



State of
New Mexico
City of Eunice

Annual Financial Report
For the Year Ended June 30, 2016



EUNICE *NEW MEXICO*

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City of Eunice
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June 30, 2016
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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

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
To the City of Eunice City Council 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, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of the City of Eunice (the City), as of and for the year ended June 30, 2016, 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, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Eunice, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the City of Eunice as of June 30, 2016, and the respective changes in financial position 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

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

Accounting principles generally accepted in the United States of America require Schedules I and II and the notes to the required supplementary information on pages 68 through 74 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 financial statements that collectively comprise the City's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. Schedules III through VI required by 2.2.2 NMAC are presented for the 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 December 15, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

RPC CPAs + Consultants LLP

RPC CPAs + Consultants, LLP
Albuquerque, NM
December 15, 2016

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

City of Eunice

Statement of Net Position

June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
<i>Current assets</i>			
Cash and cash equivalents	\$ 173,913	\$ 172,953	\$ 346,866
Investments	534,657	97,108	631,765
Land held for sale	145,556	-	145,556
Receivables:			
Property taxes	14,630	-	14,630
Other taxes	406,759	-	406,759
Utility receivables, net	-	605,873	605,873
Other	256,943	51	256,994
Prepaid expenses	27,398	23,258	50,656
Inventory	-	100,000	100,000
Internal balances	322,000	(322,000)	-
<i>Total current assets</i>	<u>1,881,856</u>	<u>677,243</u>	<u>2,559,099</u>
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	249,983	135,935	385,918
Capital assets	11,359,328	34,689,006	46,048,334
Less: accumulated depreciation	<u>(6,452,342)</u>	<u>(13,762,853)</u>	<u>(20,215,195)</u>
<i>Total noncurrent assets</i>	<u>5,156,969</u>	<u>21,062,088</u>	<u>26,219,057</u>
Deferred outflows of resources			
Change in assumptions	14,512	2,752	17,264
Changes in proportion	45,565	8,642	54,207
Difference between expected and actual experience	104,315	19,785	124,100
Employer contributions subsequent to the measurement date	<u>270,010</u>	<u>52,289</u>	<u>322,299</u>
<i>Total deferred outflows of resources</i>	<u>434,402</u>	<u>83,468</u>	<u>517,870</u>
<i>Total assets and deferred outflows of resources</i>	<u><u>\$ 7,473,227</u></u>	<u><u>\$ 21,822,799</u></u>	<u><u>\$ 29,296,026</u></u>

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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
<i>Current liabilities</i>			
Accounts payable	\$ 58,935	\$ 147,590	\$ 206,525
Accrued payroll	122,689	28,075	150,764
Accrued compensated absences	148,723	62,487	211,210
Customer deposits	-	81,023	81,023
Accrued interest	-	12,529	12,529
Other accrued expenses	-	16,299	16,299
Current portion of long-term debt	-	262,860	262,860
<i>Total current liabilities</i>	<u>330,347</u>	<u>610,863</u>	<u>941,210</u>
<i>Noncurrent liabilities</i>			
Notes payable	-	4,594,713	4,594,713
Net pension liability	3,974,299	753,771	4,728,070
<i>Total noncurrent liabilities</i>	<u>3,974,299</u>	<u>5,348,484</u>	<u>9,322,783</u>
<i>Total liabilities</i>	<u>4,304,646</u>	<u>5,959,347</u>	<u>10,263,993</u>
Deferred inflows of resources			
Change of assumptions	46,569	8,832	55,401
Changes in proportion	62,006	11,760	73,766
Net difference between protected and actual earnings on pension plan investments	10,793	2,047	12,840
Difference between protected and actual experience	48,314	9,163	57,477
<i>Total deferred inflows of resources</i>	<u>167,682</u>	<u>31,802</u>	<u>199,484</u>
Net position			
Net investment in capital assets	4,906,986	16,068,580	20,975,566
Restricted for:			
Capital projects	1,000,206	-	1,000,206
Special revenue	333,506	-	333,506
Unrestricted	(3,239,799)	(236,930)	(3,476,729)
<i>Total net position</i>	<u>3,000,899</u>	<u>15,831,650</u>	<u>18,832,549</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 7,473,227</u>	<u>\$ 21,822,799</u>	<u>\$ 29,296,026</u>

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

STATE OF NEW MEXICO
City of Eunice
Statement of Activities
For the Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental activities:				
General government	\$ 1,752,964	\$ 289,485	\$ 175,840	\$ -
Public safety	2,645,411	77,493	176,235	353,358
Public works	339,179	-	-	266,565
Culture and recreation	1,626,906	39,964	297,491	-
<i>Total governmental activities</i>	<u>6,364,460</u>	<u>406,942</u>	<u>649,566</u>	<u>619,923</u>
Business-type activities:				
Water	1,626,476	2,099,426	-	-
Sewer	404,728	318,667	-	-
Solid waste	705,457	502,282	-	-
Golf	514,518	165,941	-	-
<i>Total business-type activities</i>	<u>3,251,179</u>	<u>3,086,316</u>	<u>-</u>	<u>-</u>
<i>Total primary government</i>	<u>\$ 9,615,639</u>	<u>\$ 3,493,258</u>	<u>\$ 649,566</u>	<u>\$ 619,923</u>

General revenues and transfers:

Taxes:

Property taxes, levied for general purposes

Gross receipts taxes

Gasoline and motor vehicle taxes

Other taxes

Investment income

Miscellaneous revenue

Contributions

Transfers

Total general revenues, special item, and transfers

Change in net position

Net position, beginning

Net position, restatement (note 18)

Net position, as restated

Net position, ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,287,639)	\$ -	\$ (1,287,639)
(2,038,325)	-	(2,038,325)
(72,614)	-	(72,614)
<u>(1,289,451)</u>	<u>-</u>	<u>(1,289,451)</u>
<u>(4,688,029)</u>	<u>-</u>	<u>(4,688,029)</u>
-	472,950	472,950
-	(86,061)	(86,061)
-	(203,175)	(203,175)
<u>-</u>	<u>(348,577)</u>	<u>(348,577)</u>
<u>-</u>	<u>(164,863)</u>	<u>(164,863)</u>
<u>(4,688,029)</u>	<u>(164,863)</u>	<u>(4,852,892)</u>
217,459	-	217,459
3,552,827	-	3,552,827
94,497	-	94,497
95,638	-	95,638
1,484	1,374	2,858
46,061	56,778	102,839
454,269	-	454,269
<u>(826,352)</u>	<u>826,352</u>	<u>-</u>
<u>3,635,883</u>	<u>884,504</u>	<u>4,520,387</u>
<u>(1,052,146)</u>	<u>719,641</u>	<u>(332,505)</u>
4,039,871	15,220,824	19,260,695
<u>13,174</u>	<u>(108,815)</u>	<u>(95,641)</u>
<u>4,053,045</u>	<u>15,112,009</u>	<u>19,165,054</u>
<u>\$ 3,000,899</u>	<u>\$ 15,831,650</u>	<u>\$ 18,832,549</u>

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

STATE OF NEW MEXICO

City of Eunice
Balance Sheet
Governmental Funds
June 30, 2016Exhibit B-1
Page 1 of 2

	<u>General Fund</u>	<u>New Fire Station Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 58,574	\$ -	\$ 115,339	\$ 173,913
Restricted cash and cash equivalents	-	249,983	-	249,983
Investments	534,657	-	-	534,657
Land held for sale	145,556	-	-	145,556
Receivables:				
Property taxes	14,630	-	-	14,630
Other taxes	368,624	-	38,135	406,759
Due from other governments	-	-	33,957	33,957
Miscellaneous receivables	58,195	-	164,791	222,986
Prepaid expenses	27,398	-	-	27,398
Due from other funds	-	553,000	-	553,000
<i>Total assets</i>	<u>\$ 1,207,634</u>	<u>\$ 802,983</u>	<u>\$ 352,222</u>	<u>\$ 2,362,839</u>
<i>Liabilities</i>				
Accounts payable	\$ 22,821	\$ -	\$ 36,114	\$ 58,935
Accrued payroll	95,401	-	27,288	122,689
Due to other funds	231,000	-	-	231,000
<i>Total liabilities</i>	<u>349,222</u>	<u>-</u>	<u>63,402</u>	<u>412,624</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	9,013	-	-	9,013
<i>Total deferred inflows of resources</i>	<u>9,013</u>	<u>-</u>	<u>-</u>	<u>9,013</u>
<i>Fund balances</i>				
Nonspendable:				
Prepaid expenses	27,398	-	-	27,398
Spendable:				
Restricted for:				
Public safety	-	-	108,929	108,929
Fire protection	-	-	31,497	31,497
Capital projects	-	802,983	18,129	821,112
Committed to:				
General government	-	-	9,751	9,751
Culture and recreation	-	-	140,086	140,086
Unassigned	822,001	-	(19,572)	802,429
<i>Total fund balances</i>	<u>849,399</u>	<u>802,983</u>	<u>288,820</u>	<u>1,941,202</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,207,634</u>	<u>\$ 802,983</u>	<u>\$ 352,222</u>	<u>\$ 2,362,839</u>

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

STATE OF NEW MEXICO

City of Eunice

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2016

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$ 1,941,202
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	4,906,986
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	9,013
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 changes in assumptions	14,512
Deferred outflows of resources related to changes in proportion	45,565
Deferred outflows of resources related to difference between expected and actual experience	104,315
Deferred outflows of resources related to employer contributions subsequent to the measurement date	270,010
Deferred inflows of resources related to changes in assumptions	(46,569)
Deferred inflows of resources related to changes in proportion	(62,006)
Deferred inflows of resources related to the net difference between projected and actual earnings on pension plan investments	(10,793)
Deferred inflows of resources related to the difference between projected and actual investment earnings	(48,314)
Certain liabilities, including the net pension liability and accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences	(148,723)
Net pension liability	<u>(3,974,299)</u>
<i>Net position of governmental activities</i>	<u><u>\$ 3,000,899</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, 2016

Exhibit B-2
Page 1 of 2

	<u>General Fund</u>	<u>New Fire Station Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Revenues</i>				
Taxes:				
Property	\$ 216,038	\$ -	\$ -	\$ 216,038
Gross receipts	3,552,827	-	-	3,552,827
Gasoline and motor vehicle	22,881	-	71,616	94,497
Franchise	95,638	-	-	95,638
Intergovernmental:				
Federal operating grants	-	-	33,423	33,423
State operating grants	187,859	-	328,284	516,143
State capital grants	-	103,358	266,565	369,923
Local operating grants	40,000	-	60,000	100,000
Local capital grants	-	250,000	-	250,000
Charges for services	56,676	-	126,699	183,375
Licenses and fees	213,049	-	10,518	223,567
Investment income	1,484	-	-	1,484
Miscellaneous	26,344	-	19,717	46,061
Contributions	125,023	-	329,246	454,269
<i>Total revenues</i>	<u>4,537,819</u>	<u>353,358</u>	<u>1,246,068</u>	<u>6,137,245</u>
<i>Expenditures</i>				
Current:				
General government	1,614,615	-	1,308	1,615,923
Public safety	1,910,337	-	263,705	2,174,042
Public works	-	-	241,584	241,584
Culture and recreation	288,681	-	1,152,018	1,440,699
Capital outlay	-	-	271,969	271,969
<i>Total expenditures</i>	<u>3,813,633</u>	<u>-</u>	<u>1,930,584</u>	<u>5,744,217</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>724,186</u>	<u>353,358</u>	<u>(684,516)</u>	<u>393,028</u>
<i>Other financing sources (uses)</i>				
Transfers in	818,694	-	1,324,730	2,143,424
Transfers (out)	(2,151,082)	-	(818,694)	(2,969,776)
<i>Total other financing sources (uses)</i>	<u>(1,332,388)</u>	<u>-</u>	<u>506,036</u>	<u>(826,352)</u>
<i>Net change in fund balance</i>	<u>(608,202)</u>	<u>353,358</u>	<u>(178,480)</u>	<u>(433,324)</u>
<i>Fund balance - beginning of year</i>	1,313,294	449,625	458,276	2,221,195
<i>Fund balance - restatement (Note 18)</i>	<u>144,307</u>	<u>-</u>	<u>9,024</u>	<u>153,331</u>
<i>Fund balance - as restated</i>	<u>1,457,601</u>	<u>449,625</u>	<u>467,300</u>	<u>2,374,526</u>
<i>Fund balance - end of year</i>	<u>\$ 849,399</u>	<u>\$ 802,983</u>	<u>\$ 288,820</u>	<u>\$ 1,941,202</u>

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

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, 2016

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	\$ (433,324)
--	--------------

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	271,969
Depreciation expense	(380,911)

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	1,421
--	-------

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	270,010
Pension expense	(719,470)

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>(61,841)</u>
--	-----------------

<i>Change in net position of governmental activities</i>	<u><u>\$ (1,052,146)</u></u>
--	------------------------------

