

STATE OF NEW MEXICO

CITY OF SANTA ROSA

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2008

(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, 2008

(with Auditor's Report Thereon)

STATE OF NEW MEXICO
CITY OF SANTA ROSA
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STATE OF NEW MEXICO
CITY OF SANTA ROSA
Official Roster
Year Ended June 30, 2008

City Council

<u>Name</u>	<u>Title</u>
Mr. Joseph Campos	Mayor
Mr. Alvin V. Maestas, Sr.	Mayor Pro-Tem
Mr. Albert E. Campos, Jr.	Council Member
Mr. Patrick Cordova	Council Member
Mr. Darrel B. Gomez	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, 2008, 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, 2008 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, 2008, 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, 2008, 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 11, 2010 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.

Risa Associates, LLP

May 11, 2010

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Statement of Net Assets
June 30, 2008

Statement 1
Page 1 of 2

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current Assets			
Cash	\$ 2,031,275	\$ 400,657	\$ 2,431,932
Accounts receivable (net of uncollectible accounts)	259,356	135,634	394,990
Total current assets	2,290,631	536,291	2,826,922
Restricted Assets (Cash)			
Customer meter deposits	-	37,590	37,590
Repair and replacement	-	108,286	108,286
Sewer capital reserve	-	50,262	50,262
Solid waste construction	-	816	816
Debt service reserve	350,792	38,631	389,423
Tourist facilities construction	1,793,194	-	1,793,194
Total restricted assets	2,143,986	235,585	2,379,571
Capital Assets			
Land	1,688,145	158,559	1,846,704
Land improvements	5,324,674	-	5,324,674
Buildings and improvements	5,162,550	127,584	5,290,134
Airport	4,012,347	-	4,012,347
Street improvements	8,220,078	-	8,220,078
Vehicles and equipment	3,256,693	1,205,922	4,462,615
Plant	-	7,308,320	7,308,320
Total capital assets	27,664,487	8,800,385	36,464,872
Less accumulated depreciation	(9,601,369)	(2,517,582)	(12,118,951)
Total capital assets (net of accumulated depreciation)	18,063,118	6,282,803	24,345,921
Total assets	\$ 22,497,735	\$ 7,054,679	\$ 29,552,414

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, 2008

Statement 1
Page 2 of 2

	Governmental Activities	Business Type Activities	Total
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 64,507	\$ 48,054	\$ 112,561
Customer meter deposits (restricted)	-	37,590	37,590
Accrued interest payable	182,063	-	182,063
Deferred revenue	250,000	-	250,000
Revenue bonds payable - current portion	137,938	10,000	147,938
Loans payable - current portion	64,453	44,677	109,130
Total current liabilities	698,961	140,321	839,282
Non-Current Liabilities			
Revenue bonds payable (less current portion)	3,549,384	803,300	4,352,684
Compensated absences payable	98,749	44,234	142,983
Landfill closure and post closure liability	-	1,482,700	1,482,700
Loans payable (less current portion)	1,191,903	133,123	1,325,026
Total non-current liabilities	4,840,036	2,463,357	7,303,393
Total liabilities	5,538,997	2,603,678	8,142,675
Net Assets			
Invested in net assets			
net of related debt	12,937,377	5,291,703	18,229,080
Unrestricted	1,262,750	(1,071,553)	191,197
Restricted for repair and replacement	-	158,548	158,548
Restricted for capital outlay	2,373,414	33,672	2,407,086
Restricted for debt service	385,197	38,631	423,828
Total net assets	16,958,738	4,451,001	21,409,739
Total liabilities and net assets	\$ 22,497,735	\$ 7,054,679	\$ 29,552,414

