

STATE OF NEW MEXICO

CITY OF SANTA ROSA

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2007

(WITH AUDITOR'S REPORT THEREON)

RICE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

STATE OF NEW MEXICO

CITY OF SANTA ROSA

AUDIT REPORT

For The Year Ended June 30, 2007

(with Auditor's Report Thereon)

STATE OF NEW MEXICO
CITY OF SANTA ROSA
TABLE OF CONTENTS
Year Ended June 30, 2006

	<u>Page</u>
Introduction Section	
Official Roster	i
Financial Section	
Independent Auditor's Report	1
<u>Financial Statements</u>	
<u>Statements</u>	
1 Statement of Net Assets	3
2 Statement of Activities	5
3 Balance Sheet - Governmental Funds	6
4 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	7
5 Governmental Funds: Statement of Revenues, Expenditures and Changes in Fund Balances	8
6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	9
7 General Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	10
8 Lodger's Tax Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	11
9 Proprietary Funds: Statement of Net Assets	12
10 Proprietary Funds: Combining Statement of Revenues, Expenses and Changes In Fund Net Assets	14

Table of Contents (continued)

	<u>Page</u>
11 Proprietary Funds: Combining Statement of Cash Flows	15
12 Statement of Fiduciary Assets - Agency Funds	16
Notes to Financial Statements	17
Non-Major Funds:	
Non-Major Governmental Funds:	
A-1 Combining Balance Sheet - By Fund Type	39
A-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - By Fund Type	40
A-3 Combined Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) Governmental Fund Types - Non-Major Special Revenue Funds	41
A-4 Combined Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) Capital Projects Funds	42
Non-Major Special Revenue Funds:	
B-1 Combining Balance Sheet	43
B-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances	45
B-3 Fire Protection Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	47
B-4 EMS Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	48
B-5 Corrections Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	49
B-6 Recreation Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	50
B-7 Gas Tax Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	51

Table of Contents (continued)

	<u>Page</u>
B-8 Library Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	52
B-9 Blue Hole Facility Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	53
B-10 Main Street Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	54
B-11 Lodger's Tax Promotion Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	55
B-12 Law Enforcement Protection Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	56
B-13 EMS/Fire/Rescue Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	57
B-14 Convention and Visitors Center Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	58
B-15 Senior Citizens Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	59
Non-Major Capital Projects Fund:	
C-1 Combining Balance Sheet	60
C-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances	63
C-3 DPS Building Projects Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	66
C-4 Park Renovation Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	67
C-5 River Road Drainage Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	68

Table of Contents (continued)

	<u>Page</u>
C-6 Main Street Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	69
C-7 Blue Hole Improvement Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	70
C-8 Airport Construction Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	71
C-9 Power Dam Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	72
C-10 Gutierrez Park Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	73
C-11 I-40 Infrastructure Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	74
C-12 Skate Park Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	75
C-13 CDBG 5 th & 6 th Street Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	76
C-14 Cultural Corridors Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	77
C-15 Softball Complex Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	78
C-16 Downtown Improvements Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	79
C-17 El Rito Creek Improvements Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	80

Table of Contents (continued)

	<u>Page</u>
C-18 ADA Assessments Fund:	
Statement of Revenues and Expenditures -	
Budget and Actual (Non-GAAP Budgetary Basis)	81
C-19 Golf Course Irrigation Fund:	
Statement of Revenues and Expenditures -	
Budget and Actual (Non-GAAP Budgetary Basis)	82
General Fund Detail:	
General Fund:	
D-1 Combining Balance Sheet	83
D-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances	84
D-3 Operating Fund:	
Statement of Revenues and Expenditures -	
Budget and Actual (Non-GAAP Budgetary Basis)	85
D-4 Golf Fund:	
Statement of Revenues and Expenditures -	
Budget and Actual (Non-GAAP Budgetary Basis)	86
D-5 Airport Fund:	
Statement of Revenues and Expenditures -	
Budget and Actual (Non-GAAP Budgetary Basis)	87
Proprietary Fund Detail:	
Proprietary Fund:	
E-1 Water/Sewer Fund:	
Statement of Revenues and Expenditures -	
Budget and Actual (Non-GAAP Budgetary Basis)	88
E-2 Solid Waste Fund:	
Statement of Revenues and Expenditures -	
Budget and Actual (Non-GAAP Budgetary Basis)	89
Supplementary Information	
Schedule of Change in Assets and Liabilities - All Agency Funds	90

Table of Contents (continued)

	<u>Page</u>
Schedule of Budgetary Basis to GAAP Basis Reconciliation - Non-Major Funds	91
Schedule of Expenditures of Federal Awards	96
Schedule of Findings and Questioned Costs	97
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	98
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	100
Status of Prior Year Findings	102
Financial Statement Preparation and Exit Conference	115

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Official Roster
Year Ended June 30, 2007

City Council

<u>Name</u>	<u>Title</u>
Mr. Joseph Campos	Mayor
Mr. Alvin V. Maestas, Sr.	Mayor Pro-Tem
Mr. Ian J. Serrano	Council Member
Mr. Patrick Cordova	Council Member
Mr. Jimmy Barela	Council Member

City Administration

Mr. Timothy P. Dodge	City Administrator
Ms. Carol Tapia	City Clerk

Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

TAX PLANNING
TAX PREPARATION
FAX (505) 294-8904

INDEPENDENT AUDITOR'S REPORT

Mr. Hector H. Balderas
New Mexico State Auditor
and
Honorable Mayor Joseph Campos
and City Council
City of Santa Rosa
Santa Rosa, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Rosa, as of and for the year ended June 30, 2007, 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 presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2007 as listed in the table of contents. These financial statements are the responsibility of the City of Santa Rosa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Santa Rosa's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Santa Rosa, as of June 30, 2007, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparisons for the General, and Lodgers Tax Funds for the year then ended in conformity 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 non-major governmental fund of the City of Santa Rosa, as of June 30, 2007, and the respective changes in financial position, thereof and the respective budgetary comparisons for the non-major governmental funds and the non-major enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2009 on our consideration of the City of Santa Rosa's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

The City has not presented the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements and the combining and individual fund financial statements and the budgetary comparisons of the City of Santa Rosa. The accompanying financial information listed as Schedule of Budgetary Basis to GAAP Basis Reconciliation and Schedule of Expenditures of Federal Awards is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic, combining and individual fund financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements of each of the respective individual funds taken as a whole.

Rice & Associates, C.P.A.

May 27, 2009

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Statement of Net Assets
June 30, 2007

Statement 1
Page 1 of 2

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current Assets			
Cash	\$ 3,913,187	\$ 691,543	\$ 4,604,730
Accounts receivable (net of uncollectible accounts)	248,669	118,518	367,187
Total current assets	4,161,856	810,061	4,971,917
Restricted Assets (Cash)			
Customer meter deposits	-	37,970	37,970
Repair and replacement	-	90,163	90,163
Sewer capital reserve	-	39,973	39,973
Solid waste construction	-	24,529	24,529
Total restricted assets	-	192,635	192,635
Capital Assets			
Land	845,578	158,559	1,004,137
Land improvements	5,203,503	-	5,203,503
Buildings and improvements	2,688,043	127,584	2,815,627
Airport	3,672,317	-	3,672,317
Street improvements	8,032,808	-	8,032,808
Vehicles and equipment	3,246,793	1,035,228	4,282,021
Plant	-	6,912,291	6,912,291
Total capital assets	23,689,042	8,233,662	31,922,704
Less accumulated depreciation	(8,407,800)	(2,231,282)	(10,639,082)
Total capital assets (net of accumulated depreciation)	15,281,242	6,002,380	21,283,622
Total assets	\$ 19,443,098	\$ 7,005,076	\$ 26,448,174

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Statement of Net Assets
June 30, 2007

Statement 1
Page 2 of 2

	Governmental Activities	Business Type Activities	Total
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 34,922	\$ 27,783	\$ 62,705
Customer meter deposits (restricted)	-	37,970	37,970
Accrued interest payable	149,617	-	149,617
Deferred revenue	-	6,300	6,300
Revenue bonds payable - current portion	133,550	10,000	143,550
Loans payable - current portion	46,233	44,922	91,155
Total current liabilities	<u>364,322</u>	<u>126,975</u>	<u>491,297</u>
Non-Current Liabilities			
Revenue bonds payable (less current portion)	3,687,322	813,300	4,500,622
Compensated absences payable	79,795	29,058	108,853
Landfill closure and post closure liability	-	1,482,700	1,482,700
Loans payable (less current portion)	340,818	60,634	401,452
Total non-current liabilities	<u>4,107,935</u>	<u>2,385,692</u>	<u>6,493,627</u>
Total liabilities	<u>4,472,257</u>	<u>2,512,667</u>	<u>6,984,924</u>
Net Assets			
Invested in net assets			
net of related debt	10,923,702	5,073,524	15,997,226
Unrestricted	2,000,237	(735,780)	1,264,457
Restricted for repair and replacement	-	154,665	154,665
Restricted for capital outlay	1,756,617	-	1,756,617
Restricted for debt service	290,285	-	290,285
Total net assets	<u>14,970,841</u>	<u>4,492,409</u>	<u>19,463,250</u>
Total liabilities and net assets	<u>\$ 19,443,098</u>	<u>\$ 7,005,076</u>	<u>\$ 26,448,174</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Statement of Activities
Year Ended June 30, 2007

Statement 2

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 921,551	\$ 92,907	\$ 702,258	\$ -	\$ (126,386)	\$ -	\$ (126,386)
Highways and streets	409,033	-	-	1,255,295	846,262	-	846,262
Public safety	1,148,877	87,361	228,672	-	(832,844)	-	(832,844)
Culture and recreation	1,028,600	133,082	32,274	183,000	(680,244)	-	(680,244)
Interest on long-term debt	184,740	-	-	-	(184,740)	-	(184,740)
Depreciation - unallocated	1,036,925	-	-	-	(1,036,925)	-	(1,036,925)
Total governmental activities	<u>4,729,726</u>	<u>313,350</u>	<u>963,204</u>	<u>1,438,295</u>	<u>(2,014,877)</u>	<u>-</u>	<u>(2,014,877)</u>
Business-type activities:							
Water/sewer services	671,457	735,428	-	1,344,134	-	1,408,105	1,408,105
Solid waste services	1,244,048	278,084	45,421	-	-	(920,543)	(920,543)
Interest on long-term debt	37,831	-	-	-	-	(37,831)	(37,831)
Depreciation - unallocated	240,980	-	-	-	-	(240,980)	(240,980)
Total business-type activities	<u>2,194,316</u>	<u>1,013,512</u>	<u>45,421</u>	<u>1,344,134</u>	<u>-</u>	<u>208,751</u>	<u>208,751</u>
Total all activities	<u>\$ 6,924,042</u>	<u>\$ 1,326,862</u>	<u>\$ 1,008,625</u>	<u>\$ 2,782,429</u>	<u>(2,014,877)</u>	<u>208,751</u>	<u>(1,806,126)</u>
General Revenues:							
Property taxes					177,191	-	177,191
Gross receipts taxes					2,187,538	95,698	2,283,236
Franchise taxes					26,419	-	26,419
Motor vehicle taxes					12,531	-	12,531
Gas taxes					225,849	-	225,849
Cigarette taxes					9,967	-	9,967
Lodgers taxes					441,211	-	441,211
State aid not restricted to special purpose							
General					35,000	-	35,000
Investment earnings					78,931	5,874	84,805
Transfers					(235,000)	235,000	-
Total general revenues and transfers					<u>2,959,637</u>	<u>336,572</u>	<u>3,296,209</u>
Change in net assets					944,760	545,323	1,490,083
Net assets - beginning					<u>14,026,081</u>	<u>3,947,086</u>	<u>17,973,167</u>
Net assets - ending					<u>\$ 14,970,841</u>	<u>\$ 4,492,409</u>	<u>\$ 19,463,250</u>

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Balance Sheet
 Governmental Funds
 June 30, 2007

Statement 3

	General Fund	Lodgers Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash on deposit	\$ 588,473	\$ 1,951,162	\$ 1,373,552	\$ 3,913,187
Accounts receivable	157,980	43,265	47,424	248,669
Total assets	<u>\$ 746,453</u>	<u>\$ 1,994,427</u>	<u>\$ 1,420,976</u>	<u>\$ 4,161,856</u>
LIABILITIES				
Accounts payable	\$ 34,922	\$ -	\$ -	\$ 34,922
Total liabilities	<u>34,922</u>	<u>-</u>	<u>-</u>	<u>34,922</u>
FUND BALANCE				
Unreserved:				
Designated for subsequent years expenditures	171,366	1,875,986	-	2,047,352
Undesignated reported in:				
General fund	540,165	-	-	540,165
Special revenue funds	-	118,441	815,067	933,508
Capital project funds	-	-	605,909	605,909
Total fund balance	<u>711,531</u>	<u>1,994,427</u>	<u>1,420,976</u>	<u>4,126,934</u>
Total liabilities and fund balance	<u>\$ 746,453</u>	<u>\$ 1,994,427</u>	<u>\$ 1,420,976</u>	<u>\$ 4,161,856</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
June 30, 2007

Statement 4

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances - governmental funds		\$ 4,126,934
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds

The cost of capital assets	23,689,042	
Accumulated depreciation	<u>(8,407,800)</u>	
		<u>15,281,242</u>

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

Interest payable	(149,617)	
Loans payable	(387,051)	
Revenue bonds payable	(3,820,872)	
Compensated absences	<u>(79,795)</u>	
		<u>(4,437,335)</u>

Net assets of governmental activities		<u>\$ 14,970,841</u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2007

Statement 5

	General Fund	Lodgers Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 177,191	\$ 441,211	\$ -	\$ 618,402
Franchise taxes	26,419	-	-	26,419
Gross receipts taxes	867,145	-	-	867,145
Charges for services	190,718	-	14,691	205,409
Licenses and permits	8,593	-	31,292	39,885
Fines and forfeitures	33,104	2,450	10,502	46,056
Local sources	374,304	-	254,358	628,662
State sources	44,855	22,000	1,359,599	1,426,454
Federal sources	8,666	-	394,717	403,383
State shared taxes	1,339,850	-	228,890	1,568,740
Earnings from investments	44,971	30,109	3,851	78,931
Total revenues	<u>3,115,816</u>	<u>495,770</u>	<u>2,297,900</u>	<u>5,909,486</u>
EXPENDITURES				
Current:				
General government	777,318	-	146,643	923,961
Highways and streets	187,904	-	221,129	409,033
Public safety	949,199	-	235,771	1,184,970
Culture and recreation	639,217	-	389,383	1,028,600
Capital outlay	1,833,708	97,470	2,450,088	4,381,266
Debt service:				
Loan	34,927	39,848	-	74,775
Interest	70,877	37,210	-	108,087
Total expenditures	<u>4,493,150</u>	<u>174,528</u>	<u>3,443,014</u>	<u>8,110,692</u>
Excess (deficiency) revenues over expenditures	(1,377,334)	321,242	(1,145,114)	(2,201,206)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	94,100	-	1,082,471	1,176,571
Operating transfers (out)	(606,384)	(478,068)	(327,119)	(1,411,571)
Loan proceeds	1,953,860	1,943,951	215,000	4,112,811
Total other financing sources (uses)	<u>1,441,576</u>	<u>1,465,883</u>	<u>970,352</u>	<u>3,877,811</u>
Net change in fund balances	64,242	1,787,125	(174,762)	1,676,605
Fund balance beginning of year	647,289	207,302	1,595,738	2,450,329
Fund balance end of year	<u>\$ 711,531</u>	<u>\$ 1,994,427</u>	<u>\$ 1,420,976</u>	<u>\$ 4,126,934</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA

Statement 6

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2007

Net change in fund balances - total governmental funds \$ 1,676,605

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

Capital outlays to purchase or build capital
assets are reported in governmental funds as
expenditures. However, for governmental
activities those costs are shown in the statement
of net assets and allocated over their estimated
useful lives as annual depreciation expenses in the
statement of activities. This is the amount by which
capital outlays exceeds depreciation in the period.