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

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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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 230,898	\$ 230,898	\$ 206,903	\$ (23,995)
Gross receipts	3,900,000	3,900,000	3,799,870	(100,130)
Gasoline and motor vehicle	36,000	36,000	22,721	(13,279)
Franchise	92,000	92,000	81,032	(10,968)
Intergovernmental income:				
State operating grant	94,000	94,000	185,533	91,533
Local operating grant	40,000	40,000	20,000	(20,000)
Charges for services	389,500	389,500	151,577	(237,923)
Licenses and fees	174,750	174,750	192,800	18,050
Investment income	1,560	1,560	1,339	(221)
Miscellaneous	208,250	208,250	146,413	(61,837)
<i>Total revenues</i>	<u>5,166,958</u>	<u>5,166,958</u>	<u>4,808,188</u>	<u>(358,770)</u>
<i>Expenditures</i>				
Current:				
General government	1,179,819	1,179,819	1,571,973	(392,154)
Public safety	1,964,070	1,964,070	1,780,554	183,516
Public works	-	-	-	-
Culture and recreation	229,803	229,803	221,469	8,334
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>3,373,692</u>	<u>3,373,692</u>	<u>3,573,996</u>	<u>(200,304)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,793,266</u>	<u>1,793,266</u>	<u>1,234,192</u>	<u>(559,074)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(233,320)	(174,847)	-	174,847
Transfers in	-	-	818,694	818,694
Transfers (out)	(1,559,946)	(1,618,419)	(2,151,082)	(532,663)
<i>Total other financing sources (uses)</i>	<u>(1,793,266)</u>	<u>(1,793,266)</u>	<u>(1,332,388)</u>	<u>460,878</u>
<i>Net change in fund balance</i>	-	-	(98,196)	(98,196)
<i>Fund balance - beginning of year</i>	-	-	570,219	570,219
<i>Fund balance - restatement (Note 18)</i>	-	-	(109,792)	(109,792)
<i>Fund balance - beginning, as restated</i>	-	-	460,427	460,427
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 362,231</u>	<u>\$ 362,231</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (98,196)	
Adjustments to revenues for taxes, intergovernmental, and other revenue accruals.			(270,369)	
Adjustments to expenditures for salaries and operating expenses.			(239,637)	
<i>Net change in fund balance (GAAP)</i>			<u>\$ (608,202)</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, 2016

	Business-Type Activities - Enterprise		
	Water	Sewer	Solid Waste
Assets			
<i>Current assets</i>			
Cash and cash equivalents	\$ 120,010	\$ 1,416	\$ 49,036
Investments	2,756	83,266	11,086
Receivables:			
Utility receivables, net	487,403	46,201	72,269
Other	-	-	-
Inventory	100,000	-	-
Prepaid assets	23,258	-	-
<i>Total current assets</i>	<u>733,427</u>	<u>130,883</u>	<u>132,391</u>
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	135,935	-	-
Capital assets	32,272,251	1,813,199	-
Less: accumulated depreciation	(12,985,353)	(410,187)	-
<i>Total noncurrent assets</i>	<u>19,422,833</u>	<u>1,403,012</u>	<u>-</u>
Deferred outflows of resources			
Change of assumptions	1,684	324	-
Changes in proportion	5,287	1,017	-
Difference between expected and actual experience	12,105	2,328	-
Employer contributions subsequent to the measurement date	31,992	6,153	-
<i>Total deferred outflows of resources</i>	<u>51,068</u>	<u>9,822</u>	<u>-</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 20,207,328</u>	<u>\$ 1,543,717</u>	<u>\$ 132,391</u>

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

Business-Type Activities - Enterprise	
Golf	Total
\$ 2,491	\$ 172,953
-	97,108
-	605,873
51	51
-	100,000
-	23,258
<u>2,542</u>	<u>999,243</u>
-	135,935
603,556	34,689,006
(367,313)	(13,762,853)
<u>236,243</u>	<u>21,062,088</u>
744	2,752
2,338	8,642
5,352	19,785
14,144	52,289
<u>22,578</u>	<u>83,468</u>
<u>\$ 261,363</u>	<u>\$ 22,144,799</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, 2016

	Business-Type Activities - Enterprise		
	Water	Sewer	Solid Waste
Liabilities			
<i>Current liabilities</i>			
Accounts payable	\$ 15,193	\$ 1,952	\$ 125,224
Accrued payroll expenses	16,980	3,243	-
Accrued compensated absences	37,820	5,590	-
Customer deposits	81,023	-	-
Due to other funds	-	322,000	-
Accrued interest	12,529	-	-
Other accrued expenses	-	-	-
Current portion of long-term debt	262,860	-	-
<i>Total current liabilities</i>	<u>426,405</u>	<u>332,785</u>	<u>125,224</u>
<i>Noncurrent liabilities</i>			
Notes payable	4,594,713	-	-
Net pension liability	461,184	88,695	-
<i>Total noncurrent liabilities</i>	<u>5,055,897</u>	<u>88,695</u>	<u>-</u>
<i>Total liabilities</i>	<u>5,482,302</u>	<u>421,480</u>	<u>125,224</u>
Deferred inflows of resources			
Change of assumptions	5,404	1,039	-
Changes in proportion	7,195	1,384	-
Difference between expected and actual experience	1,252	241	-
Net difference between projected and actual investment earnings on pension plan investments	5,606	1,078	-
<i>Total deferred inflows of resources</i>	<u>19,457</u>	<u>3,742</u>	<u>-</u>
Net position			
Net investment in capital assets	14,429,325	1,403,012	-
Unrestricted	276,244	(284,517)	7,167
<i>Total net position</i>	<u>14,705,569</u>	<u>1,118,495</u>	<u>7,167</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 20,207,328</u>	<u>\$ 1,543,717</u>	<u>\$ 132,391</u>

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

Business-Type Activities - Enterprise

<u>Golf</u>	<u>Total</u>
\$ 5,221	\$ 147,590
7,852	28,075
19,077	62,487
-	81,023
-	322,000
-	12,529
16,299	16,299
-	262,860
48,449	932,863
-	4,594,713
203,892	753,771
203,892	5,348,484
252,341	6,281,347
2,389	8,832
3,181	11,760
554	2,047
2,479	9,163
8,603	31,802
236,243	16,068,580
(235,824)	(236,930)
419	15,831,650
\$ 261,363	\$ 22,144,799

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

STATE OF NEW MEXICO
City of Eunice
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-Type Activities - Enterprise		
	Water	Sewer	Solid Waste
<i>Operating revenues</i>			
Charges for services	\$ 2,099,426	\$ 318,667	\$ 502,282
<i>Total operating revenues</i>	<u>2,099,426</u>	<u>318,667</u>	<u>502,282</u>
<i>Operating expenses</i>			
General operating	365,825	142,614	705,457
Personnel services	508,589	133,659	-
Depreciation	456,781	38,825	-
Maintenance and materials	24,745	22,147	-
Equipment	164,524	67,483	-
<i>Total operating expenses</i>	<u>1,520,464</u>	<u>404,728</u>	<u>705,457</u>
<i>Operating income (loss)</i>	<u>578,962</u>	<u>(86,061)</u>	<u>(203,175)</u>
<i>Non-operating revenues (expenses)</i>			
Interest expense	(106,012)	-	-
Investment income	1,300	65	9
Miscellaneous income	-	50,000	-
<i>Total non-operating revenues (expenses)</i>	<u>(104,712)</u>	<u>50,065</u>	<u>9</u>
<i>Income (loss) before grants and transfers</i>	<u>474,250</u>	<u>(35,996)</u>	<u>(203,166)</u>
Capital grants	-	-	-
Transfers in	564,215	190,129	126,812
Transfers (out)	(296,660)	(6,104)	-
<i>Change in net position</i>	<u>741,805</u>	<u>148,029</u>	<u>(76,354)</u>
<i>Net position - beginning</i>	13,970,051	969,285	83,521
<i>Net position - restatement (note 18)</i>	<u>(6,287)</u>	<u>1,181</u>	<u>-</u>
<i>Total net position - as restated</i>	<u>13,963,764</u>	<u>970,466</u>	<u>83,521</u>
<i>Net position - end of year</i>	<u><u>\$ 14,705,569</u></u>	<u><u>\$ 1,118,495</u></u>	<u><u>\$ 7,167</u></u>

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

Business-Type Activities - Enterprise	
Golf	Total
\$ 165,941	\$ 3,086,316
<u>165,941</u>	<u>3,086,316</u>
119,851	1,333,747
234,126	876,374
21,621	517,227
135,551	182,443
3,369	235,376
<u>514,518</u>	<u>3,145,167</u>
<u>(348,577)</u>	<u>(58,851)</u>
-	(106,012)
-	1,374
6,778	56,778
<u>6,778</u>	<u>(47,860)</u>
<u>(341,799)</u>	<u>(106,711)</u>
-	-
247,960	1,129,116
-	(302,764)
<u>(93,839)</u>	<u>719,641</u>
197,967	15,220,824
<u>(103,709)</u>	<u>(108,815)</u>
<u>94,258</u>	<u>15,112,009</u>
<u>\$ 419</u>	<u>\$ 15,831,650</u>

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

STATE OF NEW MEXICO
City of Eunice
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Business-Type Activities - Enterprise		
	Water	Sewer	Solid Waste
<i>Cash flows from operating activities</i>			
Cash received from user charges	\$ 1,817,125	\$ 298,678	\$ 466,538
Cash payments to employees for services	(681,927)	(109,021)	-
Cash payments to suppliers for goods and services	(945,128)	(255,787)	(582,001)
<i>Net cash (used) by operating activities</i>	<u>190,070</u>	<u>(66,130)</u>	<u>(115,463)</u>
<i>Cash flows from noncapital financing activities</i>			
Miscellaneous income	-	50,000	-
Internal balances	(8,411)	305,826	115,726
<i>Net cash provided by noncapital financing activities</i>	<u>(8,411)</u>	<u>355,826</u>	<u>115,726</u>
<i>Cash flows from investing activities</i>			
Sale (purchase) of investments	345,088	-	-
Interest on investments	1,300	65	9
<i>Net cash provided (used) by investing activities</i>	<u>346,388</u>	<u>65</u>	<u>9</u>
<i>Cash flows from capital and related financing activities</i>			
Acquisition of capital assets	17,907	(288,345)	-
Interest paid	(108,361)	-	-
Principal payments on bonds, loans and notes payable	(290,499)	-	-
<i>Net cash (used) by capital and related financing activities</i>	<u>(380,953)</u>	<u>(288,345)</u>	<u>-</u>
<i>Net (decrease) increase in cash and cash equivalents</i>	147,094	1,416	272
<i>Cash and cash equivalents - beginning of year</i>	<u>53,939</u>	<u>-</u>	<u>48,764</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 201,033</u>	<u>\$ 1,416</u>	<u>\$ 49,036</u>
<i>Reconciliation of operating (loss) income to net cash provided (used) by operating activities:</i>			
Operating (loss) income	\$ 578,962	\$ (86,061)	\$ (203,175)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	456,781	38,825	-
Pension expense (benefit)	(249,571)	17,036	-
Changes in assets and liabilities:			
Receivables	(280,385)	(19,989)	(35,744)
Inventory	(100,000)	-	-
Prepaid expenses	(23,258)	-	-
Contributions subsequent to the measurement date	62,367	3,365	-
Accounts payable	(266,776)	(23,543)	123,456
Accrued payroll expenses	(1,123)	1,708	-
Accrued compensated absences	14,989	2,529	-
Other accrued expenses	-	-	-
Meter deposits	(1,916)	-	-
<i>Net cash (used) by operating activities</i>	<u>\$ 190,070</u>	<u>\$ (66,130)</u>	<u>\$ (115,463)</u>

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

Business-Type Activities - Enterprise

<u>Golf</u>	<u>Total</u>
\$ 165,890	\$ 2,748,231
(266,895)	(1,057,843)
<u>(276,701)</u>	<u>(2,059,617)</u>
<u>(377,706)</u>	<u>(369,229)</u>
6,778	56,778
<u>247,960</u>	<u>661,101</u>
<u>254,738</u>	<u>717,879</u>
-	345,088
-	<u>1,374</u>
-	<u>346,462</u>
-	(270,438)
-	(108,361)
-	<u>(290,499)</u>
-	<u>(669,298)</u>
(122,968)	25,814
<u>125,459</u>	<u>228,162</u>
<u>\$ 2,491</u>	<u>\$ 253,976</u>
\$ (348,577)	\$ (58,851)
21,621	517,227
(65,262)	(297,797)
(51)	(336,169)
-	(100,000)
-	(23,258)
21,592	87,324
(13,990)	(180,853)
1,636	2,221
9,265	26,783
(3,940)	(3,940)
-	<u>(1,916)</u>
<u>\$ (377,706)</u>	<u>\$ (369,229)</u>

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

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STATE OF NEW MEXICO
City of Eunice
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2016

Exhibit E-1

Assets

Due from participants

\$ -

Total assets

\$ -

Liabilities

Benefits payable

\$ -

Total liabilities

\$ -

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

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

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, 2016, the City adopted GASB Statements No. 72, *Fair Value Measurement and Application*, a portion of 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*, No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, No. 79, *Certain External Investment Pools and Pool Participants* and No. 82 *Pension Issues-an amendment of GASB Statement No. 67, No. 68, and No.73*. These five Statements are required to be implemented as of June 30, 2016, if applicable.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement is effective for June 30, 2016 year end and a portion is effective for June 30, 2017 year end. Effective for June 30, 2016 are the amendments for Statement No.s 67 and 68 and assets accumulated for pensions not administered as trusts. The amendments of this pronouncement clarifies application of certain provisions of GASB 67 and 68 with regards to the following issues: (1) Information that is required to be presented as notes to the 10-year schedules of RSI about investment-related factors that significantly affect trends in reported amounts; (2) Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions; and (3) Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

In addition, effective for June 30, 2016 year ends, the requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that, for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

The objective of GASB Statement No. 76 is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement.

The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool for measuring all of its investments at amortized cost for financial reporting purposes. Professional judgement is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide for qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

The objective of GASB Statement No. 82 is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and 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. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and; (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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.

Based upon the application of these criteria, the City has no component units required to be reported under GASB Statements No. 14, No. 39, or No. 61.

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. 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.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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 if 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, Solid Waste 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.

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 s. 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.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

The *New Fire Station Capital Projects 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 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. Authority for creation of this fund is the City Council.

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

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The City reports the following proprietary funds as major funds:

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

The *Golf Fund* accounts for the revenues and expenses associated with the operation of the City of Eunice golf course. Authority for creation of this fund is the City Council.

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

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 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.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the City may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Property taxes are collected by 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. The City estimates the value of their inventory at year end as \$100,000.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

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)

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.