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, 2008

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	\$ 1,221,349	\$ 128,964	\$ 320,515	\$ -	\$ (771,870)	\$ -	\$ (771,870)
Highways and streets	429,869	-	-	3,017,848	2,587,979	-	2,587,979
Public safety	1,217,077	113,902	256,885	-	(846,290)	-	(846,290)
Culture and recreation	1,073,225	122,212	130,577	-	(820,436)	-	(820,436)
Depreciation - unallocated	1,193,569	-	-	-	(1,193,569)	-	(1,193,569)
Total governmental activities	5,135,089	365,078	707,977	3,017,848	(1,044,186)	-	(1,044,186)
Business-type activities:							
Water/sewer services	975,362	752,304	-	284,622	-	61,564	61,564
Solid waste services	498,050	288,869	-	-	-	(209,181)	(209,181)
Total business-type activities	1,473,412	1,041,173	-	284,622	-	(147,617)	(147,617)
Total all activities	<u>\$ 6,608,501</u>	<u>\$ 1,406,251</u>	<u>\$ 707,977</u>	<u>\$ 3,302,470</u>	(1,044,186)	(147,617)	(1,191,803)
General Revenues:							
Property taxes					182,049	-	182,049
Franchise taxes					20,366	-	20,366
Cigarette taxes					8,055	-	8,055
Gross receipts taxes					2,095,667	74,758	2,170,425
Motor vehicle taxes					8,069	-	8,069
Gas taxes					208,813	-	208,813
Lodgers taxes					401,123	-	401,123
State aid not restricted to special purpose:							
General					35,000	-	35,000
Investment earnings					96,742	7,646	104,388
Transfers					(23,807)	23,807	-
Total general revenues and transfers					3,032,077	106,211	3,138,288
Change in net assets					1,987,891	(41,406)	1,946,485
Net assets - beginning					14,970,847	4,492,407	19,463,254
Net assets - ending					<u>\$ 16,958,738</u>	<u>\$ 4,451,001</u>	<u>\$ 21,409,739</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, 2008

Statement 3

	General Fund	Lodgers Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash on deposit	\$ 608,126	\$ 2,052,894	\$ 1,514,241	\$ 4,175,261
Accounts receivable	196,502	40,910	21,944	259,356
Total assets	\$ 804,628	\$ 2,093,804	\$ 1,536,185	\$ 4,434,617
LIABILITIES				
Accounts payable	\$ 64,507	\$ -	\$ -	\$ 64,507
Deferred revenues	-	-	250,000	250,000
Total liabilities	64,507	-	250,000	314,507
FUND BALANCE				
Reserved for petty cash	500	-	75	575
Reserved for retirement of long-term debt	245,672	139,525	-	385,197
Reserved for capital outlay	-	1,793,194	218,267	2,011,461
Unreserved:				
Designated for subsequent years expenditures	-	-	361,953	361,953
Undesignated reported in:				
General fund	493,949	-	-	493,949
Special revenue funds	-	161,085	705,890	866,975
Capital project funds	-	-	-	-
Total fund balance	740,121	2,093,804	1,286,185	4,120,110
Total liabilities and fund balance	\$ 804,628	\$ 2,093,804	\$ 1,536,185	\$ 4,434,617

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, 2008

Statement 4

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

Total fund balances - governmental funds		\$ 4,120,110
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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	27,664,487		
Accumulated depreciation	<u>(9,601,369)</u>		
			<u>18,063,118</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	(182,063)		
Loans payable	(1,256,356)		
Revenue bonds payable	(3,687,322)		
Compensated absences	<u>(98,749)</u>		
			<u>(5,224,490)</u>

Net assets of governmental activities		<u><u>\$ 16,958,738</u></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, 2008

Statement 5

	General Fund	Lodgers Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 182,049	\$ 401,123	\$ -	\$ 583,172
Franchise taxes	20,366	-	-	20,366
Cigarette taxes	5,363	-	2,692	8,055
Gross receipts taxes	1,259,211	-	-	1,259,211
MVD taxes	8,069	-	-	8,069
Gas taxes	-	-	208,813	208,813
Charges for services	299,075	-	17,419	316,494
Licenses and permits	18,295	-	30,289	48,584
Fines and forfeitures	73,400	1,438	23,359	98,197
Local sources	244,005	-	102,698	346,703
State sources	38,110	13,000	2,757,790	2,808,900
Federal sources	23,296	-	483,729	507,025
State shared taxes	836,456	-	-	836,456
Earnings from investments	13,346	68,951	14,444	96,741
	<u>3,021,041</u>	<u>484,512</u>	<u>3,641,233</u>	<u>7,146,786</u>
Total revenues				
EXPENDITURES				
Current:				
General government	937,272	-	155,534	1,092,806
Highways and streets	204,823	-	225,046	429,869
Public safety	1,003,358	-	211,616	1,214,974
Culture and recreation	689,404	2,110	311,341	1,002,855
Capital outlay	15,821	-	3,959,624	3,975,445
Debt service:				
Loan principle	77,202	66,551	36,030	179,783
Loan interest	74,593	72,550	2,473	149,616
	<u>3,002,473</u>	<u>141,211</u>	<u>4,901,664</u>	<u>8,045,348</u>
Total expenditures				
Excess (deficiency) revenues over expenditures	18,568	343,301	(1,260,431)	(898,562)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	19,012	-	1,377,021	1,396,033
Operating transfers (out)	(924,530)	(243,924)	(251,385)	(1,419,839)
Loan proceeds	915,538	-	-	915,538
	<u>10,020</u>	<u>(243,924)</u>	<u>1,125,636</u>	<u>891,732</u>
Total other financing sources (uses)				
Net change in fund balances	28,588	99,377	(134,795)	(6,830)
Fund balance beginning of year	711,533	1,994,427	1,420,980	4,126,940
Fund balance end of year	<u>\$ 740,121</u>	<u>\$ 2,093,804</u>	<u>\$ 1,286,185</u>	<u>\$ 4,120,110</u>