Capital outlays	4,379,149
Depreciation expense	<u>(1,036,925)</u>

Excess of capital outlay over depreciation expense	3,342,224
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In the Statement of Activities, certain operating
expenses are measured by the amount incurred
during the year. In the fund financial statements,
however, expenditures are measured by the amount
of financial resources used (essentially the amounts
actually paid). The (increases) decreases in the
liabilities for the year were:

Accrued interest payable	(76,653)
Compensated absences payable	4,527
Revenue bonds payable	(3,886,036)
Loans payable	(226,775)

Repayment of loans payable is an expenditure
in the governmental funds, but it reduces long-term
liabilities in the statement of net assets and does not
affect the Statement of Activities

110,868

Change in net assets of governmental activities	<u>\$ 944,760</u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF SANTA ROSA
General Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 171,000	\$ 171,000	\$ 230,028	\$ 59,028
Franchise taxes	27,200	27,200	26,419	(781)
Gross receipts taxes	972,000	972,000	867,145	(104,855)
Charges for services	306,500	313,582	190,718	(122,864)
Licenses and permits	8,100	8,100	8,593	493
Fines and forfeitures	35,300	35,300	33,104	(2,196)
Local sources	161,911	161,911	374,304	212,393
State sources	38,800	38,800	44,855	6,055
Federal sources	10,000	10,000	7,662	(2,338)
State shared taxes	951,500	951,500	1,341,161	389,661
Earnings from investments	8,000	8,000	44,971	36,971
	<u>\$ 2,690,311</u>	<u>\$ 2,697,393</u>	<u>\$ 3,168,960</u>	<u>\$ 471,567</u>
EXPENDITURES				
General government	\$ 625,000	\$ 625,000	\$ 766,712	\$ (141,712)
Highways and streets	158,350	158,350	187,904	(29,554)
Public safety	782,944	782,944	949,199	(166,255)
Culture and recreation	531,607	568,607	639,217	(70,610)
Capital outlay	153,046	1,999,450	1,833,708	165,742
Debt service:				
Loan principle	-	37,316	34,927	2,389
Loan interest	-	70,140	70,877	(737)
	<u>\$ 2,250,947</u>	<u>\$ 4,241,807</u>	<u>\$ 4,482,544</u>	<u>\$ (240,737)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 68,100	\$ 94,100	\$ 94,100	\$ -
Transfers out	(670,000)	(670,000)	(606,384)	63,616
Loan proceeds	-	1,953,860	1,953,860	-
	<u>\$ (601,900)</u>	<u>\$ 1,377,960</u>	<u>\$ 1,441,576</u>	<u>\$ 63,616</u>
BUDGETED CASH BALANCE	<u>\$ 162,536</u>	<u>\$ 166,454</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Lodger's Tax Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 372,000	\$ 399,149	\$ 447,124	\$ 47,975
Fines and forfeitures	1,060	1,060	2,450	1,390
State sources	13,000	13,000	22,000	9,000
Earnings on investments	35	35	30,109	30,074
Total revenues	<u>\$ 386,095</u>	<u>\$ 413,244</u>	<u>\$ 501,683</u>	<u>\$ 88,439</u>
EXPENDITURES				
Culture & recreation	\$ -	\$ 77,141	\$ 174,528	\$ (97,387)
Total expenditures	<u>\$ -</u>	<u>\$ 77,141</u>	<u>\$ 174,528</u>	<u>\$ (97,387)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (382,900)	\$ (478,068)	\$ (478,068)	\$ -
Loan proceeds	-	-	1,943,951	1,943,951
Total other financing sources (uses)	<u>\$ (382,900)</u>	<u>\$ (478,068)</u>	<u>\$ 1,465,883</u>	<u>\$ 1,943,951</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 141,965</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Proprietary Funds
Statement of Net Assets
June 30, 2007

Statement 9
Page 1 of 2

	Water/Sewer Fund	Solid Waste Fund	Totals
ASSETS			
Current Assets			
Cash on deposit	\$ 406,699	\$ 284,844	\$ 691,543
Accounts receivable (net)	<u>89,184</u>	<u>29,334</u>	<u>118,518</u>
Total Current Assets	<u>495,883</u>	<u>314,178</u>	<u>810,061</u>
Restricted Assets (Cash)			
Customer meter deposits	37,970	-	37,970
Repair and replacement	90,163	-	90,163
Sewer Capital Reserve	39,973	-	39,973
Solid Waste Construction	<u>-</u>	<u>24,529</u>	<u>24,529</u>
Total Restricted Assets (Cash)	<u>168,106</u>	<u>24,529</u>	<u>192,635</u>
Non-Current Assets			
Land	158,559	-	158,559
Equipment	99,313	695,661	794,974
Vehicles	230,552	9,702	240,254
Plant	6,492,150	420,141	6,912,291
Buildings	127,584	-	127,584
Accumulated depreciation	<u>(1,890,980)</u>	<u>(340,302)</u>	<u>(2,231,282)</u>
Total Non-Current Assets	<u>5,217,178</u>	<u>785,202</u>	<u>6,002,380</u>
Total Assets	<u>\$ 5,881,167</u>	<u>\$ 1,123,909</u>	<u>\$ 7,005,076</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Proprietary Funds
Statement of Net Assets
June 30, 2007

Statement 9
Page 2 of 2

	Water/Sewer Fund	Solid Waste Fund	Totals
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 15,515	\$ 12,268	\$ 27,783
Customer meter deposits			
payable from Restricted Assets	37,970	-	37,970
Deferred revenue	6,300	-	6,300
Revenue bonds payable	10,000	-	10,000
Loans payable	-	44,922	44,922
	69,785	57,190	126,975
Long-Term Liabilities			
Revenue bonds payable	813,300	-	813,300
Loan payable	-	60,634	60,634
Compensated absences	19,266	9,792	29,058
Landfill closure and post-closure liability	-	1,482,700	1,482,700
	832,566	1,553,126	2,385,692
Total Long-Term Liabilities			
	902,351	1,610,316	2,512,667
NET ASSETS			
Invested in Capital Assets, net of related debt	4,393,878	679,646	5,073,524
Unrestricted	454,802	(1,190,582)	(735,780)
Restricted for repair and replacement	130,136	24,529	154,665
	4,978,816	(486,407)	4,492,409
Total Net Assets and Liabilities			
	\$ 5,881,167	\$ 1,123,909	\$ 7,005,076

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2007

	Water/Sewer Fund	Solid Waste Fund	Totals
OPERATING REVENUES			
Sales and services	735,428	278,084	\$ 1,013,512
Total operating revenue	735,428	278,084	1,013,512
OPERATING EXPENSES			
Personal services	294,536	254,088	548,624
Maintenance and operations	376,921	989,960	1,366,881
Depreciation	143,365	97,615	240,980
Total operating expenses	814,822	1,341,663	2,156,485
Operating income (loss)	(79,394)	(1,063,579)	(1,142,973)
NON-OPERATING REVENUE (EXPENSE)			
Investment income	3,150	2,724	5,874
Investment expense	(35,391)	(2,440)	(37,831)
State Grant	52,464	45,421	97,885
Federal Grant	1,291,670	-	1,291,670
Environmental gross receipts taxes	-	95,698	95,698
Total Non-Operating Revenue (Expense)	1,311,893	141,403	1,453,296
Income (loss) before transfers	1,232,499	(922,176)	310,323
Operating transfers in	145,000	90,000	235,000
Operating transfers out	-	-	-
Net transfers	145,000	90,000	235,000
Change in Net Assets	1,377,499	(832,176)	545,323
Total net assets, beginning of year	3,601,317	345,769	3,947,086
Total net assets, end of year	<u>\$ 4,978,816</u>	<u>\$ (486,407)</u>	<u>\$ 4,492,409</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Proprietary Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2007

Statement 11

	Water/Sewer Fund	Solid Waste Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 746,110	\$ 377,535	\$ 1,123,645
Cash payments to employees and to suppliers for goods and services	(659,233)	(563,849)	(1,223,082)
Net cash provided by operating activities	86,877	(186,314)	(99,437)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(1,826,284)	(48,000)	(1,874,284)
Loan payments	(9,000)	(44,254)	(53,254)
Investment expense	(35,390)	(2,440)	(37,830)
Loan proceeds	375,000	-	375,000
Net cash provided (used) by capital and related financing activities	(1,495,674)	(94,694)	(1,590,368)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from state grants	52,464	45,421	97,885
Cash received from federal grants	1,252,159	-	1,252,159
Operating transfers from other funds	145,000	90,000	235,000
Operating transfers to other funds	-	-	-
Net cash provided (used) by noncapital financing activities	1,449,623	135,421	1,585,044
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	3,149	2,724	5,873
Net cash provided by investing activities	3,149	2,724	5,873
Net increase (decrease) in cash	43,975	(142,863)	(98,888)
Cash, beginning of year	530,831	452,236	983,067
Cash, end of year	\$ 574,806	\$ 309,373	\$ 884,179
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (79,394)	\$ (967,881)	\$ (1,047,275)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	143,365	97,614	240,979
Changes in assets and liabilities:			
(Increase) decrease in receivables	(14,318)	3,753	(10,565)
Increase (decrease) in accounts payable	2,343	679,858	682,201
Increase (decrease) in compensated absences	5,388	342	5,730
Increase (decrease) in meter deposits payable	4,493	-	4,493
Increase (decrease) in revenue bonds payable	25,000	-	25,000
Net cash provided (used) by operating activities	\$ 86,877	\$ (186,314)	\$ (99,437)

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2007

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u> -</u>
Total Assets	\$ <u><u> -</u></u>
LIABILITIES	
Due to bond holders	\$ <u> -</u>
Total Liabilities	\$ <u><u> -</u></u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Notes to Financial Statements
Year Ended June 30, 2007

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Santa Rosa was incorporated under the provisions of the Municipal Code of the State of New Mexico (Sec. 14-2-1 et-Seq. 1953 Comp.) The City operates under a mayor-council form of government and provides the following services: public safety (police, emergency and fire), public works (highway and streets), community services (culture and recreation), judicial, development, legal, engineering and general administrative services.

The summary of significant accounting policies of the City of Santa Rosa is presented to assist in the understanding of the City of Santa Rosa's financial statements. The financial statements and notes are the representation of the City of Santa Rosa'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. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basis - 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 is conducted within the geographic boundaries of the City and is generally

Notes to Financial Statements (continued)

available to 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 City is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no component units included in the reporting entity.

B. Government-wide and fund financial statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Separate financial statements are provided for governmental funds and proprietary funds. 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 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 are recognized as revenues, net of estimated refunds and estimated uncollectible amounts, in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 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

Notes to Financial Statements (continued)

well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

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, except for that portion of depreciation that is identified as unallocated on the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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. 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. 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.

The government reports the following major governmental funds:

General Fund - To account for resources traditionally associated with governments which are not required to be accounted for in another fund. This fund includes the Operations Accounts, the Airport Account which is the operations of the airport and the Golf Account which is the operations of the golf course. The Airport Account and the Golf Account are subsidized by the City for any operating deficits.

Special Revenue Fund - Lodgers Tax Fund - To account for the administration of a City promotional effort. Funds are derived from a lodger's tax imposed on motel rentals. (Authority is NMSA 3-38-13).

The City reports the following as Proprietary Funds.

Proprietary Funds - Enterprise Funds

Enterprise Fund - Water and Sewer Fund - To account for the operations of the City's Water and Sewer Department, for meter deposits and payment of Joint Utility Revenue Bonds.

Notes to Financial Statements (continued)

Enterprise Fund - Solid Waste Fund - To account for the operations of the (contracted) solid waste services.

Additionally, the City reports the following fund types:

Fiduciary Funds - Agency Funds

Agency Funds - To account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the City.

The City also reports additional Government funds as non-major. They include:

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Project Funds - These funds are used to account for the acquisition of capital assets or construction of major capital projects.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the wastewater, solid waste, and sewer funds are charges to customers for sales and services. The wastewater fund also recognized as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Notes to Financial Statements (continued)

All governmental and business-type activities and enterprise funds of the city follow FASB Statements and Interpretations issued after November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Assets, Liabilities and Net Assets 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. For purposes of the Statement of Cash Flows, the City considers all highly liquid investments including restricted cash assets to be cash equivalents.

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 cost.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as "internal balances".

Advances between funds, as reported in the fund financial statement, 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.

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 not recorded as revenue until received.

Inventories

Inventories in governmental funds consist of expendable supplies held for consumption, and are valued at cost using a first-in, first-out (FIFO) method. Expendable supplies are reported at cost, and expenditures are recorded at the time individual inventory items are purchased. Proprietary fund

Notes to Financial Statements (continued)

inventories are recorded at the lower of cost or market on a first-in, first-out basis, and consist of operating supplies held for use in operations and are recorded as expenditures when purchased.

Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their payment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

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. This is an increase from the \$1,000 threshold reported in prior years. This is a change in accounting estimate. All previously reported Capital Assets that do not meet the updated amount will be depreciated currently and in future periods until they are fully depreciated. 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. Donated capital assets are recorded at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized.

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

The City does not capitalize computer software or software developed for internal use (if applicable) unless they exceed the \$5,000 threshold. Also, the City does not capitalize library books unless they exceed the \$5,000 threshold.

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.

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

Notes to Financial Statements (continued)

<u>Assets</u>	<u>Years</u>
Buildings	33
Building improvements	33
Public domain infrastructure	33
System infrastructure	33
Vehicles	3 to 5
Office equipment	3 to 10
Heavy equipment	3 to 10

Deferred Revenues

Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues.

Compensated Absences

Vested or accumulated vacation and compensation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

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 assets. Bonds payable are reported net of the applicable bond premium or discount.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

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.

Notes to Financial Statements (continued)

E. Budgetary Information

The original reporting budget is coordinated and prepared by the City Manager and staff. The budget is brought before the City Council for approval. The approved budget is then presented to the State of New Mexico, Department of Finance and Administration for approval. Amendments to the budget, including operating transfers, must follow the same process as the original budget. Adjustments and other amendments made to the original budget have been included in the budgetary comparison statements of this report. The Department of Finance and Administration exercises budget control at the fund level. The budgets of all individual funds may not be legally over expended. All appropriations lapse at year end. The City does not use encumbrance accounting.

Budgets, and amendments to the budgets, for all governmental and proprietary type funds are adopted in a legally permissible manner. The budgets presented in the financial statements are considered to be adopted on a basis inconsistent with generally accepted accounting principles (GAAP). Budgetary comparisons presented for these funds are on a NON-GAAP (cash) budgetary basis.

F. Property Taxes

Property taxes are collected by the Guadalupe County Treasurer and remitted to the City monthly. Delinquent property taxes payable to the Guadalupe County Treasurer are not recognized until actually collected and remitted by the Guadalupe County Treasurer to the City. Property taxes are payable to the County Treasurer in two equal installments, due on November 10th of each year in which the tax bill was prepared and mailed and on April 10th of the following year. Pursuant to Section 7-38-46, NMSA 1978, property taxes are delinquent if not paid within thirty days after the date on which they are due. Taxes on real property may be collected by selling the real property on which the taxes are delinquent.

G. Interfund Transactions

Transactions that constitute material reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Notes to Financial Statements (continued)

H. Risk Management

The City is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance of these risks of loss, including workers' compensation and employee health and accident insurance.

2. DEPOSITORY COLLATERAL

New Mexico statutes provide that deposits of public monies in financial institutions must be secured by pledged collateral in an aggregate value equal to one-half of the amount of the public monies deposited after deducting the amount of Federal Deposit Insurance Corporation insurance coverage (for each financial institution).

The following is the Cash on Deposit at each financial institution.

