648
<i>Fund balance - restatement (note 17)</i>	-	-	(25,400)	(25,400)
<i>Fund balance - beginning, as restated</i>	-	-	23,248	23,248
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,087</u>	<u>\$ 33,087</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 9,839	
Adjustments to revenues for state operating grant accruals.			15	
Adjustments to expenditures for public safety accruals			(3,011)	
Net change in fund balance (GAAP)			<u>\$ 6,843</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-6

City of Eunice  
Ambulance FundStatement 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 Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental				
State operating grants	-	8,500	9,698	1,198
Local operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>8,500</u>	<u>9,698</u>	<u>1,198</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	9,699	4,184	5,515
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>9,699</u>	<u>4,184</u>	<u>5,515</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(1,199)</u>	<u>5,514</u>	<u>6,713</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	1,199	-	(6,713)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>1,199</u>	<u>-</u>	<u>(6,713)</u>
<i>Net change in fund balance</i>	-	-	5,514	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 5,514	
No adjustments for revenue accruals.			-	
No adjustments for expenditure accruals.			-	
Net change in fund balance (GAAP)			<u>\$ 5,514</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-7

City of Eunice

Senior Center 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 Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Intergovernmental				
Federal operating grant	-	-	42,123	42,123
State operating grants	114,090	141,370	48,602	(92,768)
Local operating grants	20,000	-	20,000	20,000
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	15	-	-	-
Miscellaneous	-	-	22,059	22,059
<i>Total revenues</i>	<u>134,105</u>	<u>141,370</u>	<u>132,784</u>	<u>(8,586)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	386,782	411,524	411,524	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>386,782</u>	<u>411,524</u>	<u>411,524</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(252,677)</u>	<u>(270,154)</u>	<u>(278,740)</u>	<u>(8,586)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	3,077	11,892	-	(11,892)
Transfers in	249,600	258,262	222,243	(36,019)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>252,677</u>	<u>270,154</u>	<u>222,243</u>	<u>(47,911)</u>
<i>Net change in fund balance</i>	-	-	(56,497)	(56,497)
<i>Fund balance - beginning of year</i>	-	-	13,044	13,044
<i>Fund balance - restatement (note 17)</i>	-	-	14,037	14,037
<i>Fund balance - beginning, as restated</i>	-	-	27,081	27,081
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (29,416)</u>	<u>\$ (29,416)</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (56,497)	
Adjustments to revenues for federal operating grant accruals.			16,931	
Adjustments to expenditures for culture and recreation accruals.			6,695	
Net change in fund balance (GAAP)			<u>\$ (32,871)</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-8

City of Eunice

Gun Range 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 Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental				
State operating grants	-	-	-	-
Local operating grants	-	-	-	-
Charges for services	1,500	-	5,053	5,053
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>4,500</u>	<u>-</u>	<u>5,053</u>	<u>5,053</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,500</u>	<u>-</u>	<u>5,053</u>	<u>5,053</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(4,500)	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(4,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	5,053	5,053
<i>Fund balance - beginning of year</i>	-	-	(71)	(71)
<i>Fund balance - restatement (note 17)</i>	-	-	71	71
<i>Fund balance - beginning, as restated</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,053</u>	<u>\$ 5,053</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 5,053	
Adjustments to revenues for charges for services accruals.			71	
No adjustments for expenditure accruals.			-	
Net change in fund balance (GAAP)			<u>\$ 5,124</u>	

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-9

City of Eunice

Swimming Pool 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	Favorable
			Budgetary	(Unfavorable)
			Basis)	Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental				
State operating grants	-	-	-	-
Local operating grants	-	-	-	-
Charges for services	-	-	30,379	30,379
Licenses and fees	-	-	-	-
Miscellaneous	40,000	40,000	-	(40,000)
<i>Total revenues</i>	<u>40,000</u>	<u>40,000</u>	<u>30,379</u>	<u>(9,621)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	174,498	227,651	195,748	31,903
Health and welfare	-	-	-	-
Capital outlay	20,000	20,000	51,903	(31,903)
<i>Total expenditures</i>	<u>194,498</u>	<u>247,651</u>	<u>247,651</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(154,498)</u>	<u>(207,651)</u>	<u>(217,272)</u>	<u>(9,621)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(3,502)	(1,595)	-	1,595
Transfers in	158,000	209,246	226,036	16,790
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>154,498</u>	<u>207,651</u>	<u>226,036</u>	<u>18,385</u>
<i>Net change in fund balance</i>	-	-	8,764	8,764
<i>Fund balance - beginning of year</i>	-	-	(7,765)	(7,765)
<i>Fund balance - restatement (note 17)</i>	-	-	7,765	7,765
<i>Fund balance - beginning, as restated</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,764</u>	<u>\$ 8,764</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 8,764	
Adjustments to revenues for charges for services accruals.			1	
Adjustments to expenditures for culture and recreation accruals.			(17,832)	
Net change in fund balance (GAAP)			<u>\$ (9,067)</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-10