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

CITY OF SANTA ROSA

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, 2008

Net change in fund balances - total governmental funds \$ (6,830)

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	3,975,445	
Depreciation expense	<u>(1,193,569)</u>	
Excess of capital outlay over depreciation expense		2,781,876

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		(32,446)
Compensated absences payable		(18,954)

The issuance of long-term debt (e.g. loans) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Loan proceeds	(915,538)	
Repayment of long-term debt	<u>179,783</u>	
		<u>(735,755)</u>

Change in net assets of governmental activities \$ 1,987,891

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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 170,406	\$ 180,202	\$ 180,201	\$ (1)
Franchise taxes	24,000	24,000	20,366	(3,634)
Cigarette taxes	4,500	4,500	5,371	871
Gross receipts taxes	1,133,500	1,230,005	1,229,995	(10)
Motor vehicle taxes	9,000	10,720	10,720	-
Charges for services	225,811	327,140	299,075	(28,065)
Licenses and permits	8,900	9,676	18,295	8,619
Fines and forfeitures	65,600	67,790	73,400	5,610
Local sources	248,073	278,090	244,005	(34,085)
State sources	38,800	38,800	38,110	(690)
Federal sources	31,025	31,025	13,179	(17,846)
State shared taxes	750,000	869,577	836,456	(33,121)
Earnings from investments	18,008	18,008	13,346	(4,662)
Total revenues	<u>\$ 2,727,623</u>	<u>\$ 3,089,533</u>	<u>\$ 2,982,519</u>	<u>\$ (107,014)</u>
EXPENDITURES				
General government	\$ 733,809	\$ 1,008,057	\$ 907,687	\$ 100,370
Highways and streets	202,050	204,830	204,823	7
Public safety	961,424	1,008,854	1,003,358	5,496
Culture and recreation	640,244	772,768	689,404	83,364
Capital outlay	26,000	26,000	15,821	10,179
Debt service:				
Loan principle	77,202	77,202	77,202	-
Loan interest	74,865	74,865	74,593	272
Total expenditures	<u>\$ 2,715,594</u>	<u>\$ 3,172,576</u>	<u>\$ 2,972,888</u>	<u>\$ 199,688</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 99,012	\$ 105,712	\$ 105,712	\$ -
Transfers out	(177,062)	(180,062)	(1,011,230)	(831,168)
Loan proceeds	-	-	915,538	915,538
Total other financing sources (uses)	<u>\$ (78,050)</u>	<u>\$ (74,350)</u>	<u>\$ 10,020</u>	<u>\$ 84,370</u>
BUDGETED CASH BALANCE	<u>\$ 67,122</u>	<u>\$ 488,720</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 372,000	\$ 375,000	\$ 403,479	\$ 28,479
Fines and forfeitures	1,060	1,060	1,438	378
State sources	13,000	13,000	13,000	-
Earnings on investments	<u>35</u>	<u>35</u>	<u>68,951</u>	<u>68,916</u>
Total revenues	<u>\$ 386,095</u>	<u>\$ 389,095</u>	<u>\$ 486,868</u>	<u>\$ 97,773</u>
EXPENDITURES				
Culture & recreation	<u>\$ 138,976</u>	<u>\$ 141,976</u>	<u>\$ 141,211</u>	<u>\$ 765</u>
Total expenditures	<u>\$ 138,976</u>	<u>\$ 141,976</u>	<u>\$ 141,211</u>	<u>\$ 765</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (243,924)</u>	<u>\$ (243,924)</u>	<u>\$ (243,924)</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ (243,924)</u>	<u>\$ (243,924)</u>	<u>\$ (243,924)</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
Proprietary Funds
Statement of Net Assets
June 30, 2008