Wells Fargo Bank	Checking	City of Santa Rosa	\$	2,551
Wells Fargo Bank	Checking	City of Santa Rosa		1,600
Wells Fargo Bank	Checking	City of Santa Rosa		1,988
Wells Fargo Bank	Checking	City of Santa Rosa		1
Wells Fargo Bank	Checking	City of Santa Rosa		8,753
Wells Fargo Bank	Checking	City of Santa Rosa		47,142
Wells Fargo Bank	Checking	City of Santa Rosa		52,115
Wells Fargo Bank	Checking	City of Santa Rosa		89,152
Wells Fargo Bank	Checking	City of Santa Rosa		77,749
Wells Fargo Bank	Checking	City of Santa Rosa		38,232
Wells Fargo Bank	Checking	City of Santa Rosa		11,405
Wells Fargo Bank	Checking	City of Santa Rosa		12,595
Wells Fargo Bank	Checking	City of Santa Rosa		190,135
Wells Fargo Bank	Checking	City of Santa Rosa		373
Wells Fargo Bank	Checking	City of Santa Rosa		130,136
Wells Fargo Bank	Checking	City of Santa Rosa		103
Wells Fargo Bank	Checking	City of Santa Rosa		60,687
Wells Fargo Bank	Checking	City of Santa Rosa		10,903
Wells Fargo Bank	Checking	City of Santa Rosa		135,256
Wells Fargo Bank	Checking	City of Santa Rosa		126,676
Wells Fargo Bank	Checking	City of Santa Rosa		100,192
Wells Fargo Bank	Checking	City of Santa Rosa		21,180
Wells Fargo Bank	Checking	City of Santa Rosa		23,787
Wells Fargo Bank	Checking	City of Santa Rosa		12,006
Wells Fargo Bank	Checking	City of Santa Rosa		1,831
Wells Fargo Bank	Checking	City of Santa Rosa		4,142
Wells Fargo Bank	Checking	City of Santa Rosa		112,667
Wells Fargo Bank	Checking	City of Santa Rosa		100,216
Wells Fargo Bank	Checking	City of Santa Rosa		8,781
Wells Fargo Bank	Checking	City of Santa Rosa		1
Wells Fargo Bank	Checking	City of Santa Rosa		9,978
Wells Fargo Bank	Checking	City of Santa Rosa		4,179
Wells Fargo Bank	Checking	City of Santa Rosa		15,148
Wells Fargo Bank	Checking	City of Santa Rosa		100
Wells Fargo Bank	Checking	City of Santa Rosa		53,926
Wells Fargo Bank	Checking	City of Santa Rosa		84,089

Notes to Financial Statements (continued)

Wells Fargo Bank	Checking	City of Santa Rosa	201,835
Wells Fargo Bank	Checking	City of Santa Rosa	120,019
Wells Fargo Bank	Checking	City of Santa Rosa	38,380
Wells Fargo Bank	Checking	City of Santa Rosa	362,519
Wells Fargo Bank	Savings	City of Santa Rosa	8,490
Wells Fargo Bank	Savings	City of Santa Rosa	11,979
Wells Fargo Bank	Savings	City of Santa Rosa	110,965
Wells Fargo Bank	Certificate of Deposit	City of Santa Rosa	302,576
Wells Fargo Bank	Certificate of Deposit	City of Santa Rosa	88,916
Wells Fargo Bank	Certificate of Deposit	City of Santa Rosa	11,084
Wells Fargo Bank	Certificate of Deposit	City of Santa Rosa	16,660
New Mexico Finance Authority	Savings	City of Santa Rosa	11,642
New Mexico Finance Authority	Savings	City of Santa Rosa	12,887
New Mexico Finance Authority	Savings	City of Santa Rosa	138,245
New Mexico Finance Authority	Savings	City of Santa Rosa	11,920
New Mexico Finance Authority	Savings	City of Santa Rosa	5,482
New Mexico Finance Authority	Savings	City of Santa Rosa	140,120
New Mexico Finance Authority	Savings	City of Santa Rosa	1,730,384
New Mexico Finance Authority	Savings	City of Santa Rosa	19,126
New Mexico Finance Authority	Savings	City of Santa Rosa	<u>1,625</u>
Total cash on deposit			<u>\$4,894,629</u>
Total cash per bank			\$4,894,629
Petty cash			600
Deposits in transit			17,561
Outstanding checks			(115,426)
Rounding			<u>1</u>
Total per financial statements			<u>\$4,797,365</u>
Cash on deposit at June 30, 2007			\$4,894,629
Less repurchase agreement			(360,662)
Less F.D.I.C.			(200,000)
Less amounts held at New Mexico Finance Authority			<u>(2,071,431)</u>
Uninsured funds			2,262,536
50% Collateral Requirement			1,131,268
Pledged Collateral			<u>2,468,045</u>
Excess of pledged collateral			<u>\$1,336,777</u>

Notes to Financial Statements (continued)

Custodial Credit Risk - Deposits - Custodial Credit Risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2007, \$2,262,536 of the City's bank balance of \$4,894,629 was exposed to custodial credit risk as follows:

A. Uninsured and uncollateralized	\$ -0-
B. Uninsured and collateralized with securities held by the pledging banks trust department, but not in the City's name	<u>2,262,536</u>
Total	<u>\$ 2,262,536</u>

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued to the City for at least one half of the amount on deposit with the institution.

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. The collateral pledged is shown as follows:

<u>Wells Fargo Bank MINN-MPLS</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FNCL #311409UUZ6	5-01-36	\$ 136,946
FNCL #311409CV69	5-01-36	1,977,898
G2SF #36202DPS4	9-20-31	20,800
G2SF #36202DUV1	10-20-32	88,186
GNSF #36225A4J6	7-15-28	40,295
GNSF #36225BHZ4	7-15-29	17,176
GNSF #36225BML9	3-15-31	167,184
GNSF #36225BM39	4-15-31	<u>19,560</u>
		<u>\$2,468,045</u>
Repurchase Agreement		<u>\$ 360,662</u>
102% Collateral Requirement		367,875
Pledged Collateral		<u>367,876</u>
Excess of pledged collateral		<u>\$ 1</u>
 <u>Wells Fargo Bank MINN-MPLS</u>	 <u>Maturity Date</u>	 <u>Fair Market Value</u>
FNCL #00878529	2-01-36	<u>\$ 367,876</u>

The amount held at the New Mexico Finance Authority totaling \$2,071,431 is collateralized within the NMFA guidelines. This information is not available by individual Agency but the financial statements for the NMFA are available by writing to New Mexico Finance Authority, 207 Shelby Street, Santa Fe, New Mexico 87501.

Notes to Financial Statements (continued)

3. RECEIVABLES

Receivables as of June 30, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Receivables from customers	\$ -	\$ 129,539
Less allowance for Uncollectible accounts	-	(14,296)
Subtotal	-	115,243
Taxes receivable	248,669	3,275
Total	<u>\$ 248,669</u>	<u>\$ 118,518</u>

4. CAPITAL ASSETS

The amount of property, plant and equipment in the Business-Type Activities consists of the following:

	<u>Balances June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances June 30, 2007</u>
Land	\$ 158,559	\$ -	\$ -	\$ 158,559
Total assets not depreciated	<u>158,559</u>	<u>-</u>	<u>-</u>	<u>158,559</u>
Buildings	109,935	17,648	-	127,583
Equipment	746,975	48,000	-	794,975
Vehicles	240,254	-	-	240,254
Plant	<u>6,072,032</u>	<u>1,801,306</u>	<u>(961,046)</u>	<u>6,912,292</u>
Total assets depreciated	<u>7,327,755</u>	<u>1,866,954</u>	<u>(961,046)</u>	<u>8,233,663</u>
Less: accumulated depreciation	<u>(2,951,349)</u>	<u>(240,980)</u>	<u>961,046</u>	<u>(2,231,283)</u>
Net capital assets	<u>\$ 4,376,406</u>	<u>\$1,625,974</u>	<u>\$ -</u>	<u>\$ 6,002,380</u>

The amount of property, plant and equipment in the Governmental-Type Activities consists of the following:

	<u>Balances June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances June 30, 2007</u>
Land	\$ 832,466	\$ 13,112	\$ -	\$ 845,578
Total assets not depreciated	<u>832,466</u>	<u>13,112</u>	<u>-</u>	<u>845,578</u>
Land improvements	2,561,438	2,642,064	-	5,203,502
Buildings	1,965,270	722,773	-	2,688,043
Airport	3,672,317	-	-	3,672,317
Street improvements	7,049,233	983,575	-	8,032,808
Vehicles & equipment	<u>3,229,169</u>	<u>17,624</u>	<u>-</u>	<u>3,246,793</u>
Total assets depreciated	<u>18,477,427</u>	<u>4,366,036</u>	<u>-</u>	<u>22,843,463</u>
Less: accumulated depreciation	<u>(7,370,875)</u>	<u>(1,036,925)</u>	<u>-</u>	<u>(8,407,800)</u>
Net capital assets	<u>\$ 11,939,018</u>	<u>\$3,342,223</u>	<u>\$ -</u>	<u>\$ 15,281,241</u>

Notes to Financial Statements (continued)

5. DEPOSITS HELD FOR OTHERS, ENTERPRISE FUND

Deposits in the Water and Wastewater Utility Enterprise Fund consist of the following:

Hydrant Meter deposits \$ 37,970

Water meter deposits are charged to new customers and consist of the following:

Residential properties	\$	100
Commercial properties	\$	200

6. TRANSFERS

The composition of interfund transfers for Governmental Activities during the year ended June 30, 2007 are as follows:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>General Fund</u>	<u>Non-Major Governmental</u>	<u>Water/Sewer Fund</u>	<u>Solid Waste Fund</u>	
General Fund	\$ 86,000	\$ 405,384	\$ 25,000	\$ 90,000	\$ (606,384)
Lodgers Tax Fund	8,100	469,968	-	-	(478,068)
Non-Major Governmental	-	207,119	120,000	-	(327,119)
 Total Transfers In/Out	<u>\$ 94,100</u>	<u>\$ 1,082,471</u>	<u>\$ 145,000</u>	<u>\$ 90,000</u>	<u>\$ -</u>

Balance of Transfers

Transfer to General Fund	\$ 8,100	From Lodgers Tax Fund
Transfer to Non-Major Governmental Fund	207,119	From Non-Major Governmental Fund
Transfer to Non-Major Governmental Fund	469,968	From Lodgers Tax Fund
Transfer to General Fund	86,000	From General Fund
Transfer to Non-Major Governmental Fund	405,384	From General Fund
Transfer to Water/Sewer Fund	25,000	From General Fund
Transfer to Water/Sewer Fund	120,000	From Non-Major Governmental Fund
Transfer to Solid Waste Fund	90,000	From General Fund

Total Interfund Transfers
Between Governmental and
Business-Type Activities \$1,411,571

In the year ended June 30, the City made the following one-time transfers:

- 1) The General Fund received \$8,100 from the Lodgers Tax Fund to cover one-time expenditures.
- 2) The Lodgers Tax Fund transferred monies to finance the Lodgers Tax Promotion Fund and the Convention Center Fund to cover expenditures in the General Fund and a special project in the Main Street Fund, totaling \$469,968.
- 3) The General Fund transferred \$86,000 to the Golf Course and Airport Sub funds to finance them both.

Notes to Financial Statements (continued)

- 4) The General Fund transferred \$25,000 to the Water/Sewer Fund and \$90,000 to the Solid Waste Fund to cover one time expenditures.
- 5) The I-40 Highway Infrastructure Highway Fund transferred \$120,000 to the Water/Sewer fund to help with Capital expenditures.

7. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Enterprise Fund

During the fiscal year ended June 30, the following changes occurred in certain long-term liabilities reported in the Enterprise Fund:

	Balances <u>June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>June 30, 2007</u>	Due Within <u>One Year</u>
Revenue bonds payable	\$ 432,300	\$ 400,000	\$ 9,000	\$ 823,300	\$ 10,000
Loan payable to New Mexico Finance Authority	149,810	-	44,254	105,556	44,922
Compensated absences payable	<u>23,329</u>	<u>5,729</u>	<u>-</u>	<u>29,058</u>	<u>-</u>
Total	<u>\$ 605,439</u>	<u>\$ 405,729</u>	<u>\$ 53,254</u>	<u>\$ 957,914</u>	<u>\$ 54,922</u>

Compensated Absences

The compensated absences due by each fund are as follows:

Solid Waste Fund \$9,792 Water/Sewer Fund \$19,266

Solid Waste Fund

	Balances <u>June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>June 30, 2007</u>
Loan payable-Refuse Truck	\$ 31,012	\$ -	\$ 15,282	\$ 15,730
Loan payable-Bulldozer	<u>118,798</u>	<u>-</u>	<u>28,972</u>	<u>89,826</u>
Total	<u>\$ 149,810</u>	<u>\$ -</u>	<u>\$ 44,254</u>	<u>\$ 105,556</u>

The City entered into a loan agreement with the New Mexico Finance Authority to purchase a refuse truck for the Solid Waste Fund. Revenues from the City's Solid Waste Collections will be used to pay off this loan. The debt service requirement to maturity, including interest is as follows:

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 15,730	\$ 267	\$ 15,997
Total	<u>\$ 15,730</u>	<u>\$ 267</u>	<u>\$ 15,997</u>

Notes to Financial Statements (continued)

The City entered into a loan agreement with the New Mexico Finance Authority to purchase a bulldozer for the Solid Waste Fund. Revenues from the City's share of distributions will be used to pay off this loan. The debt service requirement to maturity, including interest is as follows:

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 29,192	\$ 2,403	\$ 31,595
2009	29,715	1,681	31,396
2010	<u>30,919</u>	<u>876</u>	<u>31,795</u>
Total	<u>\$ 90,419</u>	<u>\$ 4,960</u>	<u>\$ 94,786</u>

Water/Sewer Fund

The Water and Sewer Enterprise Fund has two Revenue Bonds Payable. The bonds are for the City's water distribution system. The bonds are dated May 31, 2001. The bonds' interest rates are 2.90% and mature in 2041.

	<u>Balances</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2007</u>
Revenue Bonds				
Series 2001A	\$ 242,300	\$ -	\$ 3,000	\$ 239,300
Revenue Bonds				
Series 2001B	190,000	-	2,000	188,000
Revenue Bonds				
Series 2006	<u>-</u>	<u>400,000</u>	<u>4,000</u>	<u>396,000</u>
Total	<u>\$ 432,300</u>	<u>\$ 400,000</u>	<u>\$ 9,000</u>	<u>\$ 823,300</u>

The debt service requirement to maturity is as follows:

<u>Due Year</u> <u>Ending June 30</u>	<u>Series 2001A</u>	<u>Series 2001B</u>	<u>Total</u>
2008	\$ 3,000	\$ 3,000	\$ 6,000
2009	3,000	3,000	6,000
2010	4,000	3,000	7,000
2011	4,000	3,000	7,000
2012	4,000	3,000	7,000
2013-2017	22,000	17,000	39,000
2018-2022	27,000	21,000	48,000
2023-2027	33,000	27,000	60,000
2028-2032	42,000	33,000	75,000
2033-2037	52,000	42,000	94,000
2038-2041	<u>45,300</u>	<u>33,000</u>	<u>78,300</u>
Total	<u>\$ 239,300</u>	<u>\$ 188,000</u>	<u>\$ 427,300</u>

Notes to Financial Statements (continued)

Due Year Ending June 30	Series 2006
2008	\$ 4,000
2009	4,000
2010	4,000
2011	5,000
2012	5,000
2013-2017	27,000
2018-2022	33,000
2023-2027	42,000
2028-2032	51,000
2033-2037	64,000
2038-2041	77,000
2042-2046	<u>80,000</u>
Total	<u>\$ 396,000</u>

Governmental Funds

During the fiscal year ended June 30, the following changes occurred in certain long-term liabilities reported in the Governmental Fund:

	Balances June 30, 2006	Additions	Deletions	Balances June 30, 2007	Due Within One Year
Loans payable to New Mexico Finance Authority	\$ 205,444	\$ 226,775	\$ 45,168	\$ 387,051	\$ 46,233
Revenues Bonds Series 2006A/B	1,942,085	1,943,951	65,164	3,820,872	133,550
Compensated absences	<u>84,322</u>	<u>-</u>	<u>4,527</u>	<u>79,795</u>	<u>-</u>
Total	<u>\$ 2,231,851</u>	<u>\$2,170,726</u>	<u>\$ 114,859</u>	<u>\$ 4,287,718</u>	<u>\$ 179,783</u>

The City also entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the City to pay a principal amount of \$109,100 and interest for the purpose of defraying the cost of acquiring fire fighting equipment. The yearly payments are to be redirected from the City's share of the State Fire Fund revenues to the NMFA. Variable interest rates range from 4.66% to 5.19%. The maturity date is May 1, 2011.

Due Year Ending June 30	Principal	Interest	Total
2008	\$ 11,213	\$ 924	\$ 12,137
2009	11,426	713	12,139
2010	11,650	489	12,139
2011	<u>11,889</u>	<u>251</u>	<u>12,140</u>
Total	<u>\$ 46,178</u>	<u>\$ 2,377</u>	<u>\$ 48,555</u>

Notes to Financial Statements (continued)

The City entered into a loan agreement with the New Mexico Finance Authority evidencing another special limited obligation of the City to pay a principal amount of \$119,880 and interest for the purpose of defraying the cost of acquiring a fire tanker for the City's fire department. The yearly payments are to be redirected from the City's share of the State Fire Fund revenues to the NMFA. The interest rate is 3.12% plus 0.25% administrative fee. The maturity date is May 1, 2015.

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 11,594	\$ 1,483	\$ 13,077
2009	11,718	1,358	13,076
2010	11,861	1,216	13,077
2011	12,021	1,056	13,077
2012	12,199	879	13,078
2013	12,394	684	13,078
2014	12,607	472	13,079
2015	<u>12,835</u>	<u>245</u>	<u>13,080</u>
Total	<u>\$ 97,229</u>	<u>\$ 7,393</u>	<u>\$ 104,622</u>

The City entered into a loan agreement with the New Mexico Finance Authority evidencing another special limited obligation of the City to pay a principal amount of \$39,538 and interest for the purpose of defraying the cost of acquiring police vehicles for the police department. The yearly payments are to be redirected from the City's share of the Law Enforcement Protection Fund revenues to the NMFA. The interest rate is 0% plus 0.25% administrative fee. The maturity date is May 1, 2009.

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 13,223	\$ 66	\$ 13,289
2009	<u>13,257</u>	<u>33</u>	<u>13,290</u>
Total	<u>\$ 26,480</u>	<u>\$ 99</u>	<u>\$ 26,579</u>

The City entered into a loan agreement with the New Mexico Finance Authority evidencing another special limited obligation of the City to pay a principal amount of \$226,775 and interest for the purpose of defraying the cost of infrastructure improvements for the City owned golf course, including, but not limited to, improvements to the irrigation and sprinkler system. The interest rate is 3.42% to 4.22%.