City of Eunice

YCCC Project 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 Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental				
State operating grants	54,898	54,898	-	(54,898)
Local operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>54,898</u>	<u>54,898</u>	<u>-</u>	<u>(54,898)</u>
<i>Expenditures:</i>				
Current:				
General government	67,441	67,441	-	67,441
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>67,441</u>	<u>67,441</u>	<u>-</u>	<u>67,441</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(12,543)</u>	<u>(12,543)</u>	<u>-</u>	<u>12,543</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(5,549)	(5,549)	-	5,549
Transfers in	18,092	18,092	-	(18,092)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>12,543</u>	<u>12,543</u>	<u>-</u>	<u>(12,543)</u>
<i>Net change in fund balance</i>	-	12,543	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ 12,543</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ -	
No adjustments for revenue accruals.			-	
No adjustments for expenditure accruals.			-	
Net change in fund balance (GAAP)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-11

City of Eunice

Youth Advisory 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 Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental				
State operating grants	1,500	1,500	47	(1,453)
Local operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	9,000	9,000	5,719	(3,281)
<i>Total revenues</i>	<u>10,500</u>	<u>10,500</u>	<u>5,766</u>	<u>(4,734)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	10,400	10,400	34,090	(23,690)
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>10,400</u>	<u>10,400</u>	<u>34,090</u>	<u>(23,690)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>100</u>	<u>100</u>	<u>(28,324)</u>	<u>(28,424)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(100)	(100)	-	100
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(100)</u>	<u>(100)</u>	<u>-</u>	<u>100</u>
<i>Net change in fund balance</i>	-	(100)	(28,324)	(28,324)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ (100)</u>	<u>\$ (28,324)</u>	<u>\$ (28,324)</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (28,324)	
Adjustments to revenues for state operating grant accruals.			(938)	
Adjustments to expenditures for culture and recreation accruals.			(161)	
Net change in fund balance (GAAP)			<u>\$ (29,423)</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-12

City of Eunice

Governmental Gross Receipts 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 Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	127,499	127,499
Gasoline and motor vehicle	-	-	-	-
Intergovernmental				
State operating grants	-	-	-	-
Local operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>127,499</u>	<u>127,499</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<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>127,499</u>	<u>127,499</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
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>	-	-	127,499	127,499
<i>Fund balance - beginning of year</i>	-	-	(954)	(954)
<i>Fund balance - restatement (note 17)</i>	-	-	954	954
<i>Fund balance - beginning, as restated</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,499</u>	<u>\$ 127,499</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 127,499	
Adjustments to revenues for gross receipts tax accruals.			4,912	
No adjustments for expenditure accruals.			-	
Net change in fund balance (GAAP)			<u>\$ 132,411</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-13

City of Eunice  
 Veteran's Memorial 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 Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental				
State operating grants	-	-	-	-
Local operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	100,000	100,000	3,946	(96,054)
<i>Total revenues</i>	<u>100,000</u>	<u>100,000</u>	<u>3,946</u>	<u>(96,054)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	50,000	50,000	20,858	29,142
Health and welfare	-	-	-	-
Capital outlay	100,000	100,000	118,868	(18,868)
<i>Total expenditures</i>	<u>150,000</u>	<u>150,000</u>	<u>139,726</u>	<u>10,274</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(50,000)</u>	<u>(50,000)</u>	<u>(135,780)</u>	<u>(85,780)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	50,000	50,000	-	(50,000)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
<i>Net change in fund balance</i>	-	-	(135,780)	(135,780)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (135,780)</u>	<u>\$ (135,780)</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (135,780)	
No adjustments for revenue accruals.			-	
Adjustments to expenditures for culture and recreation and capital outlay accruals.			(6,277)	
Net change in fund balance (GAAP)			<u>\$ (142,057)</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-14

City of Eunice

New Fire Station 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 Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental				
State operating grants	-	442,000	-	(442,000)
Local operating grants	-	-	-	-
Local capital grants	-	300,000	455,000	155,000
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Donations	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>742,000</u>	<u>455,000</u>	<u>(287,000)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	60,000	5,375	54,625
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	600,000	-	600,000
<i>Total expenditures</i>	<u>-</u>	<u>660,000</u>	<u>5,375</u>	<u>654,625</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>82,000</u>	<u>449,625</u>	<u>367,625</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	(82,000)	-	82,000
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(82,000)</u>	<u>-</u>	<u>82,000</u>
<i>Net change in fund balance</i>	-	-	449,625	449,625
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 449,625</u>	<u>\$ 449,625</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 449,625	
No adjustments for revenue accruals.			-	
No adjustments for expenditure accruals.			-	
Net change in fund balance (GAAP)			<u>\$ 449,625</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-15

City of Eunice

Paving and Streets 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 Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	74,000	74,000	74,599	599
Intergovernmental				
State operating grant	-	-	-	-
State capital grants	210,000	210,000	272,809	62,809
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>284,000</u>	<u>284,000</u>	<u>347,408</u>	<u>63,408</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	740,234	854,590	351,956	502,634
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	30,000	30,000	98,365	(68,365)
<i>Total expenditures</i>	<u>770,234</u>	<u>884,590</u>	<u>450,321</u>	<u>434,269</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(486,234)</u>	<u>(600,590)</u>	<u>(102,913)</u>	<u>497,677</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	500,000	500,000	-	(500,000)
Transfers in	(13,766)	100,590	434,571	333,981
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>486,234</u>	<u>600,590</u>	<u>434,571</u>	<u>(166,019)</u>
<i>Net change in fund balance</i>	-	-	331,658	331,658
<i>Fund balance - beginning of year</i>	-	-	19,123	19,123
<i>Fund balance - restatement (note 17)</i>	-	-	56,517	56,517
<i>Fund balance - beginning, as restated</i>	-	-	75,640	75,640
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 407,298</u>	<u>\$ 407,298</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 331,658	
Adjustments to revenues for gross receipts tax accruals.			7,327	
Adjustments to expenditures for public works accruals.			51,513	
Net change in fund balance (GAAP)			<u>\$ 390,498</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-16