Statement 9
Page 1 of 2

	Water/Sewer Fund	Solid Waste Fund	Totals
ASSETS			
Current Assets			
Cash on deposit	\$ 263,572	\$ 137,085	\$ 400,657
Accounts receivable (net)	102,578	33,056	135,634
Total Current Assets	366,150	170,141	536,291
Restricted Assets (Cash)			
Customer meter deposits	37,590	-	37,590
Repair and replacement	108,286	-	108,286
Sewer Capital Reserve	50,262	-	50,262
Solid Waste Construction	-	816	816
Debt service reserve	-	38,631	38,631
Total Restricted Assets (Cash)	196,138	39,447	235,585
Non-Current Assets			
Land	158,559	-	158,559
Equipment	99,313	866,355	965,668
Vehicles	230,552	9,702	240,254
Plant	6,888,178	420,142	7,308,320
Buildings	127,584	-	127,584
Accumulated depreciation	(2,088,355)	(429,227)	(2,517,582)
Total Non-Current Assets	5,415,831	866,972	6,282,803
Total Assets	\$ 5,978,119	\$ 1,076,560	\$ 7,054,679

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, 2008

Statement 9
Page 2 of 2

	Water/Sewer Fund	Solid Waste Fund	Totals
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 34,762	\$ 13,292	\$ 48,054
Customer meter deposits			
payable from Restricted Assets	37,590	-	37,590
Revenue bonds payable	10,000	-	10,000
Loans payable	-	44,677	44,677
	<u>82,352</u>	<u>57,969</u>	<u>140,321</u>
Long-Term Liabilities			
Revenue bonds payable	803,300	-	803,300
Loan payable	-	133,123	133,123
Compensated absences	23,270	20,964	44,234
Landfill closure and post-closure liability	-	1,482,700	1,482,700
	<u>826,570</u>	<u>1,636,787</u>	<u>2,463,357</u>
Total Liabilities	<u>908,922</u>	<u>1,694,756</u>	<u>2,603,678</u>
NET ASSETS			
Invested in Capital Assets, net of related debt	4,602,531	689,172	5,291,703
Unrestricted	275,262	(1,346,815)	(1,071,553)
Restricted for repair and replacement	158,548	-	158,548
Restricted for capital outlay	32,856	816	33,672
Reserved for debt service	-	38,631	38,631
	<u>5,069,197</u>	<u>(618,196)</u>	<u>4,451,001</u>
Total Net Assets and Liabilities	<u>\$ 5,978,119</u>	<u>\$ 1,076,560</u>	<u>\$ 7,054,679</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 Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2008

	Water/Sewer Fund	Solid Waste Fund	Totals
OPERATING REVENUES			
Sales and services	752,304	288,869	\$ 1,041,173
Total operating revenue	752,304	288,869	1,041,173
OPERATING EXPENSES			
Personal services	302,797	183,882	486,679
Maintenance and operations	440,193	219,229	659,422
Depreciation	197,376	88,924	286,300
Total operating expenses	940,366	492,035	1,432,401
Operating income (loss)	(188,062)	(203,166)	(391,228)
NON-OPERATING REVENUE (EXPENSE)			
Investment income	5,011	2,635	7,646
Investment expense	(34,996)	(6,015)	(41,011)
State Grant	36,438	-	36,438
Federal Grant	248,184	-	248,184
Environmental gross receipts taxes	-	74,758	74,758
Total Non-Operating Revenue (Expense)	254,637	71,378	326,015
Income (loss) before transfers	66,575	(131,788)	(65,213)
Operating transfers in	23,807	-	23,807
Operating transfers out	-	-	-
Net transfers	23,807	-	23,807
Change in Net Assets	90,382	(131,788)	(41,406)
Total net assets, beginning of year	4,978,815	(486,408)	4,492,407
Total net assets, end of year	<u>\$ 5,069,197</u>	<u>\$ (618,196)</u>	<u>\$ 4,451,001</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, 2008