Notes to Financial Statements (continued)

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 10,203	\$ 1,573	\$ 11,776
2009	10,259	1,517	11,776
2010	10,316	1,459	11,775
2011	10,376	1,400	11,776
2012	10,436	1,339	11,775
2013-2017	53,174	5,709	58,883
2018-2022	55,063	3,823	58,886
2023-2027	<u>57,337</u>	<u>1,555</u>	<u>58,892</u>
Total	<u>\$ 217,164</u>	<u>\$ 18,375</u>	<u>\$ 235,539</u>

The City issued revenue bonds during the year, to be paid from the General Fund. The bonds are to be repaid from the Gross Receipts Tax distributed to the City pursuant to Section 7-1-6.4 NMSA 1978 and Section 7-1-6.12 NMSA 1978. The total Bond issue was for \$1,942,085. The purpose of this issuance is to defray the cost of demolishing, acquiring or condemnation of property for the urban renewal, public buildings, parking facilities, roads, streets, bridges, public parks or sanitary sewer, sewage treatment, storm sewer, drainage and water utilities. The interest rate is 3.20% to 4.15%. The maturity date is May 1, 2027.

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 66,999	\$ 73,021	\$ 140,020
2009	69,200	70,826	140,026
2010	71,495	68,536	140,031
2011	73,885	66,152	140,037
2012	76,401	63,643	140,044
2013-2017	425,049	275,276	700,325
2018-2022	511,611	188,930	700,541
2023-2027	<u>622,129</u>	<u>78,686</u>	<u>700,815</u>
Total	<u>\$ 1,916,769</u>	<u>\$ 885,070</u>	<u>\$ 2,801,839</u>

The City issued revenue bonds during the year, to be paid from the Lodgers Tax Fund. The bonds are to be repaid from the Gross Receipts Tax distributed to the City pursuant to Section 7-1-6.4 NMSA 1978 and Section 7-1-6.12 NMSA 1978, and from Lodgers' Tax imposed by City ordinance No. 324 pursuant to the Lodgers Tax Act Sections 3-38-13 to 3-38-24 NMSA 1978. The total Bond issue was for \$1,943,951. The purpose of this issuance is to defray the cost of demolishing, acquiring or condemnation of property for the urban renewal, public buildings, parking facilities, roads, streets, bridges, public parks. The interest rate is 3.21% to 4.15%. The maturity date is May 1, 2027.

Notes to Financial Statements (continued)

Due Year <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 66,551	\$ 72,550	\$ 139,101
2009	68,735	70,370	139,108
2010	71,018	68,094	139,112
2011	73,393	65,726	139,119
2012	75,893	63,233	139,126
2013-2017	422,230	273,504	695,734
2018-2022	508,235	187,713	695,948
2023-2027	<u>618,045</u>	<u>78,180</u>	<u>696,225</u>
Total	<u>\$ 1,904,103</u>	<u>\$ 879,370</u>	<u>\$ 2,783,473</u>

The loan for the fire fighting equipment is paid through the Fire Fund. The loan for the fire tanker is also paid thru the Fire Fund. The compensated absences are normally paid by the General, Gas Tax, Convention & Visitors Center and Senior Citizens Fund.

B. Operating Leases

The City did not have any operating leases during the year ended June 30, 2007.

C. Short-Term Liabilities

The City did not have any short-term liabilities during the fiscal year.

8. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,482,700 reported as landfill closure and post-closure care liability at June 30, 2007, represents the cumulative amount reported to date based on the use of 95 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$10,000 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2007. The City expects to close the landfill in the next several years. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

Notes to Financial Statements (continued)

9. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

	General Fund	Lodgers Tax Fund	Non-Major Special Revenue	Non-Major Capital Projects
Revenues per modified accrual basis	\$ 3,115,816	\$ 495,770	\$ 718,177	\$ 1,579,723
Receivables	53,144	5,913	(24,940)	-
Revenues per budgetary basis	<u>\$ 3,168,960</u>	<u>\$ 501,683</u>	<u>\$ 693,237</u>	<u>\$ 1,579,723</u>
Expenditures per modified accrual basis	\$ 4,493,150	\$ 174,528	\$ 1,190,926	\$ 2,252,088
Accounts payable	(10,606)	-	-	-
Expenditures per budgetary basis	<u>\$ 4,482,544</u>	<u>\$ 174,528</u>	<u>\$ 1,190,926</u>	<u>\$ 2,252,088</u>

The detail for the Non-Major Funds is presented in the Supplementary Section as Schedule of Budgetary Basis to GAAP Basis Reconciliation.

10. RETIREMENT PLAN

Plan Description. Substantially all of the full-time employees of the City of Santa Rosa participate in a public employee retirement system authorized under the Public Employees' Retirement Act (Chapter 10, Article II NMSA 1978). The Public Employees' Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple employer defined benefit public retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost of living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

Funding Policy. Plan members are required to contribute a percentage of their gross salary 13.15% for regular members and 12.35% for police. The City is required to contribute 9.15% for regular members and 18.5% for police of the gross covered salary. The contribution requirements of the plan members and the City are established under Chapter 10, Article II NMSA 1978. The requirements may be amended by acts of the Legislature. The City's contributions to PERA for the years ended 2007, 2006 and 2005 were \$131,549, \$112,177 and \$106,666 equal to the amount of the required contributions for each year.

11. RETIREE HEALTH CARE ACT CONTRIBUTIONS

The Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the Administrator of the plan. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers consist of institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, and state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Education Retirement Act, the Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act, or the Magistrate Retirement Act.

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

Each participating employer makes contributions to the fund in the amount of 1.3 percent of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution equal to .65 of one percent of the employee's annual salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional participation fee of five (\$5.00) if the eligible participant retired prior to the employer's New Mexico Retiree Health Care Act effective date or is a former legislator. Participants may also enroll in optional plans of coverage.

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures

Notes to Financial Statements (continued)

for the fiscal year. The report also includes approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, Albuquerque State Government Center, 4308 Carlisle Blvd., NE, Suite 104, Albuquerque, New Mexico 87107.

For the fiscal year ended June 30, 2007, the City of Santa Rosa remitted \$15,727 for employer contributions and \$7,864 in employee contributions to the Retiree Health Care Authority.

12. MOTOR VEHICLE DEPARTMENT

The City offers services to residents for motor vehicle licenses, license plates, etc. These revenues are remitted daily to the State of New Mexico. These amounts received and remitted have not been included in the financial statements contained herein.

13. RISK MANAGEMENT

The City of Santa Rosa is insured through the New Mexico Self Insurer's Fund. Coverage provided included all-peril on buildings and contents; crime coverage, general liability; civil rights and personal injury; motor vehicle and fleet property damage and liability; and statutory workmen compensation coverage. The crime coverage portion of this insurance includes employee fidelity/faithful performance coverage up to \$250,000 each occurrence. Amounts of settlements have not exceeded insurance coverage in the past three years.

NON-MAJOR FUNDS

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Governmental Funds
 Combining Balance Sheet - By Fund Type
 June 30, 2007

	Special Revenue Funds	Capital Project Funds	Totals
ASSETS			
Cash on deposit	\$ 767,643	\$ 605,909	\$ 1,373,552
Accounts receivable	47,424	-	47,424
Total assets	<u>\$ 815,067</u>	<u>\$ 605,909</u>	<u>\$ 1,420,976</u>
FUND BALANCE			
Unreserved:			
Undesignated for subsequent years expenditures	<u>\$ 815,067</u>	<u>\$ 605,909</u>	<u>\$ 1,420,976</u>
Total fund balance	<u>\$ 815,067</u>	<u>\$ 605,909</u>	<u>\$ 1,420,976</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - By Fund Type
Year Ended June 30, 2007

Statement A-2

	Special Revenue Funds	Capital Project Funds	Total
REVENUES			
Taxes	\$ -	\$ -	\$ -
Charges for services	14,691	-	14,691
Licenses and permits	31,292	-	31,292
Fines and forfeitures	10,502	-	10,502
Local sources	23,562	230,796	254,358
State sources	373,461	986,138	1,359,599
Federal sources	32,560	362,157	394,717
State shared taxes	228,890	-	228,890
Earnings on investments	3,219	632	3,851
	<u>718,177</u>	<u>1,579,723</u>	<u>2,297,900</u>
EXPENDITURES			
Current:			
General government	146,643	-	146,643
Highways and streets	221,129	-	221,129
Public safety	235,771	-	235,771
Culture and recreation	389,383	-	389,383
Capital outlay	198,000	2,252,088	2,450,088
	<u>1,190,926</u>	<u>2,252,088</u>	<u>3,443,014</u>
Excess (deficiency) of revenues over expenditures	(472,749)	(672,365)	(1,145,114)
OTHER FINANCING SOURCES (USES)			
Transfers in	560,352	522,119	1,082,471
Transfer out	(70,000)	(257,119)	(327,119)
Loan proceeds	-	215,000	215,000
	<u>490,352</u>	<u>480,000</u>	<u>970,352</u>
Net change in fund balance	17,603	(192,365)	(174,762)
Fund balance at beginning of year	<u>797,464</u>	<u>798,274</u>	<u>1,595,738</u>
Fund balance at end of year	<u>\$ 815,067</u>	<u>\$ 605,909</u>	<u>\$ 1,420,976</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Combined Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis)
Governmental Fund Types - Non-Major
Special Revenue Funds
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	15,400	15,400	14,691	(709)
Licenses and permits	33,000	33,000	31,292	(1,708)
Fines and forfeitures	15,000	15,000	10,502	(4,498)
Local sources	20,670	23,170	23,562	392
State sources	3,326,185	3,326,185	351,754	(2,974,431)
Federal sources	8,000	8,000	29,356	21,356
State shared taxes	216,200	216,200	228,861	12,661
Earnings from investments	182	191	3,219	3,028
Total revenues	<u>\$ 3,634,637</u>	<u>\$ 3,637,146</u>	<u>\$ 693,237</u>	<u>\$ (2,943,909)</u>
EXPENDITURES				
General government	\$ 137,475	\$ 157,475	\$ 146,643	\$ 10,832
Highways and streets	212,537	249,971	221,129	28,842
Public safety	234,978	251,371	235,771	15,600
Culture and recreation	3,836,233	3,840,711	587,383	3,253,328
Total expenditures	<u>\$ 4,421,223</u>	<u>\$ 4,499,528</u>	<u>\$ 1,190,926</u>	<u>\$ 3,308,602</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 394,800	\$ 599,094	\$ 560,352	\$ (38,742)
Transfers out	(45,000)	(45,000)	(45,000)	-
Total other financing sources (uses)	<u>\$ 349,800</u>	<u>\$ 554,094</u>	<u>\$ 515,352</u>	<u>\$ (38,742)</u>
BUDGETED CASH BALANCE	<u>\$ 445,420</u>	<u>\$ 322,462</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Combined Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis)
Capital Projects Funds
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Local sources	100,000	100,000	230,796	130,796
State sources	7,732,000	7,732,000	986,138	(6,745,862)
Federal sources	2,397,620	2,397,620	362,157	(2,035,463)
Earnings on investments	-	3	632	629
Total revenues	<u>\$ 10,229,620</u>	<u>\$ 10,229,623</u>	<u>\$ 1,579,723</u>	<u>\$ (8,649,900)</u>
EXPENDITURES				
Capital outlay	\$ 11,126,227	\$ 11,313,563	\$ 2,252,088	\$ 9,061,475
Total expenditures	<u>\$ 11,126,227</u>	<u>\$ 11,313,563</u>	<u>\$ 2,252,088</u>	<u>\$ 9,061,475</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 25,000	\$ 627,119	\$ 522,119	\$ (105,000)
Transfers out	-	(257,119)	(257,119)	-
Loan proceeds	-	-	215,000	215,000
Total other financing sources (uses)	<u>\$ 25,000</u>	<u>\$ 370,000</u>	<u>\$ 480,000</u>	<u>\$ 110,000</u>
BUDGETED CASH BALANCE	<u>\$ 679,794</u>	<u>\$ 880,146</u>		

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

NON-MAJOR SPECIAL REVENUE FUNDS

ALL FUNDS - All funds were created by management directive.

FIRE PROTECTION FUND - To account for the operations and maintenance of the fire department. Contributions and grants from the state fire allotment provides financing. (Authority is NMSA 59A-53-1)

EMERGENCY MEDICAL SERVICES FUND - To account for grant funds received from state sources for development of an EMS system within the City. (Authority DOH 7 NMAC 27.4)

CORRECTIONS FUND - To account for the fines collected on local violations by the City Court to be used for the costs associated with housing City prisoners. (Authority is NMSA 35-14-11)

RECREATION FUND - To account for the operations and maintenance of the parks and other recreation type activities. A cigarette tax and miscellaneous revenues provide financing. (Authority is NMSA 7-12-15)

GAS TAX FUND - To account for the receipt of the statewide increase of two cents per gallon of gasoline tax, which one cent is redistributed, to municipalities for highway and street maintenance. (Authority is NMSA 7-24A-3)

LIBRARY FUND - To account for the operations and maintenance of the Moise Memorial Library. Financing is provided by donations. The donations provide for payment of all current operating costs and may be used only for that purpose. Also, financing is provided by the New Mexico State Library GO Bonds for Public Library Resources, Laws of New Mexico 2002, Chapter 93. Also, a grant from Bill and Melinda Gates Foundation Matching Computer Grant was received for the year. (Authority is City Council)

BLUE HOLE DIVING FACILITY FUND - To account for funds received from diving permits issued for the purpose of operations and improvements to the Blue Hole Diving Facility. (Authority is City Council)

MAIN STREET FUND - To account for annual Route 66 Festivals and their operations. Funding is from yearly transfers and fees charged during the Festivals.

LODGERS TAX PROMOTION - To account for funds received for the purpose of advertising, publishing and promoting the City's image. Source of funds are from a lodgers tax appropriation. (Authority is City Council and NMSA 3-38-13)

LAW ENFORCEMENT PROTECTION FUND - To account for grants received from state sources for the purpose of buying equipment for the City Police department. (Authority is NMSA 29-13-3)

EMS FIRE AND RESCUE FUND - To account for the operations of the City's Emergency Medical Services Unit. Sources of funds are the State of New Mexico Health and Environmental Department and the Emergency Medical Services Bureau. (Authority is NMSA 24-10A-6 & 24-10B-1 & 2)

NON-MAJOR SPECIAL REVENUE FUNDS - CONTINUED

CONVENTION AND VISITORS CENTER FUND - To account for the 2% increase imposed on Lodgers Tax for the construction and operations of a new convention/visitors information center. (Authority is City Council and NMSA 3-38-13)

SENIOR CITIZENS FUND - To account for funds received from the U.S. Department of Agriculture through the Eastern New Mexico Area Agency on Aging, Inc. to be used solely for the purchase of United States Agriculture Commodities and other foods produced in the United States for the use in the food operations at the Senior Center. Also, to account for funds received from the U.S. Department of Health and Human Services passed through the Eastern New Mexico Area Agency on Aging, Inc. and State General Funds as authorized by the New Mexico General Appropriations Act (Chapter 4, 2002 Laws of New Mexico) to provide services such as information and assistance; outreach/client finding; transportation; telephone reassurance; recreation and screening. Authority is a combination of the Older Americans Act of 1965 and the New Mexico General Appropriations Act (Chapter 4, 2002 Laws of New Mexico).

NATURAL GAS PLANNING FUND - To account for a local grant and a transfer from the General Fund to perform a study concerning the installation of a pipeline for Natural Gas from the Village of Fort Sumner to the City.