City of Eunice

Municipal Infrastructure 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 Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	259,612	259,612
Gasoline and motor vehicle	-	-	-	-
Intergovernmental				
State operating grant	-	-	-	-
Local operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>259,612</u>	<u>259,612</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<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>259,612</u>	<u>259,612</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
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>	-	-	259,612	259,612
<i>Fund balance - beginning of year</i>	-	-	14,462	14,462
<i>Fund balance - restatement (note 17)</i>	-	-	(14,462)	(14,462)
<i>Fund balance - beginning, as restated</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,612</u>	<u>\$ 259,612</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 259,612	
Adjustments to revenues for gross receipts tax accruals.			(6,289)	
No adjustments for expenditure accruals.			-	
Net change in fund balance (GAAP)			<u>\$ 253,323</u>	

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-17

City of Eunice

Downtown 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 Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental				
Federal capital grants	650,000	750,000	-	(750,000)
State operating grants	-	-	-	-
Local operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
<i>Total revenues</i>	<u>650,000</u>	<u>750,000</u>	<u>-</u>	<u>(750,000)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	500,000	500,000	5,818	494,182
Health and welfare	-	-	-	-
Capital outlay	<u>145,000</u>	<u>145,000</u>	<u>31,790</u>	<u>113,210</u>
<i>Total expenditures</i>	<u>645,000</u>	<u>645,000</u>	<u>37,608</u>	<u>607,392</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>5,000</u>	<u>105,000</u>	<u>(37,608)</u>	<u>(142,608)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(5,000)	(105,000)	-	105,000
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(5,000)</u>	<u>(105,000)</u>	<u>-</u>	<u>105,000</u>
<i>Net change in fund balance</i>	-	-	(37,608)	(37,608)
<i>Fund balance - beginning of year</i>	-	-	(268,685)	(268,685)
<i>Fund balance - restatement (note 17)</i>	-	-	268,685	268,685
<i>Fund balance - beginning, as restated</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (37,608)</u>	<u>\$ (37,608)</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (37,608)	
Adjustments to revenues for state capital grant accruals.			17,932	
Adjustments to expenditures for capital outlay accruals.			(25,545)	
Net change in fund balance (GAAP)			<u>\$ (45,221)</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-18

City of Eunice

Cemetery 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 Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental				
State operating grants	-	-	-	-
Local operating grants	-	-	-	-
Charges for services	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<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 cash increase)	-	-	-	-
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>	-	-	(70,453)	(70,453)
<i>Fund balance - restatement (note 17)</i>	-	-	70,453	70,453
<i>Fund balance - beginning, 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 budgetary basis)			\$ -	
No adjustments for revenue accruals.			-	
No adjustments for expenditure accruals.			-	
Net change in fund balance (GAAP)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-19

City of Eunice

Water Fund

Statement of Revenues, Expenses and Changes in Net Position  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2015

	Budget Amounts		Actual	Variances
	Original	Final	(Non-GAAP basis)	Favorable (Unfavorable)
<i>Operating revenues</i>				
Charges for services	\$ 1,819,804	\$ 1,819,804	\$ 2,007,852	\$ 188,048
<i>Total operating revenues</i>	<u>1,819,804</u>	<u>1,819,804</u>	<u>2,007,852</u>	<u>188,048</u>
<i>Operating expenses</i>				
Payroll expenses	796,639	807,639	991,613	(183,974)
Personnel services	61,082	61,082	81,466	(20,384)
Contractual services	142,000	142,000	106,244	35,756
Supplies	2,778,000	2,778,000	1,188,820	1,589,180
Maintenance and materials	69,500	69,500	116,932	(47,432)
Utilities	70,500	70,500	115,702	(45,202)
Insurance	81,410	81,410	-	81,410
Operating expenses	118,600	118,600	131,816	(13,216)
Capital outlay	167,500	842,449	2,911,935	(2,069,486)
<i>Total operating expenses</i>	<u>4,285,231</u>	<u>4,971,180</u>	<u>5,644,528</u>	<u>(673,348)</u>
<i>Operating income (loss)</i>	<u>(2,465,427)</u>	<u>(3,151,376)</u>	<u>(3,636,676)</u>	<u>(485,300)</u>
<i>Non-operating revenues (expenses)</i>				
Principal payments	(395,467)	(395,467)	(221,512)	173,955
Interest expense	-	-	(83,004)	(83,004)
Interest income	739	739	2,556	1,817
Miscellaneous income	-	-	2	2
<i>Total non-operating revenues (expenses)</i>	<u>(394,728)</u>	<u>(394,728)</u>	<u>(301,958)</u>	<u>92,770</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(21,920)	676,321	-	(676,321)
Governmental contributions	2,950,000	2,950,000	1,029,762	(1,920,238)
Transfers in	-	(12,292)	-	12,292
Transfers (out)	(67,925)	(67,925)	(64,256)	3,669
<i>Total other financing sources</i>	<u>2,860,155</u>	<u>3,546,104</u>	<u>965,506</u>	<u>(2,580,598)</u>
<i>Change in net position</i>	-	-	(2,973,128)	(2,973,128)
<i>Net position - beginning of year</i>	-	-	4,733,277	4,733,277
<i>Net position - restatement (note 17)</i>	-	-	(1,579,420)	(1,579,420)
<i>Net position - beginning, as restated</i>	-	-	3,153,857	3,153,857
<i>Net position - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,729</u>	<u>\$ 180,729</u>
Change in net position (non-GAAP budgetary basis)			\$ (2,973,128)	
Adjustments to revenues for utility billings and tax accruals.			215,916	
Adjustments to expenditures for operating expenses and accrual items.			2,524,866	
Change in net position (GAAP)			<u>\$ (232,346)</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-20