Statement 11

	Water/Sewer Fund	Solid Waste Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 738,910	\$ 285,147	\$ 1,024,057
Cash payments to employees and to suppliers for goods and services	(720,120)	(390,916)	(1,111,036)
Net cash provided by operating activities	18,790	(105,769)	(86,979)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(402,328)	(170,694)	(573,022)
Loan/Bond payments	(10,000)	(55,534)	(65,534)
Investment expense	(34,996)	(6,016)	(41,012)
Loan proceeds	-	127,778	127,778
Net cash provided (used) by capital and related financing activities	(447,324)	(104,466)	(551,790)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from state grants	36,438	-	36,438
Cash received from federal grants	248,184	-	248,184
Operating transfers from other funds	23,807	-	23,807
Operating transfers to other funds	-	-	-
Environmental gross receipts taxes	-	74,758	74,758
Net cash provided (used) by noncapital financing activities	308,429	74,758	383,187
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	5,010	2,635	7,645
Net cash provided by investing activities	5,010	2,635	7,645
Net increase (decrease) in cash	(115,095)	(132,842)	(247,937)
Cash, beginning of year	574,805	309,374	884,179
Cash, end of year	\$ 459,710	\$ 176,532	\$ 636,242
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (188,062)	\$ (203,166)	\$ (391,228)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	197,376	88,924	286,300
Changes in assets and liabilities:			
(Increase) decrease in receivables	(13,393)	(3,722)	(17,115)
Increase (decrease) in accounts payable	19,245	1,024	20,269
Increase (decrease) in compensated absences	4,004	11,171	15,175
Increase (decrease) in meter deposits payable	(380)	-	(380)
Net cash provided (used) by operating activities	\$ 18,790	\$ (105,769)	\$ (86,979)

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, 2008

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>500</u>
Total Assets	<u>\$ 500</u>
LIABILITIES	
Due to bond holders	\$ <u>500</u>
Total Liabilities	<u>\$ 500</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, 2008

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 available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the

Notes to Financial Statements (continued)

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

Notes to Financial Statements (continued)

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The City does not currently employ indirect cost allocation systems. Depreciation expense is 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.

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

Notes to Financial Statements (continued)

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.

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.

Notes to Financial Statements (continued)

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 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.

Notes to Financial Statements (continued)

Restricted Assets

Certain proceeds of enterprise fund revenue bonds and governmental 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. The "debt service reserve" account is used to report resources set aside for the purpose of debt service repayments. Also, meter deposits are not assets but "deposits held in trust for others".

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:

<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

Notes to Financial Statements (continued)

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.

Net Assets

The governmental activities and business-type activities financial statements utilize a net assets presentation. Net assets are categorized as follows:

Investment in capital assets, net of related debt - This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

Restricted net assets - This category reflects the portion of net assets that have third party limitation on their use.

Unrestricted net assets - This category reflects net assets of the City not restricted for any project or other purposes.

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.

Unreserved, designated for subsequent year's expenditures - This represents the amounts, other than carryover expenditures, which are designated for subsequent year's expenditures in accordance with grantor status.

Unreserved, undesignated - Amounts which have not been reserved or designated for any purpose. These funds are available for unrestricted usage by the City.

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	\$	100
Wells Fargo Bank	Checking	City of Santa Rosa		9,409
Wells Fargo Bank	Checking	City of Santa Rosa		986
Wells Fargo Bank	Checking	City of Santa Rosa		8,761
Wells Fargo Bank	Checking	City of Santa Rosa		4,256
Wells Fargo Bank	Checking	City of Santa Rosa		45,437
Wells Fargo Bank	Checking	City of Santa Rosa		37,097
Wells Fargo Bank	Checking	City of Santa Rosa		1,167
Wells Fargo Bank	Checking	City of Santa Rosa		79,335
Wells Fargo Bank	Checking	City of Santa Rosa		134,806
Wells Fargo Bank	Checking	City of Santa Rosa		18,375
Wells Fargo Bank	Checking	City of Santa Rosa		41,757
Wells Fargo Bank	Checking	City of Santa Rosa		500
Wells Fargo Bank	Checking	City of Santa Rosa		230,935
Wells Fargo Bank	Checking	City of Santa Rosa		4,800
Wells Fargo Bank	Checking	City of Santa Rosa		11,605
Wells Fargo Bank	Checking	City of Santa Rosa		2,071
Wells Fargo Bank	Checking	City of Santa Rosa		4,002
Wells Fargo Bank	Checking	City of Santa Rosa		232,757
Wells Fargo Bank	Checking	City of Santa Rosa		103
Wells Fargo Bank	Checking	City of Santa Rosa		8,789
Wells Fargo Bank	Checking	City of Santa Rosa		1,833
Wells Fargo Bank	Checking	City of Santa Rosa		50,283
Wells Fargo Bank	Checking	City of Santa Rosa		9,987
Wells Fargo Bank	Checking	City of Santa Rosa		12,351
Wells Fargo Bank	Checking	City of Santa Rosa		16,916
Wells Fargo Bank	Checking	City of Santa Rosa		106,332
Wells Fargo Bank	Checking	City of Santa Rosa		1,683
Wells Fargo Bank	Checking	City of Santa Rosa		96,298
Wells Fargo Bank	Checking	City of Santa Rosa		21
Wells Fargo Bank	Checking	City of Santa Rosa		41,753
Wells Fargo Bank	Checking	City of Santa Rosa		19,719
Wells Fargo Bank	Checking	City of Santa Rosa		250,000
Wells Fargo Bank	Checking	City of Santa Rosa		37,732
Wells Fargo Bank	Checking	City of Santa Rosa		75,585
Wells Fargo Bank	Checking	City of Santa Rosa		50,262