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2007

	Fire Protection Fund	EMS Fund	Corrections Fund	Recreation Fund	Gas Tax Fund	Library Fund	Blue Hole Diving Facility
ASSETS							
Cash on deposit	\$ 46,274	\$ (59)	\$ 2,908	\$ 11,405	\$ 88,583	\$ 38,232	\$ 67,972
Accounts receivable	-	-	-	291	22,222	-	-
Total assets	<u>\$ 46,274</u>	<u>\$ (59)</u>	<u>\$ 2,908</u>	<u>\$ 11,696</u>	<u>\$ 110,805</u>	<u>\$ 38,232</u>	<u>\$ 67,972</u>
FUND BALANCE							
Unreserved:							
Undesignated	\$ 46,274	\$ (59)	\$ 2,908	\$ 11,696	\$ 110,805	\$ 38,232	\$ 67,972
Total fund balance	<u>\$ 46,274</u>	<u>\$ (59)</u>	<u>\$ 2,908</u>	<u>\$ 11,696</u>	<u>\$ 110,805</u>	<u>\$ 38,232</u>	<u>\$ 67,972</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2007

	Mainstreet Fund	Lodger's Tax Promotion Fund	Law Enforcement Fund	EMS/Fire Rescue Fund	Conventions & Visitors Center Fund	Senior Citizens Fund	Totals
ASSETS							
Cash on deposit	\$ 224	\$ -	\$ -	\$ 8,753	\$ 492,214	\$ 11,137	\$ 767,643
Accounts receivable	-	-	-	-	-	24,911	47,424
Total assets	<u>\$ 224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,753</u>	<u>\$ 492,214</u>	<u>\$ 36,048</u>	<u>\$ 815,067</u>
FUND BALANCE							
Unreserved:							
Undesignated	<u>\$ 224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,753</u>	<u>\$ 492,214</u>	<u>\$ 36,048</u>	<u>\$ 815,067</u>
Total fund balance	<u>\$ 224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,753</u>	<u>\$ 492,214</u>	<u>\$ 36,048</u>	<u>\$ 815,067</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2007

Statement B-2
Page 1 of 2

	Fire Protection Fund	EMS Fund	Corrections Fund	Recreation Fund	Gas Tax Fund	Library Fund	Blue Hole Diving Facility
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	20,604
Fines and forfeitures	-	-	10,502	-	-	-	-
Local sources	125	-	-	-	-	17,685	-
State sources	168,919	13,907	-	-	90,000	8,466	-
Federal sources	-	-	-	-	-	-	-
State shared taxes	-	-	-	3,041	225,849	-	-
Earnings on investments	90	13	10	9	53	35	62
Total revenues	<u>169,134</u>	<u>13,920</u>	<u>10,512</u>	<u>3,050</u>	<u>315,902</u>	<u>26,186</u>	<u>20,666</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	221,129	-	-
Public safety	149,736	24,513	31,666	-	-	-	-
Culture and recreation	-	-	-	-	-	18,420	10,486
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>149,736</u>	<u>24,513</u>	<u>31,666</u>	<u>-</u>	<u>221,129</u>	<u>18,420</u>	<u>10,486</u>
Excess (deficiency) of revenues over expenditures	<u>19,398</u>	<u>(10,593)</u>	<u>(21,154)</u>	<u>3,050</u>	<u>94,773</u>	<u>7,766</u>	<u>10,180</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	384	-	-	-	-	-
Transfers out	-	-	-	-	(45,000)	-	(25,000)
Total other financing sources (uses)	<u>-</u>	<u>384</u>	<u>-</u>	<u>-</u>	<u>(45,000)</u>	<u>-</u>	<u>(25,000)</u>
Net change in fund balance	19,398	(10,209)	(21,154)	3,050	49,773	7,766	(14,820)
Fund balance, beginning of year	<u>26,876</u>	<u>10,150</u>	<u>24,062</u>	<u>8,646</u>	<u>61,032</u>	<u>30,466</u>	<u>82,792</u>
Fund balance, end of year	<u>\$ 46,274</u>	<u>\$ (59)</u>	<u>\$ 2,908</u>	<u>\$ 11,696</u>	<u>\$ 110,805</u>	<u>\$ 38,232</u>	<u>\$ 67,972</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2007

Statement B-2
Page 2 of 2

	Mainstreet Fund	Lodger's Tax Promotion Fund	Law Enforcement Fund	EMS/Fire Rescue Fund	Convention & Visitors Center Fund	Senior Citizens Fund	Totals
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	14,691	14,691
Licenses and permits	10,688	-	-	-	-	-	31,292
Fines and forfeitures	-	-	-	-	-	-	10,502
Local sources	4,090	-	-	-	1,662	-	23,562
State sources	-	-	24,200	3,000	1,021	63,948	373,461
Federal sources	-	-	-	-	-	32,560	32,560
State shared taxes	-	-	-	-	-	-	228,890
Earnings on investments	1	-	9	10	2,909	18	3,219
Total revenues	<u>14,779</u>	<u>-</u>	<u>24,209</u>	<u>3,010</u>	<u>5,592</u>	<u>111,217</u>	<u>718,177</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	146,643	146,643
Highways and streets	-	-	-	-	-	-	221,129
Public safety	-	-	26,059	3,797	-	-	235,771
Culture and recreation	19,555	186,258	-	-	154,664	-	389,383
Capital outlay	-	-	-	-	198,000	-	198,000
Total expenditures	<u>19,555</u>	<u>186,258</u>	<u>26,059</u>	<u>3,797</u>	<u>352,664</u>	<u>146,643</u>	<u>1,190,926</u>
Excess (deficiency) of revenues over expenditures	<u>(4,776)</u>	<u>(186,258)</u>	<u>(1,850)</u>	<u>(787)</u>	<u>(347,072)</u>	<u>(35,426)</u>	<u>(472,749)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	5,000	186,258	-	-	328,710	40,000	560,352
Transfers out	-	-	-	-	-	-	(70,000)
Total other financing sources (uses)	<u>5,000</u>	<u>186,258</u>	<u>-</u>	<u>-</u>	<u>328,710</u>	<u>40,000</u>	<u>490,352</u>
Net change in fund balance	224	-	(1,850)	(787)	(18,362)	4,574	17,603
Fund balance, beginning of year	-	-	1,850	9,540	510,576	31,474	797,464
Fund balance, end of year	<u>\$ 224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,753</u>	<u>\$ 492,214</u>	<u>\$ 36,048</u>	<u>\$ 815,067</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue - Fire Protection Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 2,000	\$ 2,000	\$ 125	\$ (1,875)
State sources	144,078	144,078	168,919	24,841
Earnings on investments	50	50	90	40
 Total revenues	 <u>\$ 146,128</u>	 <u>\$ 146,128</u>	 <u>\$ 169,134</u>	 <u>\$ 23,006</u>
EXPENDITURES				
Public safety	\$ 163,778	\$ 163,778	\$ 149,736	\$ 14,042
 Total expenditures	 <u>\$ 163,778</u>	 <u>\$ 163,778</u>	 <u>\$ 149,736</u>	 <u>\$ 14,042</u>
 BUDGETED CASH BALANCE	 <u>\$ 25,621</u>	 <u>\$ 25,621</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue - EMS Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 14,000	\$ 14,000	\$ 13,907	\$ (93)
Earnings on investments	-	-	13	13
Total revenues	<u>\$ 14,000</u>	<u>\$ 14,000</u>	<u>\$ 13,920</u>	<u>\$ (80)</u>
EXPENDITURES				
Public safety	\$ 14,000	\$ 24,534	\$ 24,513	\$ 21
Total expenditures	<u>\$ 14,000</u>	<u>\$ 24,534</u>	<u>\$ 24,513</u>	<u>\$ 21</u>
OTHER FINANCING SOURCES				
Transfers in	\$ -	\$ 384	\$ 384	\$ -
Total other financing sources	<u>\$ -</u>	<u>\$ 384</u>	<u>\$ 384</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 10,150</u>		

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Special Revenue - Corrections Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 10,502	\$ (4,498)
Earnings on investments	<u>12</u>	<u>12</u>	<u>10</u>	<u>(2)</u>
Total revenues	<u>\$ 15,012</u>	<u>\$ 15,012</u>	<u>\$ 10,512</u>	<u>\$ (4,500)</u>
EXPENDITURES				
Public safety	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 31,666</u>	<u>\$ (1,666)</u>
Total expenditures	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 31,666</u>	<u>\$ (1,666)</u>
BUDGETED CASH BALANCE	<u>\$ 14,988</u>	<u>\$ 14,988</u>		

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Special Revenue - Recreation Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State shared taxes	\$ 3,200	\$ 3,200	\$ 3,012	\$ (188)
Earnings on investments	-	-	9	9
Total revenues	<u>\$ 3,200</u>	<u>\$ 3,200</u>	<u>\$ 3,021</u>	<u>\$ (179)</u>
EXPENDITURES				
Culture & recreation	\$ 3,000	\$ 3,000	-	\$ 3,000
Total expenditures	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>-</u>	<u>\$ 3,000</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue - Gas Tax Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 45,000	\$ 45,000	\$ 90,000	\$ 45,000
State shared taxes	213,000	213,000	225,849	12,849
Earnings on investments	<u>-</u>	<u>-</u>	<u>53</u>	<u>53</u>
Total revenues	<u>\$ 258,000</u>	<u>\$ 258,000</u>	<u>\$ 315,902</u>	<u>\$ 57,902</u>
EXPENDITURES				
Highways and streets	<u>\$ 212,537</u>	<u>\$ 249,971</u>	<u>\$ 221,129</u>	<u>\$ 28,842</u>
Total expenditures	<u>\$ 212,537</u>	<u>\$ 249,971</u>	<u>\$ 221,129</u>	<u>\$ 28,842</u>
OTHER FINANCING (USES)				
Transfers out	<u>\$ (45,000)</u>	<u>\$ (45,000)</u>	<u>\$ (45,000)</u>	<u>\$ -</u>
Total other financing (uses)	<u>\$ (45,000)</u>	<u>\$ (45,000)</u>	<u>\$ (45,000)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 37,434</u>		

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Special Revenue - Library Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 17,670	\$ 17,670	\$ 17,685	\$ 15
State sources	10,907	10,907	8,466	(2,441)
Earnings on investments	<u>20</u>	<u>20</u>	<u>35</u>	<u>15</u>
Total revenues	<u>\$ 28,597</u>	<u>\$ 28,597</u>	<u>\$ 26,186</u>	<u>\$ (2,411)</u>
EXPENDITURES				
Culture & recreation	<u>\$ 34,977</u>	<u>\$ 34,977</u>	<u>\$ 18,420</u>	<u>\$ 16,557</u>
Total expenditures	<u>\$ 34,977</u>	<u>\$ 34,977</u>	<u>\$ 18,420</u>	<u>\$ 16,557</u>
BUDGETED CASH BALANCE	<u>\$ 6,380</u>	<u>\$ 6,380</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue - Blue Hole Facility Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Licenses and permits	\$ 22,000	\$ 22,000	\$ 20,604	\$ (1,396)
Earnings on investments	<u>50</u>	<u>50</u>	<u>62</u>	<u>12</u>
Total revenues	<u>\$ 22,050</u>	<u>\$ 22,050</u>	<u>\$ 20,666</u>	<u>\$ (1,384)</u>
EXPENDITURES				
Culture and recreation	\$ 81,493	\$ 81,493	\$ 10,486	\$ 71,007
Total expenditures	<u>\$ 81,493</u>	<u>\$ 81,493</u>	<u>\$ 10,486</u>	<u>\$ 71,007</u>
BUDGETED CASH BALANCE	<u>\$ 59,443</u>	<u>\$ 59,443</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue - Main Street Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Licenses and permits	\$ 11,000	\$ 11,000	\$ 10,688	\$ (312)
Local sources	1,000	3,500	4,090	590
Earnings on investments	10	10	1	(9)
Total revenues	<u>\$ 12,010</u>	<u>\$ 14,510</u>	<u>\$ 14,779</u>	<u>\$ 269</u>
EXPENDITURES				
Culture & recreation	\$ 17,010	\$ 21,488	\$ 19,555	\$ 1,933
Total expenditures	<u>\$ 17,010</u>	<u>\$ 21,488</u>	<u>\$ 19,555</u>	<u>\$ 1,933</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Total other financing sources	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 1,978</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue - Lodger's Tax Promotion Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES				
Culture and recreation	\$ 225,000	\$ 225,000	\$ 186,258	\$ 38,742
Total expenditures	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 186,258</u>	<u>\$ 38,742</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 225,000	\$ 225,000	\$ 186,258	\$ (38,742)
Total other financing sources	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 186,258</u>	<u>\$ (38,742)</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue - Law Enforcement Protection Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 24,200	\$ 24,200	\$ 24,200	\$ -
Earnings on investments	-	9	9	-
Total revenues	<u>\$ 24,200</u>	<u>\$ 24,209</u>	<u>\$ 24,209</u>	<u>\$ -</u>
EXPENDITURES				
Public safety	\$ 24,200	\$ 26,059	\$ 26,059	\$ -
Total expenditures	<u>\$ 24,200</u>	<u>\$ 26,059</u>	<u>\$ 26,059</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 1,850</u>		

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Special Revenue - EMS/Fire/Rescue Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
Earnings on investments	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>
Total revenues	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 3,010</u>	<u>\$ 10</u>
EXPENDITURES				
Public safety	\$ 3,000	\$ 7,000	\$ 3,797	\$ 3,203
Total expenditures	<u>\$ 3,000</u>	<u>\$ 7,000</u>	<u>\$ 3,797</u>	<u>\$ 3,203</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 9,540</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue - Convention and Visitors Center Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ 1,662	\$ 1,662
State sources	3,000,000	3,000,000	1,021	(2,998,979)
Earnings on investments	-	-	2,909	2,909
 Total revenues	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 5,592</u>	 <u>\$ (2,994,408)</u>
EXPENDITURES				
Culture & recreation	\$ 3,474,753	\$ 3,474,753	\$ 352,664	\$ 3,122,089
 Total expenditures	 <u>\$ 3,474,753</u>	 <u>\$ 3,474,753</u>	 <u>\$ 352,664</u>	 <u>\$ 3,122,089</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 144,800	\$ 328,710	\$ 328,710	\$ -
 Total other financing sources	 <u>\$ 144,800</u>	 <u>\$ 328,710</u>	 <u>\$ 328,710</u>	 <u>\$ -</u>
 BUDGETED CASH BALANCE	 <u>\$ 329,953</u>	 <u>\$ 146,043</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue - Senior Citizens Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 15,400	\$ 15,400	\$ 14,691	\$ (709)
State sources	85,000	85,000	42,241	(42,759)
Federal sources	8,000	8,000	29,356	21,356
Earnings on investments	40	40	18	(22)
	<u>108,440</u>	<u>108,440</u>	<u>86,306</u>	<u>(22,134)</u>
Total revenues				
EXPENDITURES				
General government	\$ 137,475	\$ 157,475	\$ 146,643	\$ 10,832
	<u>137,475</u>	<u>157,475</u>	<u>146,643</u>	<u>10,832</u>
Total expenditures				
OTHER FINANCING SOURCES				
Transfers in	\$ 20,000	\$ 40,000	\$ 40,000	\$ -
	<u>20,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Total other financing sources				
BUDGETED CASH BALANCE	<u>\$ 9,035</u>	<u>\$ 9,035</u>		

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

NON-MAJOR CAPITAL PROJECTS FUND

DEPARTMENT OF PUBLIC SAFETY (DPS) BUILDING - To account for the purchase of property to build a Public Safety Building. Project No. 96-L-RS-I-3-GI05 paid from Severance Tax Bonds for General Fund Projects pursuant to Section 11-1-4B(3) NMSA 1978.

PARK RENOVATIONS FUND - To account for various small projects within the City park system. Funding is from a transfer out of the General Fund.

RIVER ROAD DRAINAGE IMPROVEMENT - To account for improvements to drainage flows to cross from the West side of the road to the East side and continue through the Pecos River Funding is from NMSHTD Cooperative Agreement and City matching funds.

MAIN STREET FUND - To account for improvements to the downtown Main Street area for annual Route 66 Festivals. Funding is from a yearly transfer and fees charged during the Festival.

BLUE HOLE IMPROVEMENTS - To account for improvements to include under water cleanup (dredging) spring investigation and work and immediate site improvements. Funding to be provided by a Special Appropriations Severance Tax.

AIRPORT CONSTRUCTION - To account for the construction of a new runway at the airport. Financing is provided by a grant from the Federal Aviation Administration (FAA) and a grant from the State of New Mexico.

POWER DAM IMPROVEMENTS FUND - To account for resources received to make repairs to the dam. Initial funds are from transfers out of the General Fund.

GUTIERREZ PARK FUND - To account for improvements made to the Park. Funding was provided by a transfer from the General Fund.

I-40 INFRASTRUCTURE FUND - To account for a transfer from the General Fund to replace water and sewer lines in conjunction with the State Department of Transportation road construction projects.

SKATE PARK FUND - To account for a transfer from the General Fund and Lodgers Tax Fund to start the process of planning and constructing a Skate Park.

CDBG 5TH & 6TH STREET FUND - To account for resources received through a Community Development Block Grant used to replace 2040 lineal feet of water lines, 1590 lineal feet of sewer lines and include sidewalks along 6th Street. The City is to provide \$113,487 of in-kind services and \$45,750 in locally generated cash. Fund and authority are Title I of the Housing and Community Development Act and the 1974 Public Law 93-383.

CULTURAL CORRIDORS FUND - To account for a transfer from the General Fund to improve areas of the City to eventually promote tourism.

NON-MAJOR CAPITAL PROJECTS FUND - CONTINUED

SOFTBALL COMPLEX - To account for a transfer from the General Fund to improve the Softball Complex and to eventually promote tourism.

DOWNTOWN IMPROVEMENTS - To account for a transfer from the General Fund to improve the Downtown area and to eventually promote tourism.

EL RITO CREEK IMPROVEMENTS - To account for a transfer from the General Fund to improve the El Rito Creek area and to eventually promote tourism.