City of Eunice

Sewer Fund

Statement of Revenues, Expenses and Changes in Net Position  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2015

	Budget Amounts		Actual	Variance
	Original	Final	(GAAP basis)	Favorable (Unfavorable)
<i>Operating revenues</i>				
Charges for services	\$ 250,000	\$ 250,000	\$ 212,059	\$ (37,941)
<i>Total operating revenues</i>	<u>250,000</u>	<u>250,000</u>	<u>212,059</u>	<u>(37,941)</u>
<i>Operating expenses</i>				
Payroll expenses	97,710	233,662	83,618	150,044
Personnel services	948	948	780	168
Contractual services	8,100	8,100	22,273	(14,173)
Supplies	40,000	57,400	119,000	(61,600)
Maintenance and materials	35,000	35,000	48,806	(13,806)
Utilities	25,700	25,700	39,316	(13,616)
Operating expenses	20,406	20,406	21,423	(1,017)
Capital outlay	-	-	46,000	(46,000)
<i>Total operating expenses</i>	<u>227,864</u>	<u>381,216</u>	<u>381,216</u>	<u>-</u>
<i>Operating income (loss)</i>	<u>22,136</u>	<u>(131,216)</u>	<u>(169,157)</u>	<u>(37,941)</u>
<i>Non-operating revenues (expenses)</i>				
Governmental contributions	150,000	150,000	-	(150,000)
Interest income	300	300	177	(123)
<i>Total non-operating revenues (expenses)</i>	<u>150,300</u>	<u>150,300</u>	<u>177</u>	<u>(150,123)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(172,736)	(19,384)	-	19,384
Transfers in	300	300	-	(300)
<i>Total other financing sources</i>	<u>(172,436)</u>	<u>(19,084)</u>	<u>-</u>	<u>19,084</u>
<i>Change in net position</i>	-	-	(168,980)	(168,980)
<i>Net position - beginning of year</i>	-	-	1,114,608	1,114,608
<i>Net position - restatement (note 17)</i>	-	-	(1,062,562)	(1,062,562)
<i>Net position - beginning, as restated</i>	-	-	52,046	52,046
<i>Net position - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (116,934)</u>	<u>\$ (116,934)</u>
Change in net position (non-GAAP budgetary basis)			\$ (168,980)	
Adjustments to revenues for utility billings.			80,911	
Adjustments to expenditures for operating expenses and accrual items.			(9,169)	
Change in net position (GAAP)			<u>\$ (97,238)</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-21

City of Eunice

Solid Waste Fund

Statement of Revenues, Expenses and Changes in Net Position  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2015

	Budget Amounts		Actual	Variance
	Original	Final	(GAAP basis)	Favorable (Unfavorable)
<i>Operating revenues</i>				
Charges for services	\$ 360,000	\$ 416,736	\$ 418,455	\$ 1,719
<i>Total operating revenues</i>	<u>360,000</u>	<u>416,736</u>	<u>418,455</u>	<u>1,719</u>
<i>Operating expenses</i>				
Contractual services	-	-	-	-
Operating expenses	428,000	481,016	481,016	-
<i>Total operating expenses</i>	<u>428,000</u>	<u>481,016</u>	<u>481,016</u>	<u>-</u>
<i>Operating income (loss)</i>	<u>(68,000)</u>	<u>(64,280)</u>	<u>(62,561)</u>	<u>1,719</u>
<i>Non-operating revenues (expenses)</i>				
Interest income	75	75	23	(52)
Miscellaneous income	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>75</u>	<u>75</u>	<u>23</u>	<u>(52)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	(3,720)	-	3,720
Transfers in	67,925	67,925	64,256	(3,669)
<i>Total other financing sources</i>	<u>67,925</u>	<u>64,205</u>	<u>64,256</u>	<u>51</u>
<i>Change in net position</i>	-	-	1,718	1,718
<i>Net position - beginning of year</i>	-	-	41,639	41,639
<i>Net position - restatement (note 17)</i>	-	-	5,407	5,407
<i>Net position - beginning, as restated</i>	-	-	47,046	47,046
<i>Net position - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,764</u>	<u>\$ 48,764</u>
Change in net position (non-GAAP budgetary basis)			\$ 1,718	
Adjustments to revenues for utility billings.			(11,789)	
Adjustments to expenditures for operating expenses and accrual items.			<u>51,953</u>	
Change in net position (GAAP)			<u>\$ 41,882</u>	

The accompanying notes are an integral part of these financial statements

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## STATE OF NEW MEXICO

Statement B-22

City of Eunice

Golf Fund

Statement of Revenues, Expenses and Changes in Net Position  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2015