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 four types of items that qualify for reporting in this category in both the governmental and business-type activities. Accordingly, the items – Change in assumptions, changes in proportion, difference between expected and actual experience, and employer contributions subsequent to measurement date has been reported as a deferred outflow of resources in the amount of \$17,264, \$54,207, \$124,100 and \$322,299, 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.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

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)

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 \$9,013 related to property taxes considered "unavailable". In addition, the City has three types of items present on the Statement of Net Position for both the governmental and business-type activities, which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, change of assumptions of \$55,401, changes in proportion of \$73,766 and net difference between projected and actual investment earnings on pension plan investments of \$70,317, 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.

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2016, 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.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

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)

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 Council. The formal action that is required to be taken to establish a fund balance commitment is the City Council.

For assigned fund balance, the City Council or an official or body to which the City Council delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

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

Nonspendable Fund Balance: At June 30, 2016, the nonspendable fund balance of the City is comprised of prepaid expenses in the general fund in the amount of \$27,398 which is not in spendable form.

Restricted and Committed Fund Balance: At June 30, 2016, the City has presented restricted fund balance on the governmental funds balance sheet in the amount of \$937,592 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 page 18.

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, 2016, beyond that required by the State, which is an amount equal to 1/12 of budgeted general fund expenditures. At June 30, 2016, this equaled \$281,141.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

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)

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 38 through 39 and 76 through 77.
- 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, inventory, net pension liability and related deferred inflows and outflows of resources.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

Governmental fund budgets are prepared on the Non-GAAP 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.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

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 Councilors in accordance with the above procedures. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
General Fund	\$ 1,793,266	\$ 1,793,266
New Fire Station Capital Projects Fund	\$ (600,000)	\$ (600,000)
Nonmajor Governmental Funds	\$ (811,441)	\$ (596,421)

	Operating income (loss)	
	Original Budget	Final Budget
Water Department	\$ 561,288	\$ 561,288
Sewer Fund	\$ 72,549	\$ 62,249
Solid Waste Fund	\$ 30,000	\$ 30,000
Golf Fund	\$ (297,406)	\$ (297,406)

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.

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, 2016.

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.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposits and Investments (continued)

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.

All of the City's accounts are at an insured depository institution, including all noninterest-bearing transaction accounts, which 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, 2016, \$670,075 of the City's bank balance of \$920,075 was subject to custodial credit risk. \$438,034 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the City's name and \$232,041 of the City's deposits was uninsured and uncollateralized at June 30, 2016.

	Wells Fargo Bank	Total
Amount of deposits	\$ 920,075	\$ 920,075
FDIC coverage	(250,000)	(250,000)
Total uninsured public funds	670,075	670,075
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	438,034	438,034
Uninsured and uncollateralized	\$ 232,041	\$ 232,041
Collateral requirement (50%)	\$ 335,038	\$ 335,038
Pledged securities	438,034	438,034
Over (under) collateralized	\$ 102,997	\$ 102,997

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, 2016, the City's investment in the New Mexico LGIP was rated as AAAM by Standard & Poor's.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposits and Investments (continued)

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 City.

The City’s investments at June 30, 2016 include the following:

<u>Investment Type</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
New Mexico Local Government Investment Pool	WAM (F) 77.days	<u>\$ 631,765</u>	* AAAM

* Based off Standards & Poor’s rating

At June 30, 2016 the City has funds which are managed by NMFA which are considered restricted cash and cash equivalents. Of the \$631,766 noted above \$54,912 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).

Fair Value Measurement

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

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposits and Investments (continued)

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

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

The City maintained a balance of \$631,765 in New MexiGROW LGIP at year end which required fair value disclosure.

The following table sets forth by level within the fair value hierarchy, the City's assets at fair value as of June 30, 2016:

Level 1	Level 2	Level 3	Total
\$ 631,765	\$ -	\$ -	\$ 631,765

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	\$	677,872
Restricted cash and cash equivalents per Exhibit A-1		54,912
Investments per Exhibit A-1		631,765
 Total cash, cash equivalents, and investments		 1,364,549
Add: outstanding items		242,204
Less: NMFA restricted cash and investments		54,912
Less: <i>New MexiGROW- LGIP</i>		631,765
 Bank balance of deposits	\$	 1,074,437

NOTE 4. Land Held for Sale

The City identified \$254,099 in land held for sale not recorded as of June 30, 2015. During FY16, land in the amount of \$108,500 was sold. As of June 30, 2016, the City held \$145,556 in land held for sale. Per GASB 72, as these assets were originally capital assets they are not fair valued even though their usage has changed.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 5. Receivables

Receivables as of June 30, 2016, are as follows:

Governmental activities:	<u>General</u>	<u>Governmental Funds</u>	<u>Total</u>
Property taxes	\$ 14,630	\$ -	\$ 14,630
Other taxes:			
Gross receipts taxes	355,376	27,032	382,408
Gasoline and oil taxes	895	11,103	11,998
Franchise taxes	12,353	-	12,353
Due from other governments:			
Federal	-	3,682	3,682
State	2,326	168,744	171,070
Miscellaneous:			
Charges for services	55,681	26,373	82,054
Miscellaneous	188	-	188
Totals by fund	<u>\$ 441,449</u>	<u>\$ 236,934</u>	<u>\$ 678,383</u>

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

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. Unavailable revenue related to property taxes receivable was \$7,592 for the City for the year ended June 30, 2016.

Business-type activities:

	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
Utility receivable	\$ 604,420	\$ 46,201	\$ 72,269	\$ 722,890
Less: Allowance for uncollectable accounts	(117,017)	-	-	(117,017)
Other	51	-	-	51
Totals	<u>\$ 487,454</u>	<u>\$ 46,201</u>	<u>\$ 72,269</u>	<u>\$ 605,924</u>

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 6. Transfers and Interfund Receivables

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

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Fire	General Fund	\$ 10,429
Recreation	General Fund	386,558
EMS	General Fund	47,623
Golf	General Fund	247,960
Correction Fees	General Fund	13,568
Water	General Fund	84,946
Sewer	General Fund	116,934
Senior Center	General Fund	384,004
Swimming Pool	General Fund	93,733
Water	General Fund	376,512
Veteran's Memorial	General Fund	150,723
Youth Advisory Council	General Fund	30,890
Paving and Streets	General Fund	147,332
Downtown	General Fund	59,870
General Fund	State EMS (Ambulance)	4,014
Sewer	Water	73,195
Solid Waste	Water	126,812
Water	Sewer	6,104
General Fund	Gun Range	4,297
General Fund	Paving and Streets	395,178
General Fund	Municipal Infrastructure	278,234
General Fund	Governmental Gross Receipts	136,971
		<u>\$ 3,175,887</u>

Interfund balances as of June 30, 2016 consisted of the following:

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Amount</u>
New Fire Station	General Fund	\$ 231,000
New Fire Station	Solid Waste	322,000
		<u>\$ 553,000</u>

All interfund balances are expected to be paid back within one year.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2016 follows. Land, construction in progress, and library collections are not subject to depreciation.

Governmental Activities:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Adjustments</u>	<u>Transfers</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Capital assets not being depreciated:						
Land	\$ 252,668	\$ (105,936)	\$ -	\$ -	\$ -	\$ 146,732
Construction in progress	63,600	-	(6,265)	216,293	-	273,628
Library collections	10,800	-	-	-	-	10,800
	<u>327,068</u>	<u>(105,936)</u>	<u>(6,265)</u>	<u>216,293</u>	<u>-</u>	<u>431,160</u>
Capital assets being depreciated:						
Land improvements	894,204	48,342	6,265	-	-	948,811
Buildings and improvements	4,319,769	(43,903)	-	-	-	4,275,866
Furniture, fixtures, and equipment	1,354,231	(187,936)	-	-	-	1,166,295
Vehicles	2,678,575	95,333	-	55,676	(44,776)	2,784,808
Roads	1,752,388	-	-	-	-	1,752,388
	<u>10,999,167</u>	<u>(88,164)</u>	<u>6,265</u>	<u>55,676</u>	<u>(44,776)</u>	<u>10,928,168</u>
Total capital assets	<u>11,326,235</u>	<u>(194,100)</u>	<u>-</u>	<u>271,969</u>	<u>(44,776)</u>	<u>11,359,328</u>
Accumulated depreciation:						
Land improvements	450,859	-	-	17,036	-	467,895
Buildings and improvements	2,051,979	(3,604)	-	86,209	-	2,134,584
Furniture, fixtures, and equipment	798,527	(48,933)	-	75,659	-	825,253
Vehicles	1,982,213	-	-	151,939	(44,776)	2,089,376
Roads	886,572	(1,406)	-	50,068	-	935,234
	<u>6,170,150</u>	<u>(53,943)</u>	<u>-</u>	<u>380,911</u>	<u>(44,776)</u>	<u>6,452,342</u>
Net capital assets	<u>\$ 5,156,085</u>	<u>\$ (140,157)</u>	<u>\$ -</u>	<u>\$ (108,942)</u>	<u>\$ -</u>	<u>\$ 4,906,986</u>

Certain adjustments were made to governmental capital assets during the year. This resulted in a restatement of \$140,157.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 7. Capital Assets (continued)

Depreciation expense for the year ended June 30, 2016 was charged to governmental activities as follows:

General government	\$ 41,881
Public safety	172,053
Public works	82,378
Culture and recreation	84,599
Total	<u>\$ 380,911</u>

Business-type Activities:

	Balance					Balance
	June 30, 2015	Adjustments	Transfers	Additions	Deletions	June 30, 2016
Capital assets not being depreciated:						
Land	103,709	(100,243)	-	-	-	3,466
Construction in progress	37,048	179,897	-	307,486	(37,048)	487,383
	<u>140,757</u>	<u>79,654</u>	<u>-</u>	<u>307,486</u>	<u>(37,048)</u>	<u>490,849</u>
Capital assets being depreciated:						
Land improvements	752,817	9,367	-	-	-	762,184
Buildings and improvements	1,435,479	-	-	-	-	1,435,479
Furniture, fixtures, and equipment	3,861,830	(2,864,430)	-	-	-	997,400
Vehicles	365,143	-	-	-	-	365,143
Utility Systems	27,965,555	2,672,396	-	-	-	30,637,951
	<u>34,380,824</u>	<u>(182,667)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,198,157</u>
Total capital assets	<u>34,521,581</u>	<u>(103,013)</u>	<u>-</u>	<u>307,486</u>	<u>(37,048)</u>	<u>34,689,006</u>
Accumulated depreciation:						
Land improvements	9,347	21,270	-	19,120	-	49,737
Buildings and improvements	254,547	-	-	25,749	-	280,296
Furniture, fixtures, and equipment	1,455,546	(957,750)	-	58,093	-	555,889
Vehicles	242,495	-	-	26,900	-	269,395
Utility Systems	11,277,888	942,282	-	387,365	-	12,607,535
	<u>13,239,823</u>	<u>5,802</u>	<u>-</u>	<u>517,227</u>	<u>-</u>	<u>13,762,852</u>
Net capital assets	<u>\$ 21,281,758</u>	<u>\$ (108,815)</u>	<u>\$ -</u>	<u>\$ (209,741)</u>	<u>\$ (37,048)</u>	<u>\$ 20,926,154</u>

Certain adjustments were made to business-type capital assets during the year. This resulted in a restatement of \$108,815.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 7. Capital Assets (continued)

Depreciation expense for the year ended June 30, 2016 was charged to business-type activities as follows:

Water	\$ 456,781
Sewer	38,825
Golf	21,621
Total	<u>\$ 517,227</u>

NOTE 8. Long-term Debt

Governmental Activities:

During the year ended June 30, 2016, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences	\$ 86,882	265,660	\$ 203,819	\$ 148,723	\$ 148,723
Total long-term debt	<u>\$ 86,882</u>	<u>\$ 265,660</u>	<u>\$ 203,819</u>	<u>\$ 148,723</u>	<u>\$ 148,723</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, 2016, compensated absences increased \$61,841 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, 2016:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due Within</u> <u>One Year</u>
Loans Payable:					
NMFA Water lines	\$ 4,521,580	\$ -	\$ 225,943	\$ 4,295,637	\$ 230,461
NMFA Water lines	626,492	-	64,556	561,936	32,399
Compensated absences	35,707	67,300	40,520	62,487	62,487
Total long-term debt	<u>\$ 5,183,779</u>	<u>\$ 67,300</u>	<u>\$ 331,019</u>	<u>\$ 4,920,060</u>	<u>\$ 325,347</u>

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 8. Long-term Debt (continued)

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.

The NMFA loans are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance June 30, 2016</u>
NMFA Loan	2/27/2009	5/1/2032	1.75%	\$ 5,050,000	\$ 4,295,637
NMFA Loan	4/4/2014	6/1/2033	0.25%	640,000	561,936
Total NMFA Loans					<u>\$ 4,857,573</u>

The annual requirements to amortize the NMFA loans as of June 30, 2016, including interest payments, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 262,860	\$ 87,318	\$ 350,178
2018	267,551	82,628	350,179
2019	272,333	77,845	350,178
2020	277,211	74,534	351,745
2021	282,183	67,995	350,178
2022-2026	1,489,010	260,696	1,749,706
2027-2031	1,628,900	121,990	1,750,890
2032-2033	377,525	6,455	383,980
	<u>\$ 4,857,573</u>	<u>\$ 779,461</u>	<u>\$ 5,637,034</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, 2016, compensated absences increased \$26,780 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

NOTE 9. 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.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 9. Risk Management (continued)

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, 2016, 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.

NOTE 10. 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, 2016.

Non Major Funds

Fire Fund Special Revenue Fund	(2,638)
Recreation Special Revenue Fund	(3,666)
Correction Fund Special Revenue Fund	(407)
Swimming Pool Special Revenue Fund	<u>(12,861)</u>
Total	<u>\$ (19,572)</u>

- 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, 2016.