ADA ASSESSMENTS - To account for a transfer from the General Fund to make ADA improvements.

GOLF COURSE IRRIGATION - To account for a transfer from the Landfill Closure Fund (\$80,000), the General Fund (\$10,000), and the Lodgers Tax Fund (\$136,000) plus a Special Appropriation from the New Mexico Environment Department for \$100,000 to construct a wastewater effluent reuse line within the City.

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Capital Projects Fund
 Combining Balance Sheet
 June 30, 2007

Statement C-1
 Page 1 of 3

	DPS Building Fund	Park Renovations Fund	River Road Drainage Fund	Main Street Fund	Blue Hole Improvement Fund	Airport Construction Fund
ASSETS						
Cash on deposit	\$ 103	\$ 100,192	\$ 60,687	\$ -	\$ 135,256	\$ 12,006
Total assets	<u>\$ 103</u>	<u>\$ 100,192</u>	<u>\$ 60,687</u>	<u>\$ -</u>	<u>\$ 135,256</u>	<u>\$ 12,006</u>
FUND BALANCES						
Unreserved:						
Undesignated	\$ 103	\$ 100,192	\$ 60,687	\$ -	\$ 135,256	\$ 12,006
Total fund balance	<u>\$ 103</u>	<u>\$ 100,192</u>	<u>\$ 60,687</u>	<u>\$ -</u>	<u>\$ 135,256</u>	<u>\$ 12,006</u>

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Capital Projects Fund
 Combining Balance Sheet
 June 30, 2007

Statement C-1
 Page 2 of 3

	Power Dam Improvements Fund	Gutierrez Park Fund	I-40 Infrastructure Fund	Skate Park Fund	CDBG 5th & 6th Street Fund	Cultural Corridors Fund
ASSETS						
Cash on deposit	\$ 21,180	\$ 1,831	\$ 23,787	\$ 1	\$ 4,142	\$ 9,978
Total assets	<u>\$ 21,180</u>	<u>\$ 1,831</u>	<u>\$ 23,787</u>	<u>\$ 1</u>	<u>\$ 4,142</u>	<u>\$ 9,978</u>
FUND BALANCES						
Unreserved:						
Undesignated	\$ 21,180	\$ 1,831	\$ 23,787	\$ 1	\$ 4,142	\$ 9,978
Total fund balance	<u>\$ 21,180</u>	<u>\$ 1,831</u>	<u>\$ 23,787</u>	<u>\$ 1</u>	<u>\$ 4,142</u>	<u>\$ 9,978</u>

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Capital Projects Fund
 Combining Balance Sheet
 June 30, 2007

Statement C-1
 Page 3 of 3

	<u>Softball Complex</u>	<u>Downtown Improvements</u>	<u>El Rito Creek Improvements</u>	<u>ADA Assessments</u>	<u>Golf Course Irrigation Fund</u>	<u>Total</u>
ASSETS						
Cash on deposit	\$ 10,903	\$ 112,667	\$ 100,216	\$ 8,781	\$ 4,179	\$ 605,909
Total assets	<u>\$ 10,903</u>	<u>\$ 112,667</u>	<u>\$ 100,216</u>	<u>\$ 8,781</u>	<u>\$ 4,179</u>	<u>\$ 605,909</u>
FUND BALANCES						
Unreserved:						
Undesignated	\$ 10,903	\$ 112,667	\$ 100,216	\$ 8,781	\$ 4,179	\$ 605,909
Total fund balance	<u>\$ 10,903</u>	<u>\$ 112,667</u>	<u>\$ 100,216</u>	<u>\$ 8,781</u>	<u>\$ 4,179</u>	<u>\$ 605,909</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2007

Statement C-2
Page 1 of 3

	DPS Building Fund	Park Renovations Fund	River Road Drainage Fund	Main Street Fund	Blue Hole Improvement Fund	Airport Construction Fund
REVENUES						
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	-	7,816	100,000	-	-	-
State sources	-	8,000	351,333	-	-	-
Federal sources	-	-	-	-	-	-
Earnings on investments	-	78	42	-	41	11
Total revenues	<u>-</u>	<u>15,894</u>	<u>451,375</u>	<u>-</u>	<u>41</u>	<u>11</u>
EXPENDITURES						
Capital outlay	-	126,431	492,919	1,978	26,483	-
Total expenditures	<u>-</u>	<u>126,431</u>	<u>492,919</u>	<u>1,978</u>	<u>26,483</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(110,537)</u>	<u>(41,544)</u>	<u>(1,978)</u>	<u>(26,442)</u>	<u>11</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	60,019	100,000	-	100,000	-
Transfers out	-	(25,000)	-	-	-	-
Loan proceeds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>35,019</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	-	(75,518)	58,456	(1,978)	73,558	11
Fund balance, beginning of year	103	175,710	2,231	1,978	61,698	11,995
Fund balance, end of year	<u>\$ 103</u>	<u>\$ 100,192</u>	<u>\$ 60,687</u>	<u>\$ -</u>	<u>\$ 135,256</u>	<u>\$ 12,006</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2007

Statement C-2
Page 2 of 3

	Power Dam Improvements Fund	Gutierrez Park Fund	I-40 Infrastructure Fund	Skate Park Fund	CDBG 5th & 6th Street Fund	Cultural Corridors Fund
REVENUES						
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-	4,000	-
State sources	50,265	-	-	-	-	-
Federal sources	-	-	-	-	362,157	-
Earnings on investments	16	2	180	4	23	9
Total revenues	<u>50,281</u>	<u>2</u>	<u>180</u>	<u>4</u>	<u>366,180</u>	<u>9</u>
EXPENDITURES						
Capital outlay	42,853	-	8,445	-	482,211	-
Total expenditures	<u>42,853</u>	<u>-</u>	<u>8,445</u>	<u>-</u>	<u>482,211</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	7,428	2	(8,265)	4	(116,031)	9
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	114,100	-
Transfers out	-	-	(222,100)	(10,019)	-	-
Loan proceeds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(222,100)</u>	<u>(10,019)</u>	<u>114,100</u>	<u>-</u>
Net change in fund balance	7,428	2	(230,365)	(10,015)	(1,931)	9
Fund balance, beginning of year	13,752	1,829	254,152	10,016	6,073	9,969
Fund balance, end of year	<u>\$ 21,180</u>	<u>\$ 1,831</u>	<u>\$ 23,787</u>	<u>\$ 1</u>	<u>\$ 4,142</u>	<u>\$ 9,978</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2007

	Softball Complex	Downtown Improvements	El Rito Creek Improvements	ADA Assessments	Golf Course Irrigation Fund	Totals
REVENUES						
Licenses and permits	-	-	-	-	-	-
Local sources	-	118,980	-	-	-	230,796
State sources	175,000	401,540	-	-	-	986,138
Federal sources	-	-	-	-	-	362,157
Earnings on investments	42	63	90	8	23	632
Total revenues	<u>175,042</u>	<u>520,583</u>	<u>90</u>	<u>8</u>	<u>23</u>	<u>1,579,723</u>
EXPENDITURES						
Capital outlay	296,347	484,126	-	-	290,295	2,252,088
Total expenditures	<u>296,347</u>	<u>484,126</u>	<u>-</u>	<u>1</u>	<u>290,295</u>	<u>2,252,088</u>
Excess (deficiency) of revenues over expenditures	<u>(121,305)</u>	<u>36,457</u>	<u>90</u>	<u>8</u>	<u>(290,272)</u>	<u>(672,365)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	70,000	-	-	-	78,000	522,119
Transfers out	-	-	-	-	-	(257,119)
Loan proceeds	-	-	-	-	215,000	215,000
Total other financing sources (uses)	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293,000</u>	<u>480,000</u>
Net change in fund balance	<u>(51,305)</u>	<u>36,457</u>	<u>90</u>	<u>8</u>	<u>2,728</u>	<u>(192,365)</u>
Fund balance, beginning of year	62,208	76,210	100,126	8,773	1,451	798,274
Fund balance, end of year	<u>\$ 10,903</u>	<u>\$ 112,667</u>	<u>\$ 100,216</u>	<u>\$ 8,781</u>	<u>\$ 4,179</u>	<u>\$ 605,909</u>

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Capital Projects Fund - DPS Building Projects Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund - Park Renovations Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ 7,816	\$ 7,816
State sources	-	-	8,000	8,000
Earnings on investments	-	-	78	78
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,894</u>	<u>\$ 15,894</u>
EXPENDITURES				
Capital outlay	\$ 144,524	\$ 144,524	\$ 126,431	\$ 18,093
Total expenditures	<u>\$ 144,524</u>	<u>\$ 144,524</u>	<u>\$ 126,431</u>	<u>\$ 18,093</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 60,019	\$ 60,019	\$ -
Transfers out	-	(25,000)	(25,000)	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 35,019</u>	<u>\$ 35,019</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 175,711</u>	<u>\$ 175,711</u>		

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Capital Projects Fund - River Road Drainage Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
State sources	347,000	347,000	351,333	4,333
Earnings on investments	-	-	42	42
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 447,000</u>	<u>\$ 447,000</u>	<u>\$ 451,375</u>	<u>\$ 4,375</u>
EXPENDITURES				
Capital outlay	\$ 445,000	\$ 547,000	\$ 492,919	\$ 54,081
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 445,000</u>	<u>\$ 547,000</u>	<u>\$ 492,919</u>	<u>\$ 54,081</u>
OTHER FINANCING SOURCES				
Transfers in	\$ -	\$ 100,000	\$ 100,000	\$ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing sources	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Capital Projects Fund - Main Street Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES				
Capital outlay	\$ 1,978	\$ 1,978	\$ 1,978	\$ -
Total expenditures	<u>\$ 1,978</u>	<u>\$ 1,978</u>	<u>\$ 1,978</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 1,978</u>	<u>\$ 1,978</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund - Blue Hole Improvement Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 1,200,000	\$ 1,200,000	\$ -	\$ (1,200,000)
Earnings on investments	<u>-</u>	<u>-</u>	<u>41</u>	<u>41</u>
Total revenues	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>	<u>\$ 41</u>	<u>\$ (1,199,959)</u>
EXPENDITURES				
Capital outlay	\$ 1,511,698	\$ 1,511,698	\$ 26,483	\$ 1,485,215
Total expenditures	<u>\$ 1,511,698</u>	<u>\$ 1,511,698</u>	<u>\$ 26,483</u>	<u>\$ 1,485,215</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 250,000	\$ 250,000	\$ 100,000	\$ (150,000)
Total other financing sources	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 100,000</u>	<u>\$ (150,000)</u>
BUDGETED CASH BALANCE	<u>\$ 61,698</u>	<u>\$ 61,698</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund - Airport Construction Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 310,000	\$ 310,000	\$ -	\$ (310,000)
Earnings on investments	<u>-</u>	<u>-</u>	<u>11</u>	<u>11</u>
Total revenues	<u>\$ 310,000</u>	<u>\$ 310,000</u>	<u>\$ 11</u>	<u>\$ (309,989)</u>
EXPENDITURES				
Capital outlay	\$ 320,000	\$ 320,000	\$ -	\$ 320,000
Total expenditures	<u>\$ 320,000</u>	<u>\$ 320,000</u>	<u>\$ -</u>	<u>\$ 320,000</u>
BUDGETED CASH BALANCE	<u>\$ 10,000</u>	<u>\$ 10,000</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund - Power Dam Improvements Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 2,500,000	\$ 2,500,000	\$ 50,265	\$ (2,449,735)
Earnings on investments	-	-	16	16
Total revenues	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>	<u>\$ 50,281</u>	<u>\$ (2,449,719)</u>
EXPENDITURES				
Capital outlay	\$ 2,500,000	\$ 2,500,000	\$ 42,853	\$ 2,457,147
Total expenditures	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>	<u>\$ 42,853</u>	<u>\$ 2,457,147</u>

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Capital Projects Fund - Gutierrez Park Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ 2	\$ 2
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 2</u>
EXPENDITURES				
Capital outlay	\$ 1,829	\$ 1,829	\$ -	\$ 1,829
Total expenditures	<u>\$ 1,829</u>	<u>\$ 1,829</u>	<u>\$ -</u>	<u>\$ 1,829</u>
BUDGETED CASH BALANCE	<u>\$ 1,829</u>	<u>\$ 1,829</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund - I-40 Infrastructure Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 1,975,000	\$ 1,975,000	\$ -	\$ (1,975,000)
Earnings on investments	-	-	180	180
Total revenues	<u>\$ 1,975,000</u>	<u>\$ 1,975,000</u>	<u>\$ 180</u>	<u>\$ (1,974,820)</u>
EXPENDITURES				
Capital outlay	\$ 2,128,802	\$ 2,007,052	\$ 8,445	\$ 1,998,607
Total expenditures	<u>\$ 2,128,802</u>	<u>\$ 2,007,052</u>	<u>\$ 8,445</u>	<u>\$ 1,998,607</u>
OTHER FINANCING (USES)				
Transfers out	\$ -	\$ (222,100)	\$ (222,100)	\$ -
Total other financing (uses)	<u>\$ -</u>	<u>\$ (222,100)</u>	<u>\$ (222,100)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 153,802</u>	<u>\$ 254,152</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund - Skate Park Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ 3	\$ 4	\$ 1
Total revenues	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 4</u>	<u>\$ 1</u>
EXPENDITURES				
Capital outlay	\$ 10,014	\$ -	\$ -	\$ -
Total expenditures	<u>\$ 10,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OTHER FINANCING (USES)				
Transfers out	\$ -	\$ (10,019)	\$ (10,019)	\$ -
Total other financing (uses)	<u>\$ -</u>	<u>\$ (10,019)</u>	<u>\$ (10,019)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 10,014</u>	<u>\$ 10,016</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund - CDBG 5th & 6th Street Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ 4,000	\$ 4,000
Federal sources	422,620	422,620	362,157	(60,463)
Earnings on investments	-	-	23	23
Total revenues	<u>\$ 422,620</u>	<u>\$ 422,620</u>	<u>\$ 366,180</u>	<u>\$ (56,440)</u>
EXPENDITURES				
Capital outlay	\$ 428,693	\$ 497,793	\$ 482,211	\$ 15,582
Total expenditures	<u>\$ 428,693</u>	<u>\$ 497,793</u>	<u>\$ 482,211</u>	<u>\$ 15,582</u>
OTHER FINANCING SOURCES				
Transfers in	\$ -	\$ 69,100	\$ 114,100	\$ 45,000
Total other financing sources	<u>\$ -</u>	<u>\$ 69,100</u>	<u>\$ 114,100</u>	<u>\$ 45,000</u>
BUDGETED CASH BALANCE	<u>\$ 6,073</u>	<u>\$ 6,073</u>		

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Capital Projects Fund - Cultural Corridors Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ 9	\$ 9
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 9</u>
EXPENDITURES				
Capital outlay	\$ 9,967	\$ 9,967	\$ -	\$ 9,967
Total expenditures	<u>\$ 9,967</u>	<u>\$ 9,967</u>	<u>\$ -</u>	<u>\$ 9,967</u>
BUDGETED CASH BALANCE	<u>\$ 9,967</u>	<u>\$ 9,967</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund -Softball Complex Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 175,000	\$ 175,000	\$ 175,000	\$ -
Earnings on investments	<u>-</u>	<u>-</u>	<u>42</u>	<u>42</u>
Total revenues	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ 175,042</u>	<u>\$ 42</u>
EXPENDITURES				
Capital outlay	\$ 237,208	\$ 307,208	\$ 296,347	\$ 10,861
Total expenditures	<u>\$ 237,208</u>	<u>\$ 307,208</u>	<u>\$ 296,347</u>	<u>\$ 10,861</u>
OTHER FINANCING SOURCES				
Transfers in	\$ -	\$ 70,000	\$ 70,000	\$ -
Total other financing sources	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 62,208</u>	<u>\$ 62,208</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund - Downtown Improvements Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ 118,980	\$ 118,980
State sources	3,000,000	3,000,000	401,540	(2,598,460)
Earnings on investments	-	-	63	63
Total revenues	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 520,583</u>	<u>\$ (2,479,417)</u>
EXPENDITURES				
Capital outlay	\$ 3,076,180	\$ 3,076,180	\$ 484,126	\$ 2,592,054
Total expenditures	<u>\$ 3,076,180</u>	<u>\$ 3,076,180</u>	<u>\$ 484,126</u>	<u>\$ 2,592,054</u>
BUDGETED CASH BALANCE	<u>\$ 76,180</u>	<u>\$ 76,180</u>		

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Capital Projects Fund -El Rito Creek Improvements Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ 90	\$ 90
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90</u>	<u>\$ 90</u>
EXPENDITURES				
Capital outlay	\$ 100,111	\$ 100,111	\$ -	\$ 100,111
Total expenditures	<u>\$ 100,111</u>	<u>\$ 100,111</u>	<u>\$ -</u>	<u>\$ 100,111</u>
BUDGETED CASH BALANCE	<u>\$ 100,111</u>	<u>\$ 100,111</u>		

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Capital Projects Fund - ADA Assessments Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ 8	\$ 8
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 8</u>
EXPENDITURES				
Capital outlay	\$ 8,772	\$ 8,772	\$ -	\$ 8,772
Total expenditures	<u>\$ 8,772</u>	<u>\$ 8,772</u>	<u>\$ -</u>	<u>\$ 8,772</u>
BUDGETED CASH BALANCE	<u>\$ 8,772</u>	<u>\$ 8,772</u>		

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Capital Projects Fund - Golf Course Irrigation Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 200,000	\$ 200,000	\$ -	\$ (200,000)
Earnings on investments	<u>-</u>	<u>-</u>	<u>23</u>	<u>23</u>
Total revenues	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 23</u>	<u>\$ (199,977)</u>
EXPENDITURES				
Capital outlay	\$ 201,451	\$ 279,451	\$ 290,295	\$ (10,844)
Total expenditures	<u>\$ 201,451</u>	<u>\$ 279,451</u>	<u>\$ 290,295</u>	<u>\$ (10,844)</u>
OTHER FINANCING SOURCES				
Transfers in	\$ -	\$ 78,000	\$ 78,000	\$ -
Loan proceeds	<u>-</u>	<u>-</u>	<u>215,000</u>	<u>215,000</u>
Total other financing sources	<u>\$ -</u>	<u>\$ 78,000</u>	<u>\$ 293,000</u>	<u>\$ 215,000</u>
BUDGETED CASH BALANCE	<u>\$ 1,451</u>	<u>\$ 1,451</u>		

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

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund. This fund includes the Operations Accounts, the Airport Account which is the operations of the airport and the Golf Account which is the operations of the golf course. The Airport Account and the Golf Account are subsidized by the City for any operating deficits.