	Budget Amounts		Actual	Variances Favorable
	Original	Final	(GAAP basis)	(Unfavorable)
<i>Operating revenues</i>				
Charges for services	\$ 168,500	\$ 168,500	\$ 171,503	\$ 3,003
<i>Total operating revenues</i>	<u>168,500</u>	<u>168,500</u>	<u>171,503</u>	<u>3,003</u>
<i>Operating expenses</i>				
Payroll expenses	237,989	409,491	329,635	79,856
Personnel services	5,215	5,215	2,156	3,059
Contractual services	18,700	18,700	1,190	17,510
Supplies	38,900	38,900	87,926	(49,026)
Maintenance and materials	65,000	65,000	102,978	(37,978)
Utilities	30,000	30,000	29,647	353
Operating expenses	13,500	13,500	16,921	(3,421)
Capital outlay	5,000	5,000	15,353	(10,353)
<i>Total operating expenses</i>	<u>414,304</u>	<u>585,806</u>	<u>585,806</u>	<u>-</u>
<i>Operating income (loss)</i>	(245,804)	(417,306)	(414,303)	3,003
<i>Non-operating revenues (expenses)</i>				
Miscellaneous income	520	520	12,917	12,397
<i>Total non-operating revenues (expenses)</i>	<u>520</u>	<u>520</u>	<u>12,917</u>	<u>12,397</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(2,566)	(46)	-	46
Transfers in	247,850	416,832	526,845	110,013
<i>Total other financing sources</i>	<u>245,284</u>	<u>416,786</u>	<u>526,845</u>	<u>110,059</u>
<i>Change in net position</i>	-	-	125,459	125,459
<i>Net position - beginning of year</i>	-	-	372,042	372,042
<i>Net position - restatement (note 17)</i>	-	-	(372,042)	(372,042)
<i>Net position - beginning, as restated</i>	-	-	-	-
<i>Net position - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,459</u>	<u>\$ 125,459</u>
Change in net position (non-GAAP budgetary basis)			\$ 125,459	
Adjustments to revenues for charges for services and miscellaneous accruals.			(478)	
Adjustments to expenditures for operating expenses and accrual items.			(10,685)	
Change in net position (GAAP)			<u>\$ 114,296</u>	

The accompanying notes are an integral part of these financial statements

**SUPPORTING SCHEDULES**



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

Schedule III

Bank Name/ Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Totals
<b>Wells Fargo</b>					
Checking - Operational	Demand Account	\$ 478,029	\$ 6,772	\$ 166,892	\$ 317,909
Checking - Utility	Demand Account	377,784	2,445	24,345	355,884
Cash in bank - Wells Fargo	Demand Account	13,383	500	2,293	11,590
Meals on Wheels	Demand Account	1,551	-	-	1,551
Total Wells Fargo		870,747	9,717	193,530	686,934
<b>New Mexico Finance Authority</b>					
Cash held by NMFA	Demand account *	53,939	-	-	53,939
Total NMFA		53,939	-	-	53,939
<b>New Mexico State Treasurer</b>					
LGIP	Investment	497,108			497,108
LGIP	Investment	556,816			556,816
Total New Mexico State Treasurer		1,053,924	-	-	1,053,924
Total Deposits and Investments		<u>\$ 1,978,610</u>	<u>\$ 9,717</u>	<u>\$ 193,530</u>	<u>\$ 1,794,797</u>
Less: Restricted cash and cash equivalents per Exhibit A-1					(53,939)
Less: Investments per Exhibit A-1					<u>(1,053,924)</u>
Total unrestricted cash and cash equivalents per Exhibit A-1					<u>\$ 686,934</u>

\* These cash accounts are restricted for debt service by the New Mexico Finance Authority

**STATE OF NEW MEXICO**  
City of Eunice  
Schedule of Collateral Pledged By Depository  
For Public Funds  
June 30, 2015

Schedule IV

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2015	Location of Safekeeper
<b>Wells Fargo</b>					
	FG C91714 3.000%	7/1/2033	3128P73X9	\$ 2,478	Public Funds Collateral Unit, San Francisco, CA
	FN AQ0440 3.500%	10/1/2042	3138MFP27	69,195	Public Funds Collateral Unit, San Francisco, CA
	FN AR2634 3.000%	2/1/2043	3138NY4U6	15,598	Public Funds Collateral Unit, San Francisco, CA
	FN AR7064 3.000%	3/1/2043	3138W4Z61	2,712	Public Funds Collateral Unit, San Francisco, CA
	FN AT2722 3.000%	5/1/2043	3138WQAY8	11,282	Public Funds Collateral Unit, San Francisco, CA
	FN AT8139 3.500%	8/1/2043	3138WWBH1	11,878	Public Funds Collateral Unit, San Francisco, CA
	FN AU0924 3.500%	7/1/2043	3138X0A24	96,606	Public Funds Collateral Unit, San Francisco, CA
	FN AA6933 4.500%	8/1/2039	31416QV36	50,107	Public Funds Collateral Unit, San Francisco, CA
	FN AB9378 3.500%	5/1/2043	31417GM45	52,652	Public Funds Collateral Unit, San Francisco, CA
	FN MA0934 3.000%	11/1/2026	31418ABC1	95,513	Public Funds Collateral Unit, San Francisco, CA
	Total Wells Fargo			<u>\$ 408,021</u>	
	Total Pledged Collateral			<u><u>\$ 408,021</u></u>	

See independent auditors' report

STATE OF NEW MEXICO

Schedule V

City of Eunice

Agency Funds

Schedule of Changes in Fiduciary Assets and Liabilities  
For the Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<b>ASSETS</b>				
Cash	\$ -	\$ 9,149	\$ 9,149	\$ -
Due from participants	-	11,919	-	11,919
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 21,068</u>	<u>\$ 9,149</u>	<u>\$ 11,919</u>
<b>LIABILITIES</b>				
Benefits payable	\$ -	\$ 21,068	\$ 9,149	\$ 11,919
<i>Total liabilities</i>	<u>\$ -</u>	<u>\$ 21,068</u>	<u>\$ 9,149</u>	<u>\$ 11,919</u>

See independent auditors' report.