Governmental Funds

General Fund	\$ 200,304
Correction Fees Special Revenue Fund	13,497
Ambulance Special Revenue Fund	1,589
Senior Center Special Revenue Fund	41,181
Gun Range Special Revenue Fund	756
Veterans' Memorial Capital Projects Fund	15,818

Proprietary Funds

Water Fund	-
Sewer Fund	437,166
Solid Waste Fund	310,233
Golf Fund	<u>67,886</u>
Total	<u>\$ 1,088,430</u>

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 10. Other Required Individual Fund Disclosures (continued)

C. Designated cash appropriations in excess of available balances. The following funds had designated cash appropriations in excess of available balances for the year ended June 30, 2016.

	<u>Designated Cash</u>	<u>Beginning of Year Cash and Interfund Receivable Available</u>	<u>Cash Appropriation in excess of Available</u>
Senior Center Special Revenue Fund	\$ 34,146	\$ (29,416)	\$ 63,562
Total	<u>34,146</u>	<u>(29,416)</u>	<u>63,562</u>

NOTE 11. 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.

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_2015.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 FY15 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.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 \$322,299 and there were no employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2016.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 11. Pension Plan - Public Employees Retirement Association (continued)

General Information about the Pension Plan (continued)

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, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

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, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

Reallocation of Deferred Amounts

Due to Changes in proportion in fiscal year 2015 the beginning deferred inflows and outflows were reclassified due to the employer's change in proportion for fiscal year 2015. The total reallocation of deferred inflows and outflows increased pension expense by \$25,614 for fiscal year ending June 30, 2016. This amount is not included in pension expense in PERA's Schedule of Employer Pension Amounts for the year ended June 30, 2015.

For PERA Fund Municipal General Division, at June 30, 2016, City of Eunice reported a liability of \$2,594,848 for its proportionate share of the net pension liability. At June 30, 2015, City of Eunice's proportion was .2545% percent, which was an increase of 0.0091 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, City of Eunice recognized PERA Fund Municipal General Division pension expense of \$218,902. At June 30, 2016, 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:

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 11. Pension Plan - Public Employees Retirement Association (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ -	\$ 1,011
Changes in proportion	54,207	-
Difference between expected and actual experience	-	57,477
Net difference between projected and actual earnings on pension plan investments	-	8,208
City of Eunice's contributions subsequent to the measurement date	192,761	-
Total	\$ 246,968	\$ 66,696

\$192,761 reported as deferred outflows of resources related to pensions resulting from City of Eunice's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ (51,944)
2018	(51,944)
2019	(51,944)
2020	143,345
Thereafter	-
	\$ (12,489)

For PERA Fund Municipal Police Division, at June 30, 2016, City of Eunice reported a liability of \$1,314,660 for its proportionate share of the net pension liability. At June 30, 2015, City of Eunice's proportion was 0.2734 percent, which was a decrease of 0.0103 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, City of Eunice recognized PERA Fund Municipal Police Division pension expense of \$168,387. At June 30, 2016, 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:

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 11. Pension Plan - Public Employees Retirement Association (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ -	\$ 54,390
Changes in proportion	-	25,639
Difference between expected and actual experience	91,863	-
Net difference between projected and actual earnings on pension plan investments	-	3,647
City of Eunice's contributions subsequent to the measurement date	96,965	-
Total	\$ 188,828	\$ 83,676

\$188.828 reported as deferred outflows of resources related to pensions resulting from City of Eunice's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ (19,132)
2018	(19,132)
2019	(19,132)
2020	65,582
Thereafter	-
	\$ 8,187

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 11. Pension Plan - Public Employees Retirement Association (continued)

For PERA Fund Municipal Fire Division, at June 30, 2016, City of Eunice reported a liability of \$818,563 for its proportionate share of the net pension liability. At June 30, 2015, City of Eunice's proportion was 0.1586 percent, which was a decrease of 0.0151 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, City of Eunice recognized PERA Fund Municipal Fire Division pension expense of \$173,998. At June 30, 2016, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 17,264	\$ -
Changes in proportion	-	48,127
Difference between expected and actual experience	32,237	-
Net difference between projected and actual earnings on pension plan investments	-	985
City of Eunice's contributions subsequent to the measurement date	32,503	-
Total	\$ 82,004	\$ 49,112

\$32,503 reported as deferred outflows of resources related to pensions resulting from City of Eunice's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (5,180)
2018	(5,180)
2019	(5,180)
2020	15,929
Thereafter	-
	\$ 389

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.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 11. Pension Plan - Public Employees Retirement Association (continued)

Actuarial valuation date	June 30, 2014
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
Projected benefit payment	100 years
Payroll growth	3.50% annual rate
Projected salary increases	3.50 to 14.25% annual rate
Includes inflation at	3.00% annual rate
Mortality assumptions	RP-200 mortality tables (combined table for healthy post-retirements, Employee table for active members, and disabled table for disabled retirees before retirement age) with projections to 2018 using scale AA.
Experience study date	July 1, 2008 to June 30, 2013

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

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	<u>100.00%</u>	

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.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 11. Pension Plan - Public Employees Retirement Association (continued)

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.

PERA Fund Municipal General Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City of Eunice's proportionate share of the net pension liability	\$ 4,417,997	\$ 2,594,847	\$ 1,079,024
PERA Fund Municipal Police Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City of Eunice's proportionate share of the net pension liability	\$ 2,171,082	\$ 1,314,660	\$ 612,104
PERA Fund Municipal Fire Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City of Eunice's proportionate share of the net pension liability	\$ 1,110,175	\$ 818,563	\$ 578,236

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY15 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, 2016 there were no contributions due and payable to PERA for the City

NOTE 12. 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, 2016 in the remaining cases.

NOTE 13. Federal and State Grants

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

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 14. Construction and Other Significant Commitments

The City had the following significant construction projects ongoing or other commitments as of the year ended June 30, 2016.

2015 Street Project	\$182,439
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NOTE 15. Subsequent Events

The date to which events occurring after June 30, 2016, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is December 15, 2016, which is the date on which the financial statements were issued. None were noted.

NOTE 16. Restricted Net Position

The government-wide statement of net position reports \$1,333,712 of restricted net position, all of which is restricted by enabling legislation. See pages 38 through 39 and 76 through 77 for descriptions of the related restrictions for special revenue and capital projects funds.

NOTE 17. 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 18. Prior Period Fund Balance/Net Position Restatement

Restatements to correct balances were made to the governmental activities, business-type activities, governmental funds, and proprietary funds as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Net position, beginning	\$ 4,039,871	\$ 15,220,824	\$ 19,260,695
Net position, restatement	13,174	(108,805)	(95,631)
Net position, as restated	<u>\$ 4,053,045</u>	<u>\$ 15,112,019</u>	<u>\$ 19,165,064</u>
		Other Governmental Funds	
	<u>General Fund</u>	<u>Funds</u>	<u>Total</u>
Fund balance	\$ 1,313,294	\$ 458,276	\$ 1,771,570
Fund balance, restatement	144,307	9,024	153,331
Fund balance, as restated	<u>\$ 1,457,601</u>	<u>\$ 467,300</u>	<u>\$ 1,924,901</u>

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 18. Prior Period Fund Balance/Net Position Restatement (continued)

	Business-Type Activities - Enterprise			
	Water	Sewer	Golf	Total
Net position, beginning	\$ 13,970,051	\$ 969,285	\$ 197,967	\$ 15,137,303
Net position, restatement	<u>(6,287)</u>	<u>1,181</u>	<u>(103,709)</u>	<u>(108,815)</u>
Net position, as restated	<u>\$ 13,963,764</u>	<u>\$ 970,466</u>	<u>\$ 94,258</u>	<u>\$ 15,028,488</u>

The governmental activities net position was restated by a net of \$13,174 related to capital assets and land held for sale adjustments. In addition, the governmental funds are restated by \$144,307 in the General Fund due to recording of land held for sale and \$9,024 in the Youth Advisory Council fund for incorrectly booked revenue in the prior year.

The business-type activities and proprietary fund net position was restated by \$108,805 for adjustments to capital assets.

NOTE 19. Subsequent Pronouncements

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 financial statements.

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.

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 City’s financial statements.

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.

In December 2015, GASB Statement No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plan* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In January 2016, GASB Statement No. 80 *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

STATE OF NEW MEXICO
City of Eunice
Notes to the Financial Statements
June 30, 2016

NOTE 19. Subsequent Pronouncements (continued)

In March 2016, GASB Statement No. 81 Irrevocable Split-Interest Agreements was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In November 2016, GASB Statement No. 83 Certain Asset Retirement Obligations was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

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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*

	2016	2015
	Measurement Date	Measurement Date
	(As of and for the	(As of and for the
	year ended	year ended
	June 30, 2015)	June 30, 2014)
City of Eunice's proportion of the net pension liability	0.2545%	0.2454%
City of Eunice's proportionate share of the net pension liability	\$ 2,594,848	\$ 1,914,383
City of Eunice's covered-employee payroll	\$ 2,224,893	\$ 1,972,536
City of Eunice's proportionate share of the net pension liability as a percentage of its covered-employee payroll	116.63%	97.05%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

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

	2016 Measurement Date (As of and for the year ended June 30, 2015)	2015 Measurement Date (As of and for the year ended June 30, 2014)
City of Eunice's proportion of the net pension liability	0.2734%	0.2837%
City of Eunice's proportionate share of the net pension liability	\$ 1,314,660	\$ 924,831
City of Eunice's covered-employee payroll	\$ 564,674	\$ 492,825
City of Eunice's proportionate share of the net pension liability as a percentage of its covered-employee payroll	232.82%	187.66%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

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

	2016		2015
	Measurement Date		Measurement Date
	(As of and for the		(As of and for the
	year ended		year ended
	June 30, 2015)		June 30, 2014)
City of Eunice's proportion of the net pension liability	0.1586%		0.1737%
City of Eunice's proportionate share of the net pension liability	\$ 818,563	\$	725,023
City of Eunice's covered-employee payroll	\$ 178,564	\$	185,914
City of Eunice's proportionate share of the net pension liability as a percentage of its covered-employee payroll	458.41%		389.98%
Plan fiduciary net position as a percentage of the total pension liability	76.99%		81.29%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, 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 30, 2016	As of and for the year ended June 30, 2015
Contractually required contribution	\$ 192,761	\$ 434,067
Contributions in relation to the contractually required contribution	<u>(192,761)</u>	<u>(434,067)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City of Eunice's covered-employee payroll	\$ 2,018,435	\$ 2,224,893
Contributions as a percentage of covered-employee payroll	9.55%	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.

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 Police Division
Last 10 Fiscal Years*

	As of and for the year ended June 30, 2016	As of and for the year ended June 30, 2015
Contractually required contribution	\$ 96,965	\$ 148,699
Contributions in relation to the contractually required contribution	(96,965)	(148,699)
Contribution deficiency (excess)	\$ -	\$ -
City of Eunice's covered-employee payroll	\$ 513,043	\$ 546,674
Contributions as a percentage of covered-employee payroll	18.90%	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*

	As of and for the year ended June 30, 2016	As of and for the year ended June 30, 2015
Contractually required contribution	\$ 32,503	\$ 55,298
Contributions in relation to the contractually required contribution	<u>(32,503)</u>	<u>(55,298)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City of Eunice's covered-employee payroll	\$ 150,129	\$ 178,564
Contributions as a percentage of covered-employee payroll	21.65%	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.

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO
City of Eunice
Notes to Required Supplementary Information
For the Year Ended June 30, 2016

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 on pages 40-42 of the PERA FY15 audit available at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.pdf.

Changes of assumptions. The Public Employees Retirement Association (PERA) of the NEW Mexico Annual Actuarial Valuation as of June 30, 2015 is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>. See Appendix B on pages 53-61 of the report which summarizes actuarial assumptions and methods effective with the June 30, 2014 valuation.

Changes in assumptions resulted in a decrease of \$91.8 million to the total pension liability for the PERA Fund and an increase of 0.42% to the funded ratio for the year ended June 30, 2015. See more details of actuarial methods and assumptions on Note 2 on page 34 of PERA's Schedule of Employer Allocations and Pension amounts at http://osanm.org/media/audits/366-B_PERA_Schedule_of_Employer_Allocations_FY2015.pdf

See independent auditors' report.
See notes to required supplementary information.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
City of Eunice
Nonmajor Governmental and Proprietary Fund Descriptions
June 30, 2016

Special Revenue Funds

Fire Protection 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. The authority for the creation of this fund was given by 59A-53-1, NMSA 1978.

Recreation Fund –To account for money used for the youth center and parks and recreation. Authority for creation of this fund is the City Council.

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, 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 33-3-25, NMSA 1978.

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 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.

Animal Shelter Project – To account for the collection of money from the Youth Council to supplement the Animal Shelter. Authority for creation of this fund is the City Council.

STATE OF NEW MEXICO
City of Eunice
Nonmajor Governmental and Proprietary Fund Descriptions
June 30, 2016

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.