STATE OF NEW MEXICO
CITY OF SANTA ROSA
General Fund
Combining Balance Sheet
June 30, 2007

Statement D-1

	Operational Fund	Golf Fund	Airport Fund	Totals
ASSETS				
Cash on deposit	\$ 584,841	\$ 1,064	\$ 2,568	\$ 588,473
Accounts receivable	157,980	-	-	157,980
Total assets	\$ 742,821	\$ 1,064	\$ 2,568	\$ 746,453
LIABILITIES				
Accounts payable	\$ 34,922	\$ -	\$ -	\$ 34,922
Total liabilities	34,922	-	-	34,922
FUND BALANCE				
Unreserved:				
Undesignated	171,291	-	75	171,366
Designated for subsequent year's expenditures	536,608	1,064	2,493	540,165
Total fund balance	707,899	1,064	2,568	711,531
Total liabilities and fund balance	\$ 742,821	\$ 1,064	\$ 2,568	\$ 746,453

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
General Fund
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2007

	Operational Fund	Golf Fund	Airport Fund	Totals
REVENUES				
Taxes	\$ 177,191	\$ -	\$ -	\$ 177,191
Franchise taxes	26,419	-	-	26,419
Gross receipts taxes	867,145	-	-	867,145
Charges for services	156,005	6,818	27,895	190,718
Licenses and permits	8,593	-	-	8,593
Fines and forfeits	33,104	-	-	33,104
Local sources	374,304	-	-	374,304
State sources	44,855	-	-	44,855
Federal sources	8,666	-	-	8,666
State shared taxes	1,339,850	-	-	1,339,850
Earnings from investments	44,952	14	5	44,971
Total revenues	3,081,084	6,832	27,900	3,115,816
EXPENDITURES				
Current:				
General government	777,318	-	-	777,318
Highways and streets	187,904	-	-	187,904
Public safety	949,199	-	-	949,199
Culture and recreation	503,718	55,976	79,523	639,217
Capital outlay	1,833,708	-	-	1,833,708
Debt service:				
Loan principle	34,927	-	-	34,927
Loan interest	70,877	-	-	70,877
Total expenditures	4,357,651	55,976	79,523	4,493,150
Excess (deficiency) of revenues over expenditures	(1,276,567)	(49,144)	(51,623)	(1,377,334)
OTHER FINANCING SOURCES (USES)				
Transfers in	8,100	50,000	36,000	94,100
Transfers out	(606,384)	-	-	(606,384)
Loan proceeds	1,953,860	-	-	1,953,860
Total other financing sources (uses)	1,355,576	50,000	36,000	1,441,576
Net change in fund balance	79,009	856	(15,623)	64,242
Fund balance at beginning of year	628,890	208	18,191	647,289
Fund balance at end of year	\$ 707,899	\$ 1,064	\$ 2,568	\$ 711,531

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
General Fund - Operating Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

Statement D-3

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 171,000	\$ 171,000	\$ 230,028	\$ 59,028
Franchise taxes	27,200	27,200	26,419	(781)
Gross receipts taxes	972,000	972,000	867,145	(104,855)
Charges for services	278,300	278,300	156,005	(122,295)
Licenses and permits	8,100	8,100	8,593	493
Fines and forfeits	35,300	35,300	33,104	(2,196)
Local sources	161,911	161,911	374,304	212,393
State sources	38,800	38,800	44,855	6,055
Federal sources	10,000	10,000	7,662	(2,338)
State shared taxes	951,500	951,500	1,341,161	389,661
Earnings from investments	8,000	8,000	44,952	36,952
Total revenues	<u>\$ 2,662,111</u>	<u>\$ 2,662,111</u>	<u>\$ 3,134,228</u>	<u>\$ 472,117</u>
EXPENDITURES				
General government	\$ 625,000	\$ 625,000	\$ 766,712	\$ (141,712)
Highways and streets	158,350	158,350	187,904	(29,554)
Public safety	782,944	782,944	949,199	(166,255)
Culture and recreation	429,172	429,172	503,718	(74,546)
Capital outlay	153,046	1,999,450	1,833,708	165,742
Debt service:				
Loan principle	-	37,316	34,927	2,389
Loan interest	-	70,140	70,877	(737)
Total expenditures	<u>\$ 2,148,512</u>	<u>\$ 4,102,372</u>	<u>\$ 4,347,045</u>	<u>\$ (244,673)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 8,100	\$ 8,100	\$ 8,100	\$ -
Transfers out	(670,000)	(670,000)	(606,384)	63,616
Loan proceeds	-	1,953,860	1,953,860	-
Total other financing sources (uses)	<u>\$ (661,900)</u>	<u>\$ 1,291,960</u>	<u>\$ 1,355,576</u>	<u>\$ 63,616</u>
BUDGETED CASH BALANCE	<u>\$ 148,301</u>	<u>\$ 148,301</u>		

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 General Fund - Golf Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 8,000	\$ 8,000	\$ 6,818	\$ (1,182)
Earnings from investments	-	-	14	14
Total revenues	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 6,832</u>	<u>\$ (1,168)</u>
EXPENDITURES				
Culture and recreation	\$ 53,035	\$ 58,035	\$ 55,976	\$ 2,059
Total expenditures	<u>\$ 53,035</u>	<u>\$ 58,035</u>	<u>\$ 55,976</u>	<u>\$ 2,059</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 45,000	\$ 50,000	\$ 50,000	\$ -
Total other financing sources	<u>\$ 45,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 35</u>	<u>\$ 35</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
General Fund - Airport Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
- Charges for services	\$ 20,200	\$ 27,282	\$ 27,895	\$ 613
Earnings from investments	-	-	5	5
Total revenues	<u>\$ 20,200</u>	<u>\$ 27,282</u>	<u>\$ 27,900</u>	<u>\$ 618</u>
EXPENDITURES				
Culture and recreation	\$ 49,400	\$ 81,400	\$ 79,523	\$ 1,877
Total expenditures	<u>\$ 49,400</u>	<u>\$ 81,400</u>	<u>\$ 79,523</u>	<u>\$ 1,877</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 15,000	\$ 36,000	\$ 36,000	-
Total other financing sources	<u>\$ 15,000</u>	<u>\$ 36,000</u>	<u>\$ 36,000</u>	<u>-</u>
BUDGETED CASH BALANCE	<u>\$ 14,200</u>	<u>\$ 18,118</u>		

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

PROPRIETARY FUND DETAIL

PROPRIETARY FUNDS

WATER AND SEWER FUND - To account for the provision of water and sewer services to the residents of Santa Rosa, New Mexico. All activities necessary to provide these services are accounted for in this fund.

SOLID WASTE FUND - To account for revenue and expenditures for the maintenance of the solid waste operations. All activities necessary to provide these services are accounted for in this fund.

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Proprietary Funds
Water/Sewer Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 726,624	\$ 726,624	\$ 746,110	\$ 19,486
State sources	15,000	15,000	52,464	37,464
Federal sources	630,259	630,259	1,252,159	621,900
Interest income	275	275	3,149	2,874
Total revenues	<u>\$ 1,372,158</u>	<u>\$ 1,372,158</u>	<u>\$ 2,053,882</u>	<u>\$ 681,724</u>
EXPENDITURES				
Personal services	\$ 270,327	\$ 270,327	\$ 289,148	\$ (18,821)
Maintenance and operations	327,950	327,950	370,085	(42,135)
Capital outlay	1,007,259	1,127,259	865,239	262,020
Revenue bonds principle	10,000	10,000	9,000	1,000
Interest expense	40,000	40,000	35,390	4,610
Total expenditures	<u>\$ 1,655,536</u>	<u>\$ 1,775,536</u>	<u>\$ 1,568,862</u>	<u>\$ 206,674</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 250,000	\$ 370,000	\$ 145,000	\$ (225,000)
Transfers out	-	-	-	-
Loan proceeds	-	-	375,000	375,000
Total financing sources (uses)	<u>\$ 250,000</u>	<u>\$ 370,000</u>	<u>\$ 520,000</u>	<u>\$ 150,000</u>
BUDGETED CASH BALANCE	<u>\$ 33,378</u>	<u>\$ 33,378</u>		

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Proprietary Funds
 Solid Waste Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 255,000	\$ 255,000	\$ 281,837	\$ 26,837
State sources	177,301	177,301	45,421	(131,880)
Environmental gross receipts tax	46,000	46,000	95,698	49,698
Interest income	200	200	2,724	2,524
Total revenues	<u>\$ 478,501</u>	<u>\$ 478,501</u>	<u>\$ 425,680</u>	<u>\$ (52,821)</u>
EXPENDITURES				
Personal services	\$ 144,822	\$ 144,822	\$ 253,746	\$ (108,924)
Maintenance and operations	312,300	312,300	310,102	2,198
Capital outlay	406,135	406,135	48,000	358,135
Loan principle	45,000	45,000	44,254	746
Investment expense	3,000	3,000	2,440	560
Total expenditures	<u>\$ 911,257</u>	<u>\$ 911,257</u>	<u>\$ 658,542</u>	<u>\$ 252,715</u>
OPERATING TRANSFERS				
Transfers in	\$ 90,000	\$ 90,000	\$ 90,000	\$ -
Transfers out	-	-	-	-
Total operating transfers	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 342,756</u>	<u>\$ 342,756</u>		

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

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Schedule of Changes in Assets
and Liabilities - All Agency Funds
Year Ended June 30, 2007

	Balances June 30, 2006	Additions	Deletions	Balances June 30, 2007
ASSETS				
Cash	\$ 300	\$ 1,800	\$ 2,100	\$ -
Total assets	<u>\$ 300</u>	<u>\$ 1,800</u>	<u>\$ 2,100</u>	<u>\$ -</u>
LIABILITIES				
Due to bond holders	\$ 300	\$ 1,800	\$ 2,100	\$ -
Total liabilities	<u>\$ 300</u>	<u>\$ 1,800</u>	<u>\$ 2,100</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Schedule of Budgetary Basis
 To GAAP Basis Reconciliation
 Non-Major Funds
 Year Ended June 30, 2007

	Fire Protection Fund	EMS Fund	Corrections Fund	Recreation Fund	Gas Tax Fund	Library Fund	Blue Hole Facility Fund	Main Street Fund
Revenues per modified accrual basis	\$ 169,134	\$ 13,920	\$ 10,512	\$ 3,050	\$ 315,902	\$ 26,186	\$ 20,666	\$ 14,779
Receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues per budgetary basis	<u>\$ 169,134</u>	<u>\$ 13,920</u>	<u>\$ 10,512</u>	<u>\$ 3,021</u>	<u>\$ 315,902</u>	<u>\$ 26,186</u>	<u>\$ 20,666</u>	<u>\$ 14,779</u>
Expenditures per modified accrual basis	\$ 149,736	\$ 24,513	\$ 31,666	\$ -	\$ 221,129	\$ 18,420	\$ 10,486	\$ 19,555
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures per budgetary basis	<u>\$ 149,736</u>	<u>\$ 24,513</u>	<u>\$ 31,666</u>	<u>\$ -</u>	<u>\$ 221,129</u>	<u>\$ 18,420</u>	<u>\$ 10,486</u>	<u>\$ 19,555</u>

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Schedule of Budgetary Basis
 To GAAP Basis Reconciliation
 Non-Major Funds
 Year Ended June 30, 2007

	Lodgers Tax Promotion Fund	Law Enforcement Protection Fund	EMS/Fire Rescue Fund	Convention and Visitors Center Fund	Senior Citizens Fund	Total Non-Major Special Revenue Fund
Revenues per modified accrual basis	\$ -	\$ 24,209	\$ 3,010	\$ 5,592	\$ 111,217	\$ 718,177
Receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,911)</u>	<u>(24,940)</u>
Revenues per budgetary basis	<u>\$ -</u>	<u>\$ 24,209</u>	<u>\$ 3,010</u>	<u>\$ 5,592</u>	<u>\$ 86,306</u>	<u>\$ 693,237</u>
Expenditures per modified accrual basis	\$ 186,258	\$ 26,059	\$ 3,797	\$ 352,664	\$ 146,643	\$ 1,190,926
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures per budgetary basis	<u>\$ 186,258</u>	<u>\$ 26,059</u>	<u>\$ 3,797</u>	<u>\$ 352,664</u>	<u>\$ 146,643</u>	<u>\$ 1,190,926</u>

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Schedule of Budgetary Basis
To GAAP Basis Reconciliation
Non-Major Funds
Year Ended June 30, 2007

	DPS Building Projects Fund	Park Renovations Fund	River Road Drainage Fund	Main Street Fund	Blue Hole Improvements Fund	Airport Construction Fund	Power Dam Improvements Fund	Gutierrez Park Fund
Revenues per modified accrual basis	\$ -	\$ 15,894	\$ 451,375	\$ -	\$ 41	\$ 11	\$ 50,281	\$ 2
Receivables	-	-	-	-	-	-	-	-
Revenues per budgetary basis	<u>\$ -</u>	<u>\$ 15,894</u>	<u>\$ 451,375</u>	<u>\$ -</u>	<u>\$ 41</u>	<u>\$ 11</u>	<u>\$ 50,281</u>	<u>\$ 2</u>
Expenditures per modified accrual basis	\$ -	\$ 126,431	\$ 492,919	\$ 1,978	\$ 26,483	\$ -	\$ 42,853	\$ -
Accounts payable	-	-	-	-	-	-	-	-
Expenditures per budgetary basis	<u>\$ -</u>	<u>\$ 126,431</u>	<u>\$ 492,919</u>	<u>\$ 1,978</u>	<u>\$ 26,483</u>	<u>\$ -</u>	<u>\$ 42,853</u>	<u>\$ -</u>

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Schedule of Budgetary Basis
To GAAP Basis Reconciliation
Non-Major Funds
Year Ended June 30, 2007

	I-40 Infrastructure Fund	Skate Park Fund	CDBG 5th & 6th Street Fund	Cultural Corridors Fund	Softball Complex Fund	Downtown Improvements Fund	El Rito Creek Improvements Fund	ADA Accounts Fund
Revenues per modified accrual basis	\$ 180	\$ 4	\$ 366,180	\$ 9	\$ 175,042	\$ 520,583	\$ 90	\$ 8
Receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues per budgetary basis	<u>\$ 180</u>	<u>\$ 4</u>	<u>\$ 366,180</u>	<u>\$ 9</u>	<u>\$ 175,042</u>	<u>\$ 520,583</u>	<u>\$ 90</u>	<u>\$ 8</u>
Expenditures per modified accrual basis	\$ 8,445	\$ -	\$ 482,211	\$ -	\$ 296,347	\$ 484,126	\$ -	\$ -
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures per budgetary basis	<u>\$ 8,445</u>	<u>\$ -</u>	<u>\$ 482,211</u>	<u>\$ -</u>	<u>\$ 296,347</u>	<u>\$ 484,126</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Schedule of Budgetary Basis
To GAAP Basis Reconciliation
Non-Major Funds
Year Ended June 30, 2007

	Golf Course Irrigation Fund	Total Non-Major Capital Projects Fund	Water/Sewer Fund	Solid Waste Fund
Revenues per modified				
accrual basis	\$ 23	\$ 1,579,723	\$ 2,082,712	\$ 421,927
Receivables	-	-	10,681	3,753
Deferred revenue/Due from grantor	-	-	(39,511)	-
	<u>\$ 23</u>	<u>\$ 1,579,723</u>	<u>\$ 2,053,882</u>	<u>\$ 425,680</u>
Revenues per budgetary basis				
Expenditures per modified				
accrual basis	\$ 290,295	\$ 2,252,088	\$ 850,213	\$ 1,344,103
Depreciation	-	-	(143,365)	(97,615)
Principle payments	-	-	9,000	44,254
Accounts payable	-	-	(12,225)	(680,200)
Capital acquisitions	-	-	865,239	48,000
	<u>\$ 290,295</u>	<u>\$ 2,252,088</u>	<u>\$ 1,568,862</u>	<u>\$ 658,542</u>
Expenditures per budgetary basis				

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007

<u>Originating Funding Source and Program</u>	<u>Pass Through Number</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through New Mexico Department of Finance and Administration: Community Development Block Grant/ State's Program	05-C-RS-I-1-G-2	14.218	\$ 362,157
Total Department of Housing and Urban Development			<u>362,157</u>
<u>U.S. Department of Agriculture</u>			
* Rural Utilities Service Passed through Eastern New Mexico Area on Aging, Inc.	N/A	10.854	835,052
Cash in Lieu of Commodities	N/A	10.570	<u>9,481</u>
Total U.S. Department of Agriculture			<u>844,533</u>
<u>U.S. Department of Transportation</u>			
Passed through NM State Highway and Transportation Department:			
STEP	06-PT-63-092	20.600	4,150
STEP	07-PT-K4-092	20.600	1,807
ODWI	07-AL-K8-092	20.601	<u>2,709</u>
Total Department of Transportation			<u>8,666</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Eastern New Mexico Area Agency on Aging, Inc.			
Title III B	N/A	93.044	6,974
Title III C1	N/A	93.045	12,733
Title III C2	N/A	93.045	3,372
Title III D	N/A	93.045	<u>-</u>
Total Department of Health and Human Services			<u>23,079</u>
Total Expenditures of Federal Awards			<u>\$ 1,238,435</u>

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Accounting
The Schedule of Expenditures of Federal Awards was prepared using the modified accrual method accounting. This is the same basis as was used to prepare the financial statements.