**STATE OF NEW MEXICO**

City of Eunice

Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)

For the Year Ended June 30, 2015

Prepared by: City of Eunice

Title: Finance Director

Date: 02/09/2016

<b>RFB/ RFP #</b>	<b>Type of Procurement</b>	<b>Awarded Vendor</b>	<b>\$ Amount of Awarded Contract</b>	<b>\$ Amount of Amended Contract</b>
EUN123-20	ITB	J&H Services	\$249,528	\$183,827
EUN123-20	ITB	J&H Services	\$249,528	\$183,827
EUN123-20	ITB	J&H Services	\$249,528	\$183,827
EUN123-20	ITB	J&H Services	\$249,528	\$183,827
EUN123-20	ITB	J&H Services	\$249,528	\$183,827
EUN123-20	ITB	J&H Services	\$249,528	\$183,827
EUN122-20	ITB	HydroGeologic Services, Inc.	\$144,300	N/A

See independent auditors' report.

Name and Physical Address per the procurement documentation, of ALL Vendor(s) 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
J&H Services 516 Martinez Lane, NE Albuquerque, NM 87107	Y	N	Installation of a package sewer lift station and construction of a 4" force main located near Basic Energy Services on Texas Ave; installation of a package sewer lift station with a tap into an existing 6" force main and the construction of an 8" gravity sewerline; removal of existing 2" water meter assemblies and installation of a new radio water meter assembly; removal and replacement of existing 3" to 6" water meters with new radio water meters in existing meter cans/vaults.
DuCross Construction, LLC 240 So. Crawford Blvd Las Cruces, NM 88007	Y	N/A	
Total Contracting Services, Inc. PO Box 72395 Albuquerque, NM 87195	Y	N/A	
AUI, Inc. PO Box 9825 Albuquerque, NM 87119	Y	N/A	
Smithco Construction, Inc. 6 King Canyon Loop Caballo, NM 87931	Y	N/A	
Entrench, Inc. 3311 N Grimes Hobbs, NM 88240	Y	N/A	On-Call Well Servicing
HydroGeologic Services, Inc. PO Box 94716 Albuquerque, NM 87199	Y	N/A	

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**COMPLIANCE SECTION**



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

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

**INDEPENDENT AUDITORS' REPORT**

Timothy Keller  
New Mexico State Auditor and  
The City of Eunice City Council Members  
City of Eunice  
Eunice, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information and the budgetary comparison of the general fund and major special revenue fund of the City of Eunice, New Mexico (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 February 8, 2016. Our report includes a reference to other auditors who audited the financial statements of the City of Eunice Housing Authority, as described in our report on the City's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

**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 a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control that we consider to be a material weakness, which is described in the accompanying schedule of findings and responses as FS 2015-002.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items FS 2006-006, FS 2015-001, FS 2015-003, and FS 2015-004.

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

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

## **Purpose of this Report**

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

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP  
El Paso, TX  
February 8, 2016

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**STATE OF NEW MEXICO**  
City of Eunice  
Schedule of Findings and Responses  
For the Year Ended 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?   | Yes        |
| b. Significant deficiencies identified not considered to be to be material weaknesses? | No         |
| c. Noncompliance material to the financial statements noted?                           | No         |

**Section II – Prior Year Audit Findings**

**Prior Year Audit Findings**

**Financial Statement Findings**

FS 2006-006 (FS 2006-06) - Budget- Over Expended - Repeated  
FS 2007-002 (FS 2007-02) – Preparation of Financial Statements - Resolved  
FS 2008-005 (FS 2008-05) – Deficiencies in Accounting for Capital Assets - Resolved  
FS 2014-001 – Internal Control/Billing – Resolved  
FS 2014-002 – Journal Entries – Resolved  
FS 2014-003 – Internal Controls and Cash Management – Resolved  
FS 2014-004 – Cash and Cash Equivalents - Resolved

**STATE OF NEW MEXICO**  
City of Eunice  
Schedule of Findings and Responses  
For the Year Ended June 30, 2015

**Section II -Findings-Financial Statement Audit**

**FS 2006-006 – Budget- Over Expended – (Repeated) (Other Noncompliance)**

*Condition:* The City exceeded budgeted expenditures in the following funds:

<b>Major Funds</b>	
Recreation Special Revenue Fund	\$ 66,859
Water Fund	673,348
<b>Non Major Funds</b>	
Youth Advisory Council Special Revenue Fund	<u>23,690</u>
Total	<u><u>\$ 763,897</u></u>

Management progress on resolution of prior year finding: On February 9, 2016, City management requested from the New Mexico Department of Finance and Administration, in writing, training by their office. They have consented to assist us, and we will have onsite training of finance and management staff this spring for budget preparation, monitoring, and reporting. The City Manager and the Finance Director will be responsible for implementing these corrective actions.