STATE OF NEW MEXICO
City of Eunice
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2016

	Special Revenue			
	Fire Procreation Fund	Recreation	EMS Fund	State Fire Allotment
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 6,672	\$ -	\$ 44,833
Receivables:				
Other taxes	-	-	-	-
Due from other governments	-	-	-	-
Miscellaneous receivables	10,000	-	16,322	-
	10,000	-	16,322	-
<i>Total assets</i>	10,000	\$ 6,672	16,322	44,833
<i>Liabilities</i>				
Accounts payable	\$ 12,638	\$ 3,266	\$ 831	\$ 13,336
Accrued payroll	-	7,072	-	-
Due to other funds	-	-	-	-
	12,638	10,338	831	13,336
<i>Total liabilities</i>	12,638	10,338	831	13,336
<i>Fund balances</i>				
Spendable				
Restricted for:				
Public safety	-	-	15,491	-
Fire protection	-	-	-	31,497
Capital projects	-	-	-	-
Committed to:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Unassigned	(2,638)	(3,666)	-	-
	(2,638)	(3,666)	15,491	31,497
<i>Total fund balances</i>	(2,638)	(3,666)	15,491	31,497
<i>Total liabilities and fund balances</i>	\$ 10,000	\$ 6,672	\$ 16,322	\$ 44,833

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

Special Revenue

<u>Corrections Fund</u>	<u>Law Enforcement Protection</u>	<u>Ambulance Fund</u>	<u>Senior Center Fund</u>	<u>Gun Range Fund</u>	<u>Swimming Pool Fund</u>
\$ -	\$ 50,239	\$ -	\$ -	\$ -	\$ 697
-	-	-	-	-	-
-	-	-	138,469	-	-
<u>-</u>	<u>50,239</u>	<u>-</u>	<u>138,469</u>	<u>-</u>	<u>697</u>
\$ 407	\$ -	\$ -	\$ 2,160	\$ -	\$ 2,916
-	-	-	5,704	-	10,642
-	-	-	-	-	-
<u>407</u>	<u>-</u>	<u>-</u>	<u>7,864</u>	<u>-</u>	<u>13,558</u>
-	50,239	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	130,605	-	-
<u>(407)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,861)</u>
<u>(407)</u>	<u>50,239</u>	<u>-</u>	<u>130,605</u>	<u>-</u>	<u>(12,861)</u>
<u>\$ -</u>	<u>\$ 50,239</u>	<u>\$ -</u>	<u>\$ 138,469</u>	<u>\$ -</u>	<u>\$ 697</u>

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

STATE OF NEW MEXICO
City of Eunice
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2016

	<u>Special Revenue</u>			<u>Capital Projects</u>
	<u>Youth Advisory Council</u>	<u>Governmental Gross Receipts</u>	<u>Animal Shelter Project</u>	<u>Veterans' Memorial</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 9,981	\$ -	\$ 848	\$ -
Receivables:				
Other taxes	-	8,903	-	-
Due from other governments	-	-	-	-
Miscellaneous receivables	-	-	-	-
<i>Total assets</i>	<u>9,981</u>	<u>8,903</u>	<u>848</u>	<u>-</u>
<i>Liabilities</i>				
Accounts payable	\$ 500	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
Public safety	-	-	-	-
Fire protection	-	-	-	-
Capital projects	-	-	-	-
Committed to:				
General government	-	8,903	848	-
Culture and recreation	9,481	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>9,481</u>	<u>8,903</u>	<u>848</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 9,981</u>	<u>\$ 8,903</u>	<u>\$ 848</u>	<u>\$ -</u>

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

Capital Projects			
Paving and Streets	Municipal Infrastructure	Downtown Project	Total Nonmajor Governmental Funds
\$ 2,069	\$ -	\$ -	\$ 115,339
11,103	18,129	-	38,135
33,957	-	-	33,957
-	-	-	164,791
<u>47,129</u>	<u>18,129</u>	<u>-</u>	<u>352,222</u>
\$ 60	\$ -	\$ -	\$ 36,114
3,870	-	-	27,288
-	-	-	-
<u>3,930</u>	<u>-</u>	<u>-</u>	<u>63,402</u>
43,199	-	-	108,929
-	-	-	31,497
-	18,129	-	18,129
-	-	-	9,751
-	-	-	140,086
-	-	-	(19,572)
<u>43,199</u>	<u>18,129</u>	<u>-</u>	<u>288,820</u>
<u>\$ 47,129</u>	<u>\$ 18,129</u>	<u>\$ -</u>	<u>\$ 352,222</u>

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

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, 2016

	Special Revenue			
	Fire Protection Fund	Recreation	EMS Fund	State Fire Allotment
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	81,746
State capital grants	-	-	-	-
Local operating grants	20,000	-	20,000	-
Charges for services	5,100	6,254	85,295	-
Licenses and fees	-	3,660	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	1,505	-
Contributions	61,418	260,432	40	-
<i>Total revenues</i>	<u>86,518</u>	<u>270,346</u>	<u>106,840</u>	<u>81,746</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	61,459	-	81,137	82,956
Public works	-	-	-	-
Culture and recreation	-	540,345	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>61,459</u>	<u>540,345</u>	<u>81,137</u>	<u>82,956</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>25,059</u>	<u>(269,999)</u>	<u>25,703</u>	<u>(1,210)</u>
<i>Other financing sources (uses)</i>				
Transfers in	10,429	386,558	47,623	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>10,429</u>	<u>386,558</u>	<u>47,623</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>35,488</u>	<u>116,559</u>	<u>73,326</u>	<u>(1,210)</u>
<i>Fund balances - beginning of year</i>	<u>(38,126)</u>	<u>(120,225)</u>	<u>(57,835)</u>	<u>32,707</u>
<i>Fund balances - restatement (note 18)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - as restated</i>	<u>(38,126)</u>	<u>(120,225)</u>	<u>(57,835)</u>	<u>32,707</u>
<i>Fund balances - end of year</i>	<u>\$ (2,638)</u>	<u>\$ (3,666)</u>	<u>\$ 15,491</u>	<u>\$ 31,497</u>

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

Special Revenue

<u>Corrections Fund</u>	<u>Law Enforcement Protection</u>	<u>Ambulance Fund</u>	<u>Senior Center Fund</u>	<u>Gun Range Fund</u>	<u>Swimming Pool Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	33,423	-	-
-	25,400	9,089	212,049	-	-
-	-	-	-	-	-
-	-	-	20,000	-	-
-	-	-	-	-	30,050
6,858	-	-	-	-	-
-	-	-	7,381	-	-
-	-	-	7,356	-	-
<u>6,858</u>	<u>25,400</u>	<u>9,089</u>	<u>280,209</u>	<u>-</u>	<u>30,050</u>
-	-	-	-	756	-
22,312	5,252	10,589	-	-	-
-	-	-	-	-	-
-	-	-	458,105	-	119,812
-	-	-	55,676	-	-
<u>22,312</u>	<u>5,252</u>	<u>10,589</u>	<u>513,781</u>	<u>756</u>	<u>119,812</u>
<u>(15,454)</u>	<u>20,148</u>	<u>(1,500)</u>	<u>(233,572)</u>	<u>(756)</u>	<u>(89,762)</u>
13,568	-	-	384,004	-	93,733
-	-	(4,014)	-	(4,297)	-
<u>13,568</u>	<u>-</u>	<u>(4,014)</u>	<u>384,004</u>	<u>(4,297)</u>	<u>93,733</u>
<u>(1,886)</u>	<u>20,148</u>	<u>(5,514)</u>	<u>150,432</u>	<u>(5,053)</u>	<u>3,971</u>
<u>1,479</u>	<u>30,091</u>	<u>5,514</u>	<u>(19,827)</u>	<u>5,053</u>	<u>(16,832)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,479</u>	<u>30,091</u>	<u>5,514</u>	<u>(19,827)</u>	<u>5,053</u>	<u>(16,832)</u>
<u>\$ (407)</u>	<u>\$ 50,239</u>	<u>\$ -</u>	<u>\$ 130,605</u>	<u>\$ -</u>	<u>\$ (12,861)</u>

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

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, 2016

	<u>Special Revenue</u>			<u>Capital Projects</u>
	<u>Youth Advisory Council</u>	<u>Governmental Gross Receipts</u>	<u>Animal Shelter Project</u>	<u>Veterans' Memorial</u>
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Local operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	8,556	-	1,400	875
Contributions	-	-	-	-
<i>Total revenues</i>	<u>8,556</u>	<u>-</u>	<u>1,400</u>	<u>875</u>
<i>Expenditures</i>				
Current:				
General government	-	-	552	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	9,566	-	-	9,541
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>9,566</u>	<u>-</u>	<u>552</u>	<u>9,541</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,010)</u>	<u>-</u>	<u>848</u>	<u>(8,666)</u>
<i>Other financing sources (uses)</i>				
Transfers in	30,890	-	-	150,723
Transfers out	-	(136,971)	-	-
<i>Total other financing sources (uses)</i>	<u>30,890</u>	<u>(136,971)</u>	<u>-</u>	<u>150,723</u>
<i>Net change in fund balances</i>	<u>29,880</u>	<u>(136,971)</u>	<u>848</u>	<u>142,057</u>
<i>Fund balances - beginning of year</i>	<u>(29,423)</u>	<u>145,874</u>	<u>-</u>	<u>(142,057)</u>
<i>Fund balances - restatement (note 18)</i>	<u>9,024</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - as restated</i>	<u>(20,399)</u>	<u>145,874</u>	<u>-</u>	<u>(142,057)</u>
<i>Fund balances - end of year</i>	<u>\$ 9,481</u>	<u>\$ 8,903</u>	<u>\$ 848</u>	<u>\$ -</u>

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

Capital Projects			
Paving and Streets	Municipal Infrastructure	Downtown Project	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -
-	-	-	-
71,616	-	-	71,616
-	-	-	-
-	-	-	33,423
-	-	-	328,284
266,565	-	-	266,565
-	-	-	60,000
-	-	-	126,699
-	-	-	10,518
-	-	-	-
-	-	-	19,717
-	-	-	329,246
<u>338,181</u>	<u>-</u>	<u>-</u>	<u>1,246,068</u>
-	-	-	1,308
-	-	-	263,705
241,584	-	-	241,584
-	-	14,649	1,152,018
<u>216,293</u>	<u>-</u>	<u>-</u>	<u>271,969</u>
<u>457,877</u>	<u>-</u>	<u>14,649</u>	<u>1,930,584</u>
<u>(119,696)</u>	<u>-</u>	<u>(14,649)</u>	<u>(684,516)</u>
147,332	-	59,870	1,324,730
<u>(395,178)</u>	<u>(278,234)</u>	<u>-</u>	<u>(818,694)</u>
<u>(247,846)</u>	<u>(278,234)</u>	<u>59,870</u>	<u>506,036</u>
<u>(367,542)</u>	<u>(278,234)</u>	<u>45,221</u>	<u>(178,480)</u>
<u>410,741</u>	<u>296,363</u>	<u>(45,221)</u>	<u>458,276</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>9,024</u>
<u>410,741</u>	<u>296,363</u>	<u>(45,221)</u>	<u>467,300</u>
<u>\$ 43,199</u>	<u>\$ 18,129</u>	<u>\$ -</u>	<u>\$ 288,820</u>

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

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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
State operating grants	-	-	-	-
Local operating grants	20,000	20,000	10,000	(10,000)
Charges for services	17,500	17,500	5,100	(12,400)
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	45,500	85,520	61,418	(24,102)
<i>Total revenues</i>	<u>83,000</u>	<u>123,020</u>	<u>76,518</u>	<u>(46,502)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	126,850	126,850	109,387	17,463
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>126,850</u>	<u>126,850</u>	<u>109,387</u>	<u>17,463</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(43,850)</u>	<u>(3,830)</u>	<u>(32,869)</u>	<u>(29,039)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	(40,020)	-	40,020
Transfers in	43,850	43,850	10,429	(33,421)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>43,850</u>	<u>3,830</u>	<u>10,429</u>	<u>6,599</u>
<i>Net change in fund balance</i>	-	-	(22,440)	(22,440)
<i>Fund balance - beginning of year</i>	-	-	22,440	22,440
<i>Fund balance - restatement (note 18)</i>	-	-	-	-
<i>Fund balance - beginning, as restated</i>	-	-	22,440	22,440
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (22,440)	
Adjustments to revenues for adjustments for local grant.			10,000	
Adjustments to expenditures for public safety expenditure accruals.			47,928	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 35,488</u>	

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

STATE OF NEW MEXICO

Statement B-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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
State operating grants	-	-	-	-
Local operating grants	-	-	-	-
Charges for services	13,000	13,000	6,254	(6,746)
Licenses and fees	11,000	11,000	3,660	(7,340)
Investment income	-	-	-	-
Miscellaneous	20,000	60,030	260,430	200,400
<i>Total revenues</i>	<u>44,000</u>	<u>84,030</u>	<u>270,344</u>	<u>186,314</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	689,593	689,593	545,855	143,738
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>689,593</u>	<u>689,593</u>	<u>545,855</u>	<u>143,738</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(645,593)</u>	<u>(605,563)</u>	<u>(275,511)</u>	<u>330,052</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	1,000	(39,030)	-	39,030
Transfers in	644,593	644,593	386,558	(258,035)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>645,593</u>	<u>605,563</u>	<u>386,558</u>	<u>(219,005)</u>
<i>Net change in fund balance</i>	-	-	111,047	111,047
<i>Fund balance - beginning of year</i>	-	-	(104,375)	(104,375)
<i>Fund balance - restatement (note 18)</i>	-	-	-	-
<i>Fund balance - beginning, as restated</i>	-	-	(104,375)	(104,375)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,672</u>	<u>\$ 6,672</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 111,047	
Adjustments to revenues for adjustments for charges for services.			2	
Adjustments to expenditures for culture and recreation accruals.			5,510	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 116,559</u>	

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

STATE OF NEW MEXICO

Statement B-3

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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		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	10,000	(10,000)
Charges for services	116,844	116,844	78,973	(37,871)
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	1,545	1,545
<i>Total revenues</i>	<u>136,844</u>	<u>136,844</u>	<u>90,518</u>	<u>(46,326)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	123,518	123,518	83,930	39,588
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>123,518</u>	<u>123,518</u>	<u>83,930</u>	<u>39,588</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>13,326</u>	<u>13,326</u>	<u>6,588</u>	<u>(6,738)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Transfers in	-	-	47,623	47,623
Transfers (out)	(13,326)	(13,326)	-	13,326
<i>Total other financing sources (uses)</i>	<u>(13,326)</u>	<u>(13,326)</u>	<u>47,623</u>	<u>60,949</u>
<i>Net change in fund balance</i>	-	-	54,211	54,211
<i>Fund balance - beginning of year</i>	-	-	(54,211)	(54,211)
<i>Fund balance - restatement (note 18)</i>	-	-	-	-
<i>Fund balance - beginning, as restated</i>	-	-	(54,211)	(54,211)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 54,211	
Adjustments to revenues for charges for services.			16,322	
Adjustments to expenditures for public safety accruals.			2,793	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 73,326</u>	