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Santa Rosa and is presented on the cash basis of accounting, which is not the same basis as was used to prepare the financial statements. The financial statements were prepared using the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.
2. Non-Cash Assistance
The City did not receive any federal awards in the form of non-cash assistance during the year.
3. Subrecipients
The City did not provide any federal awards to subrecipients during the year.

*Treated as a Major Program

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Part 1 - Summary of Auditor Results

1. Type of Report - Unqualified
2. Significant Deficiencies - 97-3, 03-03, 04-01, 04-07, 06-03 and 07-03
3. Non-Compliance - 00-17, 02-01, 03-03, 04-03, 06-02, 07-01, 07-02 and 07-03
4. Reportable Conditions Over Major Programs - NONE
5. Type of Report Issued on Compliance with the Major Program - Unqualified
6. A-133 Audit Findings - NONE
7. Major Programs - Rural Utilities Service CFDA #10.854
8. Dollar Threshold Used to Distinguish Type A and Type B Programs - \$300,000
9. The City of Santa Rosa did not qualify as a low-risk auditee.

Part 2 - Findings

1. Comments - 97-3, 00-17, 02-01, 03-03, 04-01, 04-03, 04-07, 06-02, 06-03, 07-01, 07-02 and 07-03

Part 3 - Questioned Costs

NONE

Rice and Associates, C.P.A.

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

Mr. Hector T. Balderas
New Mexico State Auditor
and
Honorable Mayor Joseph Campos
and City Council
City of Santa Rosa
Santa Rosa, New Mexico

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the General and Lodgers Tax Funds of the City of Santa Rosa, as of and for the year ended June 30, 2007, and have issued our report thereon dated May 27, 2009. We also have audited the financial statements of each of the City's non-major governmental funds and budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is

more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs and Status of Prior Year Findings to be significant deficiencies in internal control over financial reporting. They are listed as Depreciation (97-03), Disbursements (03-03), Interest Earned on CD's (04-01), Incorrect Trial Balances (04-07), Inactive Water/Sewer Accounts (06-03) and Current copy of CDL in Payroll Files (07-03).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies that are also considered material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

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, non-compliance 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 several instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. They are described in the accompanying Schedule of Findings and Questioned Costs and Status of Prior Year Findings as Depreciation (97-03), Audit Report Completion (00-17), Payroll File - I-9's (02-01), Disbursements (03-03), Budget Overruns (04-03), Drug Testing Policy (06-02), CFDA Data Collection Form (07-01), Unbudgeted Transfer (07-02) and Current Copy of CDL in Payroll Files (07-03).

The City of Santa Rosa's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and Status of Comments and Responses. We did not audit the City of Santa Rosa's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Council, the Office of the State Auditor, the New Mexico State Legislature and the New Mexico Department of Finance and Administration and is not intended to be and should not be used by anyone other than these specified parties.



May 27, 2009

Rice and Associates, C.P.A.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Mr. Hector H. Balderas
New Mexico State Auditor
and
Honorable Mayor Joseph Campos
and City Council
City of Santa Rosa
Santa Rosa, New Mexico

Compliance

We have audited the compliance of the City of Santa Rosa (City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The City's major federal programs are identified in the summary of the auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered

the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in a City's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City of Santa Rosa's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the City Council, the Office of the State Auditor, the New Mexico State Legislature and the New Mexico Department of Finance and Administration and is not intended to be and should not be used by anyone other than these specified parties.

Road & Associates, C.P.A.

May 27, 2009

STATUS OF PRIOR YEAR FINDINGS

Prior Year Audit Findings:

1. Depreciation (97-3) - Repeated.
2. Water Meter Deposits (97-6) - Resolved.
3. Audit Report Completion (00-17) - Repeated.
4. Payroll Files - I-9's (02-01) - Repeated.
5. Old Outstanding Checks (03-02) - Resolved.
6. Disbursements (03-03) - Repeated.
7. Compensating Tax (03-05) - Resolved.
8. Interest Earned on CD's (04-01) - Repeated.
9. Budget Overruns (04-03) - Repeated.
10. Incorrect Trial Balances (04-07) - Repeated.
11. Interest Income (05-01) - Resolved.
12. Services Rendered Without State Auditor Approval (06-01) - Resolved.
13. Drug Testing Policy (06-02) - Repeated.
14. Inactive Water/Sewer Accounts (Receivable) (06-03) - Repeated.

Current Year Audit Findings:

1. CFDA Data Collection Form (07-01)
2. Unbudgeted Transfer (07-02)
3. Current Copy of CDL in Payroll Files (07-03)

Depreciation
(97-3) .

CONDITION A complete capital asset depreciation schedule was not available.

CRITERIA A depreciation schedule should be maintained. The depreciation schedule should be separated by each major class of asset to comply with GASB 34.177a. Also, a depreciation schedule is required to comply with 2.20.1.12 NMAC.

CAUSE The current management has worked on compiling a schedule, however, it is still not complete.

EFFECT The capital asset records could be overstated/understated.

RECOMMENDATION The City should continue preparing a depreciation schedule and bringing it current.

RESPONSE The City of Santa Rosa is currently working on a depreciation schedule. We have purchased a new software program that should enable us to keep our depreciation schedule current and up to date. We will be inputting all depreciation into the new program, this will be a lengthy process. The time frame for this project is to be completed for the 2008-2009 audit.

Audit Report Completion

(00-17)

CONDITION	The audit report was not submitted timely to the State Auditors Office.
CRITERIA	State and Local government audits have a prescribed due date set by the State auditors Office, per State Auditors Rule 2.2.2.9 A (1)(d).
CAUSE	The prior years audit report was not submitted timely to the State Auditors Office. The situation led to the current years audit report not being submitted timely.
EFFECT	The audit report was not completed by the due date. Also, the users of the financial statements such as legislators, creditors, bondholders, State and federal grantors, etc., do not have timely audit reports and financial statements for their review. Late audit reports could have an effect on State and federal funding and also further delay timely submission of future audit reports.
RECOMMENDATION	All audit reports have now been submitted, thus, it appears that the 2009 audit can be completed and submitted timely.
RESPONSE	The City of Santa Rosa has been focusing closely on the audits and should be on timely matter within the next 6 months.

Payroll Files - I-9's
(02-01)

CONDITION	A test of employee personnel files showed that 5 out of 15 employee files were missing a City employee's signature, which was required on the I-9 forms.
CRITERIA	A complete I-9 form should be in each employees personnel file. This is according to the employer sanctions provisions, found in Section 274A of the Immigration Reform and Control Act of 1986 (IRCA).
CAUSE	The City is not ensuring all employee personnel files are complete.
EFFECT	The Immigration Reform and Control Act was not adhered to.
RECOMMENDATION	City management should ensure that a particular employee is in charge of this duty and that it has been carried out.
RESPONSE	The City of Santa Rosa has hired a part time records clerk to keep up with the proper documentation, and has implemented a procedural manual for this process.

Disbursements

(03-03)

CONDITION The accounts payable records, in 59 out of 88 instances, do not show:

- a. evidence of receipts of goods or services,
- b. the purchase order was approved, prepared and dated after the goods were ordered,
- c. approval to pay.
- d. compliance with procurement requirements.

CRITERIA The City is not complying with Procurement Code Section 13-1-158 NMSA 1978.

Also, according to sound accounting practices the following items must be present before disbursements can be made.

- 1. A signed, dated purchase order is created and approved.
- 2. Evidence that the item/service was obtained should be attached, this includes an invoice and signature of receipt.
- 3. Evidence of extensions, recalculations, footings and charges verified on invoice or packing slip.
- 4. Evidence that sales taxes charged were not required and/or paid.
- 5. Evidence that the Procurement requirements were complied with.

CAUSE The lack of proper procedures has still not been addressed.

EFFECT Failure to perform the above functions could result in erroneous payments.

RECOMMENDATION Prior to payment, all invoices (or supporting documentation) should show evidence of receipt of goods or services, verification of prices, extensions and footings, and approval to pay, along with procurement compliance.

RESPONSE The City of Santa Rosa has implemented procedures to have all documentation for the disbursements process. This implementation should keep us in compliance with the procurement code, also.

Interest Earned on CD's
(04-01)

CONDITION	The City is not recording interest on certificates of deposit as revenue anywhere on the books of record. The total amount not posted is \$4,576.
CRITERIA	According to GASB 34 ¶12(e) the city will "Measure and report all assets and revenues (both financial and capital)." Thus, all revenues earned must be posted to the books of record as soon as they are earned.
CAUSE	Management has taken over the duties the consultant was performing, thus, not all duties were given to an employee to perform.
EFFECT	Cash and revenues are being understated.
RECOMMENDATION	An employee should be given the duties of reconciling the certificates of deposit and posting all interest earned to the books of record.
RESPONSE	The City of Santa Rosa has corrected this situation by purchasing a new software program that enables the City to record all necessary transactions.

Budget Overruns

(04-03)

CONDITION The City had budget overruns in the General Fund totaling \$244,673. The Non-Major Golf Course Irrigation Fund by \$10,844. The Non-Major Corrections Fund by \$1,666. Also, the Lodgers Tax Fund overspent their budget by \$97,387.

CRITERIA According to Sections 6-6-6 through 6-6-11 NMSA 1978 Compilation "prohibits local governments from making expenditures in excess of the approved budget".

CAUSE Budgetary adjustments did not occur to correct budget deficits.

EFFECT The City did not comply with the Section 6-6-6 through 6-6-11 NMSA 1978 compilation.

RECOMMENDATION The City should ensure that all funds are reviewed for possible overruns and request the appropriate budgetary increases before expenditures exceed budget.

RESPONSE The City of Santa Rosa did not book a payment made directly to the vendor by NMFA for two projects. The City will ensure that all expenses made are recorded through journal entries to correct this situation.

Incorrect Trial Balances

(04-07)

CONDITION	The City's current software used for posting transactions to the books of record, trial balance, general ledger, etc. is not fully functional. When the employee runs payroll, liabilities are produced, however when the benefits and/or taxes are paid these liabilities are not zeroed out correctly.
CRITERIA	The City should have a software package that is adequate for its needs.
CAUSE	The software package is not currently fully functional. A consultant from the software company has not been brought back for final training and corrections to the current liability problem.
EFFECT	The City is preparing trial balances that are not currently usable for decisions by the Board or Management.
RECOMMENDATION	Management of the City should ensure that the software is being utilized to capacity and all training on the use of the software be completed.
RESPONSE	The City of Santa Rosa has purchased a new software program which will correct this issue.

Drug Testing Policy
(06-02)

CONDITION	No employees out of seventeen were given an alcohol test during the year.
CRITERIA	According to the City's personnel policy all employees with a CDL license and all police officers are pooled each year and 25% of that pool must be alcohol tested each year.
CAUSE	Management has not ensured that this policy be followed.
EFFECT	The City's own drug and alcohol policy is not being followed.
RECOMMENDATION	Management should ensure that a particular employee be responsible for the duties of the drug and alcohol policy and its compliance.
RESPONSE	The City of Santa Rosa will ensure that the employee alcohol policy is complied with. Management is already aware and working on resolving this issue.

Inactive Water/Sewer Accounts (Receivable)
(06-03)

CONDITION	When an account (receivable) is put on the inactive list, it is dropped from the accounts receivable listing by the current software used by the City. Approximately \$3,710 worth of receivables were not being billed as collectible.
CRITERIA	According to GASB 34 ¶12(e) the City will "measure and report all assets (both financial and capital)." So the City must keep all receivables considered collectible on the books of record until they can be deleted legally (with proper approval or by Statute).
CAUSE	Management was unaware of this software problem.
EFFECT	Receivables are being understated on the financial statements because they are not being included in the receivable/billings books of record.
RECOMMENDATION	The City is currently trying to obtain a new software program that will not contain this defect. However, until it is installed, all efforts must continue to collect these outstanding (inactive) accounts.
RESPONSE	The City of Santa Rosa has purchased a new software system that keeps these records in the system until paid in full.

CFDA Data Collection Form
(07-01)

CONDITION	The CFDA Data Collection Form was not submitted to the federal clearing house within nine months after the fiscal year end due to the audit not being completed within nine months after the fiscal year end.
CRITERIA	The CFDA Data Collection Form is to be submitted to the federal clearing house within nine months after the fiscal year end according to OMB Circular A-133.320.
CAUSE	The audit was not completed within the nine month period after the fiscal year end. The audit report must be submitted with the Data Collection Form. Thus, the Data Collection Form could not be submitted until the audit report was completed.
EFFECT	The City was unable to comply with OMB Circular A-133.
RECOMMENDATION	The audit report should be completed within nine months after the fiscal year end.
RESPONSE	The City of Santa Rosa was unable to submit this form because our 2007 audit report was not submitted in a timely manner.

Unbudgeted Transfer
(07-02)

CONDITION The General Fund transferred \$45,000 to the CDBG 5th & 6th Street Fund without a properly approved budgeted transfer.

CRITERIA According to Sections 6-6-6 through 6-6-11 NMSA 1978 Compilation "prohibits local governments from making transfers in excess of the approved budget".

CAUSE Budgetary adjustment did not occur to correct budget deficits.

EFFECT Management did not comply with the Section 6-6-6 through 6-6-11 NMSA 1978 Compilation.

RECOMMENDATION Management should ensure that all funds are reviewed for possible overruns and request the appropriate budgetary increases before transfers exceed budget.

RESPONSE The City of Santa Rosa did not include a payment which should have been included in the final budget resolution for the fiscal year. Staff is currently keeping logs of all funds being distributed for projects.

Current Copy of CDL Kept in Payroll Files
(07-03)

CONDITION	Management is not including a current copy of the employees Commercial Drivers License in their employee file.
CRITERIA	All employees with special duties should have all certificates and/or licenses kept in their employee file.
CAUSE	Management is not ensuring all employee personnel files are complete.
EFFECT	Management may have a license expire without knowing. This could result in a \$10,000 fine.
RECOMMENDATION	Management should update all the employee files so they can ensure all employees have current and valid CDL's.
RESPONSE	The City Clerk was not aware of this situation. Copies were kept, but not updated as needed. The records clerk has updated all files to be current.

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2007 were prepared by Rice & Associates, CPA, based on managements chart of accounts and trial balances including any adjusting, correcting or closing entries approved by management. These services are allowable under SAS 112.

EXIT CONFERENCE

An exit conference was held at the City on May 27, 2009, to discuss the current audit report. In attendance were Mr. Jesus Roybal, City Administrator, Ms. Carol Tapia, City Clerk, Ms. Yolanda Garcia, Finance Officer and Ms. Pamela A. Rice, CPA, Contract Auditor.