*Criteria:* All City funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the State of New Mexico Department of Finance and Administration – Local Government Division for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6, 1978 Compilation. Per Section 6-6-11, NMSA 1978 (the Batemen Act), it is unlawful for any board of county commissioners, municipal governing body or any local school board, for any purpose whatever to become indebted or contract any debts of any kind or nature whatsoever during any current year which, at the end of such current year, is not and cannot then be paid out of the money actually collected and belonging to that current year, and any indebtedness for any current year which is not paid and cannot be paid, as above provided for, is void.

*Effect:* Without the final budget entered correctly the City is unable to determine how well they are staying within their budget. The internal controls established by adherence to budgets have been compromised, and excess spending could, and did result. *Effect:* Any expenditure in excess of the approved budget(s) shall be a liability against the officials so allowing or paying such claims or warrants, and recovery of such excess amounts so allowed or paid may be had against the bondsmen of such official. The effect of a budget with inadequate designated cash available to cover the excess of budgeted expenditures over budgeted revenue could result in the City incurring debt to pay for current year budgeted expenditures, which would be noncompliance with the Batemen Act.

*Cause:* The City does not have a working knowledge of the procedure to enter the final budget numbers into the accounting software, thus did not monitor expenses against budget.

*Auditor’s Recommendation:* We recommend improved planning and monitoring of the budget. We also recommend that City personnel obtain the necessary training on the process required to enter all budget adjustments into their accounting software.

*Views of Responsible Officials and Planned Corrective Actions:* The City of Eunice has reviewed this finding, and we agree that improved monitoring, particularly in the preparation of budget adjustment resolutions and entry into the accounting software of approved budget adjustments, is required. We will produce a budget preparation and monitoring policy that addresses this shortcoming. The City Manager and the Finance Director will be responsible for implementing these corrective actions as specified under the Condition above.

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

**FS 2015-001— Internal Controls (MVD) – (Finding that does not rise to the level of a Significant Deficiency)**

*Condition:* During the surprise cash count at the MVD ACG noted the following:

- In 1 out of 3 drawers counted, the cash did not match city fees collected against the hand written receipts book in the amount of \$3. In addition, the system indicated 27 transactions where city fees needed to be collected but a physical count of transactions recorded in the hand written receipts book only indicated 24.
- ACG noted that one of the MVD clerks had 3 blank checks that appeared to have been previously signed by a customer. The clerk mentioned that it was a common practice to have some business customers drop their paperwork and blank checks to be filled out with the amount of fees directly by the MVD clerk.

*Criteria:* The City's policies and procedures were violated in the above instances. These procedures required completeness and accuracy of cash counts and related reporting. Accepting blank checks prior to the provision of service is a violation of good accounting and business practice.

*Effect:* Violation of internal control policies and procedures leaves the City susceptible to errors, fraud, and misappropriation of assets.

*Cause:* Inadequate supervision and review of employee actions allowed violation of policies and procedures to occur.

*Auditors' Recommendations:* ACG recommends the revision of the entire cash receipts process for the MVD to address any lack of controls.

*Views of Responsible Officials and Planned Corrective Actions:* As noted in our conversations with your office, the City of Eunice has numerous protocols that are now in place. These were developed in cooperation with the State MVD office in July-September, 2015. Implementation is now underway, and these protocols are standard operating procedure. Specifically related to the conditions above, we now triple count monies received (state and city fees). Receipts are required for each transaction, with a copy on file. No blank checks are allowed, and the staff responsible for this has been disciplined pursuant to our Personnel Policy. An office manager is assigned full time to the MVD office, as has been the case for several years.

We concur with this finding are working diligently on corrective actions already in place. The City Manager, the City Clerk, and the MVD office manager are responsible for continued implementation of current and future corrective actions.

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

**FS 2015-002 Design Deficiencies in Internal Control - (Material Weakness)**

*Condition:* Management has not ensured compliance with and the operational integrity of internal control to prevent or detect material misstatements of financial information provided during the course of the audit., including internal controls over initiation, authorization, recording, and processing transactions correctly and consistently with management's assertions embodied in the financial statements. Consequently, material misstatements were noted and corrected during the audit of the financial statements. In addition the City does not have a formal procedure in place to identify and record significant accruals existing at year end. During our audit, we noted the following deficiencies and errors:

- Revenues were overstated by \$1,393,423 due to a billing error that resulted in erroneous recording of revenue and receivable accounts in utility accounts receivable reports.
- Accounts Receivable listing was not provided for governmental funds.
- The Accounts Payable listing provided included two improperly accrued items totaling \$125 and excluded items payable at June 30, 2015 in the amount of \$112,121.
- Inventory (Business-type activities) – balances totaling \$142,626 were carried forward from 2009 erroneously. A restatement of net position was required to remove the inventories. Per client, no inventory is currently maintained for business-type activities.
- Grant revenues totaling \$949,762 and related capital outlays of \$1,739,713 were not recorded for a loan/grant program provided through NMFA, financing the construction of waterlines.

*Criteria:* The Committee of Sponsoring Organizations (COSO) internal control integrated framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication, and monitoring elements of internal control.