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

STATE OF NEW MEXICO

Statement B-4

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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Other	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
State operating grants	77,000	77,000	81,746	4,746
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>77,000</u>	<u>77,000</u>	<u>81,746</u>	<u>4,746</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	77,000	77,000	73,292	3,708
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>77,000</u>	<u>77,000</u>	<u>73,292</u>	<u>3,708</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	8,454	8,454
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	8,454	8,454
<i>Fund balance - beginning of year</i>	-	-	36,379	36,379
<i>Fund balance - restatement (note 18)</i>	-	-	-	-
<i>Fund balance - beginning, as restated</i>	-	-	36,379	36,379
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,833</u>	<u>\$ 44,833</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 8,454	
No adjustments for revenue accruals.			-	
Adjustments to expenditures for public safety accruals.			(9,664)	
<i>Net change in fund balance (GAAP)</i>			<u>\$ (1,210)</u>	

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

STATE OF NEW MEXICO

Statement B-5

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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Intergovernmental:				
State operating grants	-	-	-	-
Local operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	10,000	10,000	6,858	(3,142)
Investment income	-	-	-	-
<i>Total revenues</i>	<u>10,000</u>	<u>10,000</u>	<u>6,858</u>	<u>(3,142)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	10,000	10,000	23,497	(13,497)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>10,000</u>	<u>10,000</u>	<u>23,497</u>	<u>(13,497)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(16,639)</u>	<u>(16,639)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	(590)	-	590
Transfers in	-	590	13,568	12,978
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>13,568</u>	<u>13,568</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(3,071)</u>	<u>(3,071)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,071</u>	<u>3,071</u>
<i>Fund balance - restatement (note 18)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning, as restated</i>	<u>-</u>	<u>-</u>	<u>3,071</u>	<u>3,071</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)			\$ (3,071)	
No adjustments to revenues.			-	
Adjustments to expenditures for public safety accruals.			1,185	
<i>Net change in fund balance (GAAP)</i>			<u>\$ (1,886)</u>	

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

STATE OF NEW MEXICO

Statement B-6

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, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Intergovernmental:				
State operating grants	32,000	32,000	25,400	(6,600)
Local operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>32,000</u>	<u>32,000</u>	<u>25,400</u>	<u>(6,600)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	32,000	32,000	8,248	23,752
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>32,000</u>	<u>32,000</u>	<u>8,248</u>	<u>23,752</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>17,152</u>	<u>17,152</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>	<u>-</u>	<u>-</u>	<u>17,152</u>	<u>17,152</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>33,087</u>	<u>33,087</u>
<i>Fund balance - restatement (note 18)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning, as restated</i>	<u>-</u>	<u>-</u>	<u>33,087</u>	<u>33,087</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,239</u>	<u>\$ 50,239</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 17,152	
No adjustments to revenues.			-	
Adjustments to expenditures for public safety accruals			2,996	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 20,148</u>	

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

STATE OF NEW MEXICO

Statement B-7

City of Eunice

Ambulance 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, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental:				
State operating grants	9,000	9,000	9,089	89
Local operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>9,000</u>	<u>9,000</u>	<u>9,089</u>	<u>89</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	9,000	9,000	10,589	(1,589)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>9,000</u>	<u>9,000</u>	<u>10,589</u>	<u>(1,589)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(1,500)	(1,500)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	5,514
Transfers in	-	-	-	-
Transfers (out)	-	-	(4,014)	(4,014)
<i>Total other financing sources (uses)</i>	-	-	(4,014)	1,500
<i>Net change in fund balance</i>	-	-	(5,514)	-
<i>Fund balance - beginning of year</i>	-	-	5,514	-
<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.			-	
No adjustments for expenditure.			-	
<i>Net change in fund balance (GAAP)</i>			<u>\$ (5,514)</u>	

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

STATE OF NEW MEXICO

Statement B-8

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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Intergovernmental:				
Federal operating grant	-	-	31,962	31,962
State operating grants	59,843	59,843	101,974	42,131
Local operating grants	20,000	20,000	10,000	(10,000)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	16,100	16,100	14,737	(1,363)
<i>Total revenues</i>	<u>95,943</u>	<u>95,943</u>	<u>158,673</u>	<u>62,730</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	416,404	416,404	457,585	(41,181)
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>416,404</u>	<u>416,404</u>	<u>457,585</u>	<u>(41,181)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(320,461)</u>	<u>(320,461)</u>	<u>(298,912)</u>	<u>21,549</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	34,146	34,146	-	(34,146)
Transfers in	286,315	286,315	384,004	97,689
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>320,461</u>	<u>320,461</u>	<u>384,004</u>	<u>63,543</u>
<i>Net change in fund balance</i>	-	-	85,092	85,092
<i>Fund balance - beginning of year</i>	-	-	(29,416)	(29,416)
<i>Fund balance - restatement (note 18)</i>	-	-	-	-
<i>Fund balance - beginning, as restated</i>	-	-	(29,416)	(29,416)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,676</u>	<u>\$ 55,676</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 85,092	
Adjustments to revenues for federal operating grant accruals.			121,536	
Adjustments to expenditures for culture and recreation accruals.			(56,196)	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 150,432</u>	

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

STATE OF NEW MEXICO

Statement B-9

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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
State operating grants	-	-	-	-
Local operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	756	(756)
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>756</u>	<u>(756)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(756)</u>	<u>(756)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	(4,297)	(4,297)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(4,297)</u>	<u>(4,297)</u>
<i>Net change in fund balance</i>	-	-	(5,053)	(5,053)
<i>Fund balance - beginning of year</i>	-	-	5,053	5,053
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (5,053)	
No adjustments to revenues.			-	
No adjustments for expenditure.			-	
<i>Net change in fund balance (GAAP)</i>			<u>\$ (5,053)</u>	

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

STATE OF NEW MEXICO

Statement B-10

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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		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	24,000	24,000	30,050	6,050
Licenses and fees	-	-	-	-
Miscellaneous	100	100	-	(100)
<i>Total revenues</i>	<u>24,100</u>	<u>24,100</u>	<u>30,050</u>	<u>5,950</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	176,995	176,995	131,850	45,145
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>176,995</u>	<u>176,995</u>	<u>131,850</u>	<u>45,145</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(152,895)</u>	<u>(152,895)</u>	<u>(101,800)</u>	<u>51,095</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	780	780	-	(780)
Transfers in	152,115	152,115	93,733	(58,382)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>152,895</u>	<u>152,895</u>	<u>93,733</u>	<u>(59,162)</u>
<i>Net change in fund balance</i>	-	-	(8,067)	(8,067)
<i>Fund balance - beginning of year</i>	-	-	8,764	8,764
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 697</u>	<u>\$ 697</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (8,067)	
No adjustments to revenues.			-	
Adjustments to expenditures for culture and recreation accruals.			12,038	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 3,971</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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		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	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	10,500	10,500	8,556	(1,944)
<i>Total revenues</i>	<u>10,500</u>	<u>10,500</u>	<u>8,556</u>	<u>(1,944)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	10,500	10,500	10,165	335
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>10,500</u>	<u>10,500</u>	<u>10,165</u>	<u>335</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,609)</u>	<u>(1,609)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Transfers in	-	-	30,890	30,890
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>30,890</u>	<u>30,890</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>29,281</u>	<u>29,281</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(19,300)</u>	<u>(19,300)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,981</u>	<u>\$ 9,981</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 29,281	
No adjustments to revenues.			-	
Adjustments to expenditures for culture and recreation accruals.			599	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 29,880</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, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	9,472	9,472
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>9,472</u>	<u>9,472</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>9,472</u>	<u>9,472</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	(136,971)	(136,971)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(136,971)</u>	<u>(136,971)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(127,499)</u>	<u>(127,499)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>127,499</u>	<u>127,499</u>
<i>Fund balance - restatement (note 18)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning, as restated</i>	<u>-</u>	<u>-</u>	<u>127,499</u>	<u>127,499</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)			\$ (127,499)	
Adjustments to revenues for gross receipts tax accruals.			(9,472)	
No adjustments for expenditure accruals.			-	
<i>Net change in fund balance (GAAP)</i>			<u>\$ (136,971)</u>	

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

STATE OF NEW MEXICO

Statement B-13

City of Eunice

Animal Shelter 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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		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	-	50,000	1,400	(48,600)
<i>Total revenues</i>	<u>-</u>	<u>50,000</u>	<u>1,400</u>	<u>(48,600)</u>
<i>Expenditures</i>				
Current:				
General government	-	50,000	552	49,448
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>50,000</u>	<u>552</u>	<u>49,448</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>848</u>	<u>848</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>	<u>-</u>	<u>-</u>	<u>848</u>	<u>848</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 848</u>	<u>\$ 848</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 848	
No adjustments for revenue accruals.			-	
No adjustments for expenditure accruals.			-	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 848</u>	

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

STATE OF NEW MEXICO

Statement B-14

City of Eunice

Veterans' 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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		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	-	-	875	875
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>875</u>	<u>875</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	15,818	(15,818)
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>15,818</u>	<u>(15,818)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(14,943)</u>	<u>(14,943)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Transfers in	-	-	150,723	150,723
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>150,723</u>	<u>150,723</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>135,780</u>	<u>135,780</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(135,780)</u>	<u>(135,780)</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)			\$ 135,780	
No adjustments for revenue accruals.			-	
Adjustments to expenditures for culture and recreation and capital outlay accruals.			6,277	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 142,057</u>	

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

STATE OF NEW MEXICO

Statement B-15

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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental:				
State operating grants	-	-	-	-
Local operating grants	-	-	103,358	103,358
Local capital grants	-	-	250,000	250,000
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Donations	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>353,358</u>	<u>353,358</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	100,000	100,000	-	100,000
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	500,000	500,000	-	500,000
<i>Total expenditures</i>	<u>600,000</u>	<u>600,000</u>	<u>-</u>	<u>600,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(600,000)</u>	<u>(600,000)</u>	<u>353,358</u>	<u>953,358</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Transfers in	600,000	600,000	-	(600,000)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>600,000</u>	<u>600,000</u>	<u>-</u>	<u>(600,000)</u>
<i>Net change in fund balance</i>	-	-	353,358	353,358
<i>Fund balance - beginning of year</i>	-	-	449,625	449,625
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 802,983</u>	<u>\$ 802,983</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 353,358	
No adjustments for revenue accruals.			-	
No adjustments for expenditure accruals.			-	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 353,358</u>	

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

STATE OF NEW MEXICO

Statement B-16

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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	68,442	68,442	74,171	5,729
Intergovernmental:				
State operating grant	-	-	-	-
State capital grants	300,000	300,000	232,608	(67,392)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>368,442</u>	<u>368,442</u>	<u>306,779</u>	<u>(61,663)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	201,003	201,003	249,568	(48,565)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	300,000	300,000	214,594	85,406
<i>Total expenditures</i>	<u>501,003</u>	<u>501,003</u>	<u>464,162</u>	<u>36,841</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(132,561)</u>	<u>(132,561)</u>	<u>(157,383)</u>	<u>(24,822)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	(14,771)	-	14,771
Transfers in	132,561	147,332	147,332	-
Transfers (out)	-	-	(395,178)	(395,178)
<i>Total other financing sources (uses)</i>	<u>132,561</u>	<u>132,561</u>	<u>(247,846)</u>	<u>(380,407)</u>
<i>Net change in fund balance</i>	-	-	(405,229)	(405,229)
<i>Fund balance - beginning of year</i>	-	-	407,298	407,298
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,069</u>	<u>\$ 2,069</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (405,229)	
Adjustments to revenues for gross receipts tax accruals.			31,402	
Adjustments to expenditures for public works accruals.			6,285	
<i>Net change in fund balance (GAAP)</i>			<u>\$ (367,542)</u>	

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

STATE OF NEW MEXICO

Statement B-17

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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	18,622	18,622
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>18,622</u>	<u>18,622</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>18,622</u>	<u>18,622</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	(278,234)	(278,234)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(278,234)</u>	<u>(278,234)</u>
<i>Net change in fund balance</i>	-	-	(259,612)	(259,612)
<i>Fund balance - beginning of year</i>	-	-	259,612	259,612
<i>Fund balance - restatement (note 18)</i>	-	-	-	-
<i>Fund balance - beginning, as restated</i>	-	-	259,612	259,612
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (259,612)	
Adjustments to revenues for gross receipts tax accruals.			(18,622)	
No adjustments for expenditure accruals.			-	
<i>Net change in fund balance (GAAP)</i>			<u>\$ (278,234)</u>	

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

STATE OF NEW MEXICO

Statement B-18

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, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental:				
Federal capital grants	650,000	825,000	-	(825,000)
State operating grants	-	-	-	-
Local operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
<i>Total revenues</i>	<u>900,000</u>	<u>1,075,000</u>	<u>-</u>	<u>(1,075,000)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	425,000	425,000	22,262	402,738
Health and welfare	-	-	-	-
Capital outlay	650,000	650,000	-	650,000
<i>Total expenditures</i>	<u>1,075,000</u>	<u>1,075,000</u>	<u>22,262</u>	<u>1,052,738</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(175,000)</u>	<u>-</u>	<u>(22,262)</u>	<u>(22,262)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	175,000	-	-	-
Transfers in	-	-	59,870	59,870
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>175,000</u>	<u>-</u>	<u>59,870</u>	<u>59,870</u>
<i>Net change in fund balance</i>	-	-	37,608	37,608
<i>Fund balance - beginning of year</i>	-	-	(37,608)	(37,608)
<i>Fund balance - restatement (note 18)</i>	-	-	-	-
<i>Fund balance - beginning, as restated</i>	-	-	(37,608)	(37,608)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 37,608	
No adjustments for revenue accruals.			-	
Adjustments to expenditures for capital outlay accruals.			7,613	
<i>Net change in fund balance (GAAP)</i>			<u>\$ 45,221</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, 2016

	Budget Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 1,922,620	\$ 1,922,620	\$ 1,587,023	\$ (335,597)
<i>Total operating revenues</i>	<u>1,922,620</u>	<u>1,922,620</u>	<u>1,587,023</u>	<u>(335,597)</u>
<i>Operating expenses</i>				
Payroll expenses	1,270,499	1,270,499	622,112	648,387
Personnel services	16,200	16,200	58,258	(42,058)
Contractual services	(365,467)	(365,467)	47,684	(413,151)
Supplies	149,500	149,500	196,239	(46,739)
Maintenance and materials	47,500	47,500	24,745	22,755
Utilities	64,000	64,000	117,729	(53,729)
Insurance	40,000	40,000	55,819	(15,819)
Operating expenses	139,100	139,100	147,875	(8,775)
Capital outlay	-	-	6,767	(6,767)
<i>Total operating expenses</i>	<u>1,361,332</u>	<u>1,361,332</u>	<u>1,277,228</u>	<u>84,104</u>
<i>Operating income (loss)</i>	<u>561,288</u>	<u>561,288</u>	<u>309,795</u>	<u>(251,493)</u>
<i>Non-operating revenues (expenses)</i>				
Principal payments	(395,467)	(395,467)	(290,499)	104,968
Interest expense	-	-	(93,483)	(93,483)
Interest income	-	-	1,300	1,300
Miscellaneous income	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>(395,467)</u>	<u>(395,467)</u>	<u>(382,682)</u>	<u>12,785</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(258,370)	(60,159)	-	60,159
Governmental contributions	-	-	-	-
Transfers in	94,345	94,345	564,215	469,870
Transfers (out)	(1,796)	(200,007)	(296,660)	(96,653)
<i>Total other financing sources (uses)</i>	<u>(165,821)</u>	<u>(165,821)</u>	<u>267,555</u>	<u>433,376</u>
<i>Change in net position</i>	-	-	194,668	194,668
<i>Net position - beginning of year</i>	-	-	13,970,051	13,970,051
<i>Net position - restatement (note 18)</i>	-	-	-	-
<i>Net position - beginning, as restated</i>	-	-	13,970,051	13,970,051
<i>Net position - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,164,719</u>	<u>\$ 14,164,719</u>
Change in net position (non-GAAP budgetary basis)			\$ 194,668	
Adjustments to revenues for utility billings and tax accruals.			512,403	
Adjustments to expenditures for operating expenses and accrual items.			34,734	
<i>Change in net position (GAAP)</i>			<u>\$ 741,805</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, 2016

	Budget Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 250,000	\$ 250,000	\$ 272,466	\$ 22,466
<i>Total operating revenues</i>	<u>250,000</u>	<u>250,000</u>	<u>272,466</u>	<u>22,466</u>
<i>Operating expenses</i>				
Payroll expenses	109,345	109,345	106,281	3,064
Personnel services	606	606	-	606
Contractual services	8,100	8,100	57,816	(49,716)
Supplies	15,000	25,300	354,016	(328,716)
Maintenance and materials	5,000	5,000	49,025	(44,025)
Utilities	25,400	25,400	36,901	(11,501)
Operating expenses	14,000	14,000	19,567	(5,567)
Capital outlay	-	-	1,311	(1,311)
<i>Total operating expenses</i>	<u>177,451</u>	<u>187,751</u>	<u>624,917</u>	<u>(437,166)</u>
<i>Operating income (loss)</i>	<u>72,549</u>	<u>62,249</u>	<u>(352,451)</u>	<u>459,632</u>
<i>Non-operating revenues (expenses)</i>				
Governmental contributions	-	-	-	-
Interest income	250	250	65	(185)
Miscellaneous income	-	-	50,000	50,000
<i>Total non-operating revenues (expenses)</i>	<u>250</u>	<u>250</u>	<u>50,065</u>	<u>49,815</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(73,049)	(62,749)	-	62,749
Transfers in	250	250	190,129	189,879
Transfers (out)	-	-	(6,104)	(6,104)
<i>Total other financing sources (uses)</i>	<u>(72,799)</u>	<u>(62,499)</u>	<u>184,025</u>	<u>246,524</u>
<i>Change in net position</i>	-	-	(118,361)	755,971
<i>Net position - beginning of year</i>	-	-	969,285	969,285
<i>Net position - restatement (note 18)</i>	-	-	-	-
<i>Net position - beginning, as restated</i>	-	-	969,285	969,285
<i>Net position - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 850,924</u>	<u>\$ 1,725,256</u>
Change in net position (non-GAAP budgetary basis)			\$ (118,361)	
Adjustments to revenues for utility billings.			46,201	
Adjustments to expenditures for operating expenses and accrual items.			220,189	
<i>Change in net position (GAAP)</i>			<u>\$ 148,029</u>	

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

STATE OF NEW MEXICO

Statement B-21

City of Eunice
Solid Waste FundStatement of Revenues, Expenses, and Changes in Net Position
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budget Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 300,000	\$ 300,000	\$ 430,013	\$ 130,013
<i>Total operating revenues</i>	<u>300,000</u>	<u>300,000</u>	<u>430,013</u>	<u>130,013</u>
<i>Operating expenses</i>				
Contractual services	-	-	-	-
Operating expenses	270,000	270,000	580,233	(310,233)
<i>Total operating expenses</i>	<u>270,000</u>	<u>270,000</u>	<u>580,233</u>	<u>(310,233)</u>
<i>Operating income (loss)</i>	<u>30,000</u>	<u>30,000</u>	<u>(150,220)</u>	<u>(180,220)</u>
<i>Non-operating revenues (expenses)</i>				
Interest income	50	50	9	(41)
Miscellaneous income	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>50</u>	<u>50</u>	<u>9</u>	<u>(41)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(30,050)	(156,862)	-	156,862
Transfers in	-	126,812	126,812	-
<i>Total other financing sources (uses)</i>	<u>(30,050)</u>	<u>(30,050)</u>	<u>126,812</u>	<u>156,862</u>
<i>Change in net position</i>	-	-	(23,399)	(23,399)
<i>Net position - beginning of year</i>	-	-	83,521	83,521
<i>Net position - restatement (note 18)</i>	-	-	-	-
<i>Net position - beginning, as restated</i>	-	-	83,521	83,521
<i>Net position - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,122</u>	<u>\$ 60,122</u>
Change in net position (non-GAAP budgetary basis)			\$ (23,399)	
Adjustments to revenues for utility billings.			72,269	
Adjustments to expenditures for operating expenses and accrual items.			<u>(125,224)</u>	
<i>Change in net position (GAAP)</i>			<u>\$ (76,354)</u>	

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

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, 2016

	Budget Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Operating revenues</i>				
Charges for services	\$ 146,280	\$ 146,280	\$ 182,189	\$ 35,909
<i>Total operating revenues</i>	<u>146,280</u>	<u>146,280</u>	<u>182,189</u>	<u>35,909</u>
<i>Operating expenses</i>				
Payroll expenses	324,046	324,046	256,523	67,523
Personnel services	1,900	1,900	1,499	401
Contractual services	3,800	3,800	900	2,900
Supplies	25,400	25,400	56,882	(31,482)
Maintenance and materials	45,000	45,000	131,674	(86,674)
Utilities	29,000	29,000	26,581	2,419
Operating expenses	14,540	14,540	34,203	(19,663)
Capital outlay	-	-	3,310	(3,310)
<i>Total operating expenses</i>	<u>443,686</u>	<u>443,686</u>	<u>511,572</u>	<u>(67,886)</u>
<i>Operating income (loss)</i>	(297,406)	(297,406)	(329,383)	(31,977)
<i>Non-operating revenues (expenses)</i>				
Miscellaneous income	11,000	11,000	6,778	(4,222)
<i>Total non-operating revenues (expenses)</i>	<u>11,000</u>	<u>11,000</u>	<u>6,778</u>	<u>(4,222)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(780)	(44,753)	-	44,753
Transfers in	287,186	331,159	247,960	(83,199)
<i>Total other financing sources (uses)</i>	<u>286,406</u>	<u>286,406</u>	<u>247,960</u>	<u>(38,446)</u>
<i>Change in net position</i>	-	-	(74,645)	(74,645)
<i>Net position - beginning of year</i>	-	-	197,967	197,967
<i>Net position - restatement (note 18)</i>	-	-	-	-
<i>Net position - beginning, as restated</i>	-	-	197,967	197,967
<i>Net position - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,322</u>	<u>\$ 123,322</u>
Change in net position (non-GAAP budgetary basis)			\$ (74,645)	
Adjustments to revenues for charges for services and miscellaneous accruals.			(16,248)	
Adjustments to expenditures for operating expenses and accrual items.			(2,946)	
<i>Change in net position (GAAP)</i>			<u>\$ (93,839)</u>	

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

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SUPPORTING SCHEDULES

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STATE OF NEW MEXICO
City of Eunice
Schedule of Deposit and Investment Accounts
June 30, 2016

Schedule III

<u>Bank Name/ Account Type</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Totals</u>
Wells Fargo					
Checking - Operational	Demand Account	\$ 495,202	\$ -	\$ 152,603	\$ 342,599
Checking - Utility	Demand Account	413,102	-	89,298	323,804
Youth Advisory Council	Demand Account	10,220	-	303	9,917
Meal on Wheels	Demand Account	1,551	-	-	1,551
<i>Total Wells Fargo</i>		<u>920,075</u>	<u>-</u>	<u>242,204</u>	<u>677,871</u>
New Mexico Finance Authority					
Cash held by NMFA	Demand Account *	54,912	-	-	54,912
<i>Total NMFA</i>		<u>54,912</u>	<u>-</u>	<u>-</u>	<u>54,912</u>
New Mexico State Treasurer					
<i>New MexiGROW - LGIP</i>	Investment	534,657	-	-	534,657
<i>New MexiGROW - LGIP</i>	Investment	97,108	-	-	97,108
<i>Total New Mexico State Treasurer</i>		<u>631,765</u>	<u>-</u>	<u>-</u>	<u>631,765</u>
<i>Total Deposits and Investments</i>		<u>\$ 1,606,752</u>	<u>\$ -</u>	<u>\$ 242,203</u>	1,364,549
Less: Restricted cash and cash equivalents per Exhibit A-1					(385,918)
Less: Investments per Exhibit A-1					<u>(631,765)</u>
<i>Total unrestricted cash and cash equivalents per Exhibit A-1</i>					<u>\$ 346,866</u>

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

See independent auditors' report.

STATE OF NEW MEXICO
 City of Eunice
 Schedule of Collateral Pledged By Depository
 For Public Funds
 June 30, 2016

Schedule IV

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value at June 30, 2016</u>	<u>Location of Safekeeper</u>
Wells Fargo	FNMA FNMS 3.000%	9/1/2026	3138AULF2	\$ 438,034	BNY Mellon, New York, NY
	<i>Total Pledged Collateral</i>			<u>\$ 438,034</u>	

See independent auditors' report.

STATE OF NEW MEXICO
City of Eunice
Agency Funds
Schedule of Changes in Fiduciary Assets and Liabilities
For the Year Ended June 30, 2016

Schedule V

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Assets				
Cash	\$ -	\$ 17,838	\$ 17,838	\$ -
Due from participants	11,919	5,919	17,838	-
<i>Total assets</i>	<u>\$ 11,919</u>	<u>\$ 23,757</u>	<u>\$ 35,676</u>	<u>\$ -</u>
Liabilities				
Benefits payable	<u>\$ 11,919</u>	<u>\$ 23,757</u>	<u>\$ 35,676</u>	<u>\$ -</u>
<i>Total liabilities</i>	<u>\$ 11,919</u>	<u>\$ 23,757</u>	<u>\$ 35,676</u>	<u>\$ -</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, 2016

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP# (If applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>
6066	City of Eunice	Municipalities	EUN121-20	Competitive (RFP or RFB)	Ramirez and Sons, Inc	Winner	\$183,851.00
6066	City of Eunice	Municipalities	EUN121-20	Competitive (RFP or RFB)	Constructors, Inc	Loser	
6066	City of Eunice	Municipalities	2101750	Competitive (RFP or RFB)	Molzen Corbin Associates	Winner	Variable

See independent auditors' report.

<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
\$371,169.50	Hobbs, New Mexico	Yes	No	Road repair and reconstruction	
	Carlsbad, New Mexico	Yes	No	Road repair and reconstruction	
N/A	Albuquerque, New Mexico	Yes	No	Design work on NM Highway 248 from the intersection with NM Highway 176 Norther 1.3 miles to Hill Road	

See independent auditors' report.

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COMPLIANCE SECTION

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

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor 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, each major fund, the aggregate remaining fund information and the budgetary comparison of the general fund of the City of Eunice, New Mexico (the City) as of and for the year ended June 30, 2016, 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 December 15, 2016.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items FS 2016-001, and FS 2016-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as items FS 2016-003, FS 2016-004 and FS 2016-005 to be a significant deficiency.

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, finding as item FS 2016-006.

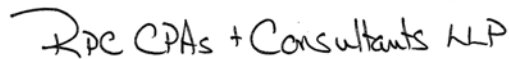
We noted certain matters that is required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as items FS 2006-006, FS 2015-004, NM 2016-001, NM 2016-002, NM and 2016-003.

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.



RPC CPAs + Consultants, LLP
Albuquerque, NM
December 15, 2016

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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 material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | Yes |

Section II – Prior Year Audit Findings

Prior Year Audit Findings

Financial Statement Findings

- FS 2006-006 (FS 2006-06) - Budget- Over Expended – Repeated and Modified
- FS 2015-001 Internal Controls (MVD) - Resolved
- FS 2015-002 Design Deficiencies in Internal Controls - Resolved
- FS 2015-003 Late Audit Report - Resolved
- FS 2015-004 Cash Appropriations in Excess of Available Cash Balances – Repeated and Modified

Section II – Findings - Financial Statement Audit

FS 2016-001 — Improper Year End Accruals (Material Weakness)

Condition: During accounts receivable testwork, there were six items totaling \$263,550 that were included on the accounts receivable listing provided by management that should not have been included. In addition, there was one item totaling \$5,735 that was not correctly identified by the City as being accounts receivable and should have been included.