AU-C 265 lists the following circumstances as a possible control deficiency, significant deficiency, or material weakness, "inadequate documentation of the components of internal control." AU-C 265 states that ineffective oversight of the agency's financial reporting and internal control by those charged with governance should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

*Effect:* Because certain internal controls have weaknesses in design or were not consistently adhered to, key controls are not in place to properly safeguard assets and prevent or detect material misstatements due to errors or fraud.

*Cause:* The City's internal control structure was not able to prevent or detect the above misstatements prior to provision of information to the auditors, and did not record the transactions that were handled through NMFA.

*Auditors' Recommendations:* The City should ensure that its internal control structure is updated and revised as necessary, and should ensure that end-of-period accrual adjustments, billing records, and accounting transactions outside of the normal day-to-day operations of the City are properly accounted for. Management should follow and ensure that all staff follows the City's documented internal control procedures. The City Council is charged with governance and should provide effective oversight of the internal control and financial reporting process. The City should ensure that all staff using the accounting software receive adequate training.

*Views of Responsible Officials and Planned Corrective Actions:* The city of Eunice is continually updating its internal control structure based on weaknesses found in yearly audits. The past two (2) years, for instance, we have initiated additional internal control protocols for cash receipting, preparation of deposits, accounting for assets, purchasing, etc. based on audit recommendations. New recommendations for this year will be incorporated right away into our internal control structure.

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

**FS 2015-002 Design Deficiencies in Internal Control - (Material Weakness) - (continued)**

Management's oversight is greatly improving, and response to failures to follow internal control procedures results in mandatory progressive discipline.

Regarding City Council oversight, we review bills payment every meeting as standard practice, we review the City's budget preparation annually, and the financial report submittals quarterly.

We agree with the need for continual improvement, while recognizing that great strides have been made. We have the accounting software staff coming for onsite training in February, 2016. The Finance Director, under direction from the City Manager, is responsible for this corrective action.

**FS 2015-003 Late Audit Report (Other Noncompliance)**

*Condition:* The City did not submit 2015 financial report by the required deadline of December 15, 2015. The report was submitted by the City on February 12, 2016.

*Criteria:* Per 2.2.2.9A (1) NMAC, the City was required to submit its fiscal year 2014-15 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:* Deficiencies in the prior year audit and related misstatements of the beginning balances resulted in extended audit procedures, additional work required to ensure that restatements were accurate and proper, and additional audit work and review in order to formulate an opinion on the City's financial statements for the year ended June 30, 2015.

*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.

*Views of Responsible Officials and Planned Corrective Actions:* As stated in correspondence to your office, the City of Eunice recognizes that difficulties exist with audit report preparation by the audit firm. Further, it is our understanding that information requested by the audit firm prior to site visits was ready to go, and that with a few exceptions, online or over the phone requests (post field visit) were largely dealt with. We do acknowledge the lateness in responding to the Vendor control form requests.

We look forward to no future late filing findings through cooperation with our contracted auditing firm and the Office of the State Auditor. In our view, it is the responsibility of the auditing firm, as well as the Finance Director, to correct this finding

**STATE OF NEW MEXICO**  
 City of Eunice  
 Schedule of Findings and Responses  
 For the Year Ended June 30, 2015

**FS 2015-004 Cash Appropriations in Excess of Available Cash Balances (Other Noncompliance)**

*Condition:* The City maintained a deficit budget in excess of available cash balances in the following funds:

	Designated Cash	Beginning of Year Cash and Interfund Receivable Available	Cash Appropriation in excess of Available
Ambulance Special Revenue Fund	\$ 1,199	\$ -	\$ 1,199
Veterans' Memorial Capital Projects Fund	50,000	-	50,000
Correction Fees Special Revenue Fund	3,079	-	3,079
Recreation Special Revenue Fund	43,730	2,635	41,095

*Criteria:* Section 2.2.2.10. (O) (1), NMAC, states that the City's cash balances rebudgeted to absorb budget deficits cannot exceed the actual cash balance available at the end of the prior year.

*Effect:* The City will have to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds. The City is in violation of the above statute.

*Cause:* Beginning balances were not considered for the above funds, two of which are new.

*Auditors' Recommendations:* The budget should be reviewed to insure all funds have adequate budget authority and cash balances for budgeted expenditures. Greater attention should be given to the budget monitoring process end-of-the-year cash balance estimates. The City should work the DFA-LGD and its assigned budget analyst in order to ensure that available cash reported to DFA matches the cash balances in the audited financial statements.

*Views of Responsible Officials and Planned Corrective Actions:* This is not entirely true. The City acknowledges a failure to adequately prepare budget resolutions so that cash in the bank was budgeted and available for expenditure, but the cash did exist in the appropriate accounts. For example, we know that the \$3,079 in cash was actually collected and deposited in the bank, but the final budget resolution did not acknowledge this on the revenue side to account for a requested increase on the allowable expense side. Further, we know that there was beginning available cash and/or actual grant revenues to cover the costs of the veterans memorial, ambulance, and paving and streets capital projects.



**STATE OF NEW MEXICO**

City of Eunice  
Other Disclosures  
June 30, 2015

**Exit Conference**

An exit conference was held on December 15, 2015. In attendance were the following:

**Representing the City of Eunice:**

Johnnie Matt White                      City Mayor

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

Roxie Samaniego, CPA                      Audit Partner  
Juan A Garcia                                      Staff II

**Auditor Prepared Financial Statements**

Accounting and Consulting Group, LLP prepared the GAAP-basis financial statements and footnotes of the City of Eunice 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.