Also, during our accounts payable testwork for subsequent disbursements, it was noted that three transactions totaling \$136,737 were improperly excluded from accounts payable at year end.

Criteria: *The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.*

Effect: An entry was proposed to correct the accounts receivable and accounts payable balances. Not properly identifying cutoff related to receivable and payable balances will cause revenues and expenses to be recorded in the improper period.

Cause: Management did not correctly identify items that are considered to be accounts receivable and accounts payable at year end.

Auditors' Recommendations: The City should review receipts and disbursements after the balance sheet date to determine which fiscal year they should be reported in. The City should keep a subledger tracking receivable and payable items near the balance sheet date as well as after year end to ensure all accruals are captured for the current year.

Views of Responsible Officials and Planned Corrective Action: The City of Eunice concurs with the auditors' recommendation and will add and implement finance Standard Operating Procedures (SOPs) to address this finding.

Section II – Findings - Financial Statement Audit (continued)

FS 2016-002 – Maintenance of Capital Assets (Material Weakness)

Condition: During testwork over the capital assets, several adjustments were required in order to tie the City's capital asset listing to the financial records. These included adding construction in progress to the listing and the proposal of restatements to governmental and business-type activities capital assets and related depreciation totaling \$140,157 and \$288,712, respectively in order to reasonably state balances at year-end.

Criteria: Section 2.20.1 NMAC requires agencies to properly account for capital assets; including implementing a capital asset accounting system, proper internal controls over the capital assets, and properly accounting for capital assets disposed of during the year.

Effect: Inaccurate tracking of capital assets increases the risk of misappropriation and assets are more susceptible to being misclassified and/or misstated without proper accounting.

Cause: The City's capital asset listing's beginning and ending balances did not reflect the total capital assets held by the City at year end; and land, construction in progress, and the value of donated assets were not being tracked by the City.

Auditors' Recommendations: RPC recommends that the City maintain the asset listing throughout the entire year to ensure that all items have all been accounted for at year end. Repairs and maintenance and other activity should be reviewed at least monthly to ensure correct posting to accounts and entries made to reclassify items posted incorrectly.

Views of Responsible Officials and Planned Corrective Action: The City of Eunice concurs with the recommendation, we have already added the missing items to the asset listing, and will be maintaining the listing throughout the year. We will add and implement SOPs to address this finding.

Section II – Findings - Financial Statement Audit (continued)

FS 2016-003 — Bank Reconciliations Outstanding Reconciling Items (Significant Deficiency)

Condition: During cash testwork, it was noted in three of the four bank accounts there were a total of 43 reconciling items that had been outstanding, as early as 2013, netting to \$1,404, which included outstanding checks and deposits that were negative and items in other adjustments. In addition, it was noted that the City is not correctly voiding checks in the system, and one item totaling \$82,324 is incorrectly carrying over as an outstanding item since July of 2015.

Criteria: *The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.*

Effect: Maintaining unnecessary reconciling items on the bank reconciliations may increase the risk that cash will be misstated at year end.

Cause: Management did not ensure that long-outstanding items on the bank reconciliations were addressed and cleared out as necessary and that all checks were properly voided in the system.

Auditors' Recommendations: The City should ensure that all cash is correctly recorded at year end by voiding checks properly in the system and clearing out long-outstanding items.

Views of Responsible Officials and Planned Corrective Action: The City of Eunice concurs with the auditors' recommendation, and will add and implement SOPs to address outstanding checks that are not part of stale dated checks.

Section II – Findings - Financial Statement Audit (continued)

FS 2016-004 — Inadequate Accounting Over Consumable Inventory (Significant Deficiency)

Condition: During testwork of consumable inventory, RPC noted that the City had a lack of controls over tracking inventory. There was no policy in effect for the current year that documented procedures for controlling, counting, or valuing inventory, and the inventory count performed at year end did not incorporate the consideration of the cost of inventory. Therefore, the City is estimating the balance as of June 30, 2016.

Criteria: *The Codification of Statements on Auditing Standards* (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

Effect: Without maintaining the value of the items in inventory, the City is unable to record the value of those assets. There is also an increased risk that inventory could be missing but still recorded on the City's consumable inventory list or overstated if defective or obsolete items are not properly deleted from the list and disposed of.

Cause: The City does not have documented internal control procedures over inventory that are sufficient to accurately track, value, and safeguard the consumable inventory of the City.

Auditors' Recommendation: We recommend that the City document in their policy and procedures manual internal control procedures over consumable inventory. We recommend that the City track inventory and conduct an inventory count at a minimum at the end of each year for all departments that keep consumable inventory on hand and include the value of the inventory items on their listing.

Views of Responsible Officials and Planned Corrective Actions: The City of Eunice concurs with the recommendation to improve inventory tracking in public works. We will add and implement SOPs to address this finding.

Section II – Findings - Financial Statement Audit (continued)

FS 2016-005 — Year End Reporting Not Approved by DFA (Significant Deficiency)

Condition: It was noted in review of the budgets that the final budget, fourth quarter cash report, and fourth quarter journal entries were not approved by the Department of Finance and Administration (DFA).

Criteria: Per Section 6-6-3 NMSA 1978, every local public body shall:

- Keep all the books, records and accounts in their respective offices in the form prescribed by the local government division,
- Make all reports as may be required by the local government division, and
- Conform to the rules and regulations adopted by the local government division.

Effect: The information that is reported to DFA is incomplete and could lead to inappropriate funding of the City.

Cause: City management is not ensuring that cash balances by fund or in total tie to the DFA report as well as there being a lack of internal controls in management ensuring that all cash is recorded on the general ledger correctly.

Auditors' Recommendations: We recommend the City communicate with DFA regarding what the requirements are for reporting cash balances and report what is required by the DFA and ensure that cash balances reported to DFA tie to the trial balance and bank reconciliations.

Views of Responsible Officials and Planned Corrective Actions: We have been trying, with New Mexico Department of Finance and Administration (DFA) input, to resolve this matter since August, 2016. We did submit the forms on time, but due to adjustments recommended by NM DFA special projects staff, the submitted forms did not satisfy the DFA budget analyst.

Section II – Findings - Financial Statement Audit (continued)

FS 2016-006 — DFA Cash Report Does Not Reconcile to the City’s Cash (Other Noncompliance)

Condition: For the year ended June 30, 2016, the City’s cash did not tie to the report submitted to the Department of Finance and Administration. The City’s cash differed from the DFA report by \$92,452. The following funds were shown to be out of balance by the following:

101	General Fund	\$ 57,908
217	Recreation	6,672
299	Other	11,526
300	Capital Projects	1,221
500	Water	11,589
500	Waste Water	1,045
500	Golf	2,491

Criteria: Per Section 6-6-3 NMSA 1978, every local public body shall:

- Keep all the books, records and accounts in their respective offices in the form prescribed by the local government division
- Make all reports as may be required by the local government division, and
- Conform to the rules and regulations adopted by the local government division.

Effect: The information that is reported to DFA is incomplete and could lead to inappropriate funding of the City.

Cause: City management is not ensuring that cash balances by fund or in total tie to the DFA report as well as there being a lack of internal controls in management ensuring that all cash is recorded on the general ledger correctly.

Auditors’ Recommendations: We recommend the City communicate with DFA regarding what the requirements are for reporting cash balances and report what is required by the DFA and ensure that cash balances reported to DFA tie to the trial balance and bank reconciliations.

Views of Responsible Officials and Planned Corrective Actions: We have been trying, with New Mexico Department of Finance and Administration (DFA) input, to resolve this matter since August, 2016.

Section III – Findings - Section 12-6-5 1978 NMSA

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:

	<u>Designated Cash</u>	<u>Beginning of Year Cash and Interfund Receivable Available</u>	<u>Cash Appropriation in excess of Available</u>
Senior Center Special Revenue Fund	\$ 34,146	\$ (29,416)	\$ 63,562
Total	<u>34,146</u>	<u>(29,416)</u>	<u>63,562</u>

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: The City did not monitor their budgets to ensure that designated cash was available in the funds with expense appropriations in excess of budget.

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 finding ties to cash allocations we believed were resolved with the DFA special projects staff. We will continue working with DFA, and we strongly recommend meetings with DFA, the City of Eunice, and auditors to get everyone on the same page and fix what we believed to be fixed several months ago.

STATE OF NEW MEXICO
 City of Eunice
 Schedule of Findings and Responses
 For the Year Ended June 30, 2016

Section III – Findings - Section 12-6-5 1978 NMSA continued

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

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

Governmental Funds

General Fund	\$	200,304
Correction Fees Special Revenue Fund		13,497
Ambulance Special Revenue Fund		1,589
Senior Center Special Revenue Fund		41,181
Gun Range Special Revenue Fund		756
Veterans' Memorial Capital Projects Fund		15,818

Proprietary Funds

Sewer Fund		437,166
Solid Waste Fund		310,233
Golf Fund		67,886
Total	\$	1,088,430

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.

Cause: The City is continuing to make progress on their budgeting issues, however adequate monitoring was not performed during fiscal year 2016.

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: We have been monitoring the budget monthly, and I was informed of the discrepancies in the budget. Adjustments are being worked on. Further, this finding ties to the challenges with getting the fourth quarter DFA budget report submittals resolved.

Section III – Findings - Section 12-6-5 1978 NMSA continued

NM 2016-001 — Payroll Documentation (Finding That Does Not Rise to Significant Deficiency)

Condition: During our payroll internal control testwork we identified two employees out of five tested that did not have a current payroll change form in their personnel file to show approval of their current pay rate.

Criteria: *The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management’s responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management’s assertions embodied in the financial statements.*

Effect: Without maintaining current payroll documentation, including those related to current pay rates, there is an increased risk that City employees could be paid the incorrect amount.

Cause: The payroll change forms were not obtained and maintained in the file.

Auditors’ Recommendations: The City should document and approve any changes to payroll information and maintain these changes in each employee’s personnel file.

Views of Responsible Officials and Planned Corrective Action: The City of Eunice concurs with the auditors’ recommendation. We will add and implement SOPs in the upcoming year to address this finding.

Section III – Findings - Section 12-6-5 1978 NMSA

NM 2016-002 — Procurement Act Listing (Other Noncompliance)

Condition: In the current year, no bids or proposals were noted by the City. However, during Procurement Act testwork and review of the minutes, one bid and one proposal were noted as being awarded during the current year.

Criteria: The Procurement Act, Section 13-1-97.2, NMSA 1978 documents the requirement that a central purchasing office shall maintain, for a minimum of three years, all records relating to the award of a contract through a competitive sealed bid or competitive sealed proposal process.

Effect: Not maintaining the proper files could cause noncompliance with the Procurement Act.

Cause: The City did not maintain an accurate listing of all bids and proposals to be provided upon request.

Auditors' Recommendation: The City should maintain a listing of all bids and proposals executed during the year as well as information regarding the award in a single file and to provide the documents upon request.

Views of Responsible Officials and Planned Corrective Actions: The City of Eunice has already implemented SOPs to address this finding. We have created spreadsheets and set up activity codes for all projects that go out to bid or RFP.

Section III – Findings - Section 12-6-5 1978 NMSA

NM 2016-003 — Travel and Per Diem (Other Noncompliance)

Condition: During testwork regarding compliance with the Per Diem and Mileage Act, the following were noted in the five samples totaling \$318.18 that were tested:

- In one out of five transactions totaling \$43, a City employee was reimbursed at a higher rate for out of town meals than the allowable amount, which resulted in an overpayment of \$13.
- In three out of five transactions, travel approval forms do not have the date of request or approval for travel to confirm travel reimbursement was approved prior to the travel date.

Criteria: *The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management’s responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management’s assertions embodied in the financial statements.*

The Per Diem and Mileage Act, Section 10-8-1 to 10-8-8, NMSA 1978 documents the requirements required by the Act. Such requirements include:

- 1) With prior written approval of the secretary or the secretary’s designee or the local public body, a nonsalaried public officer of a state agency or local public body, a salaried public officer of a state agency of local public body, or a salaried employee of a state agency or local public body is entitled to per diem expenses under this subsection and shall receive:
 - a. Reimbursement for actual expenses for lodging; and
 - b. Reimbursement for actual expenses for meals not to exceed \$30.00 per day for in-state travel and \$45.00 per day for out of state travel

Effect: The City did not comply with the Mileage and Per Diem Act and reimbursed more travel expense than is allowed. Unauthorized travel and per diem expenditures may be processed and paid without proper approval and rate calculation.

Cause: The City did not follow the Mileage and Per Diem Act when processing travel and per diem expenditures.

Auditors’ Recommendation: The City should implement a procedure to review all travel and per diem expenditures prior to payment and ensure all reimbursements are in compliance with State Statutes and the City’s policy.

Views of Responsible Officials and Planned Corrective Actions: The of Eunice will update its per diem policy to match State Statute. We will revise internal City policies to reflect the flexibility of receipts versus daily per diem. We believe that we have reasonably demonstrated the City Manager’s authority from the City of Eunice to travel on City business.

STATE OF NEW MEXICO

City of Eunice
Other Disclosures
June 30, 2016

Exit Conference

An exit conference was held on December 15, 2016. In attendance were the following:

Representing the City of Eunice:

Johnnie Matt White	City Mayor
Dr. Martin Moore	City Manager
Connie Lynn Whitmire	Finance Director
Candy Brito	City Clerk

Representing RPC CPAs + Consultants, LLP:

Cindy Bryan	Audit Partner
Danny Martinez, CPA	Manager
Jessica Small, CPA	Senior

Auditor Prepared Financial Statements

RPC CPAs + Consultants, 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.