Notes to Financial Statements (continued)

Wells Fargo Bank	Checking	City of Santa Rosa	46,611
Wells Fargo Bank	Checking	City of Santa Rosa	57,148
Wells Fargo Bank	Checking	City of Santa Rosa	14,494
Wells Fargo Bank	Checking	City of Santa Rosa	141,385
Wells Fargo Bank	Savings	City of Santa Rosa	111,508
Wells Fargo Bank	Savings	City of Santa Rosa	108,286
Wells Fargo Bank	Savings	City of Santa Rosa	12,015
Wells Fargo Bank	Savings	City of Santa Rosa	8,507
Wells Fargo Bank	Certificate of Deposit	City of Santa Rosa	312,225
Wells Fargo Bank	Certificate of Deposit	City of Santa Rosa	17,460
Wells Fargo Bank	Certificate of Deposit	City of Santa Rosa	93,471
Wells Fargo Bank	Certificate of Deposit	City of Santa Rosa	11,629
New Mexico Finance Authority	Savings	City of Santa Rosa	7
New Mexico Finance Authority	Savings	City of Santa Rosa	139,519
New Mexico Finance Authority	Savings	City of Santa Rosa	1,793,194
New Mexico Finance Authority	Savings	City of Santa Rosa	1
New Mexico Finance Authority	Savings	City of Santa Rosa	62,007
New Mexico Finance Authority	Savings	City of Santa Rosa	3,327
New Mexico Finance Authority	Savings	City of Santa Rosa	11,807
New Mexico Finance Authority	Savings	City of Santa Rosa	31,071
New Mexico Finance Authority	Savings	City of Santa Rosa	137,459
New Mexico Finance Authority	Savings	City of Santa Rosa	218,267
New Mexico Finance Authority	Savings	City of Santa Rosa	12,763
New Mexico Finance Authority	Savings	City of Santa Rosa	13,038
New Mexico Finance Authority	Savings	City of Santa Rosa	12,830
New Mexico Finance Authority	Savings	City of Santa Rosa	<u>816</u>
Total cash on deposit			<u>\$5,018,648</u>
Total cash per bank			\$5,018,648
Petty cash			650
Deposits in transit			135,845
Outstanding checks			(343,138)
Rounding			<u>(2)</u>
Total per financial statements			<u>\$4,812,003</u>
Cash on deposit at June 30, 2008			\$5,018,648
Less repurchase agreement			(232,757)
Less F.D.I.C.			(200,000)
Less amounts held at New Mexico Finance Authority			<u>(2,436,106)</u>
Uninsured funds			2,149,785
50% Collateral Requirement			1,074,893
Pledged Collateral			<u>2,213,848</u>
Excess of pledged collateral			<u>\$1,138,955</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, 2008, \$2,149,785 of the City's bank balance of \$5,018,648 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>2,149,785</u>
Total	<u>\$ 2,149,785</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>
FGIOHOH00895 #3128MS7G9	6-01-37	\$ 353,451
FNCL #31409CV69	5-01-36	1,736,781
FNCL #31409UUZ6	5-01-36	<u>123,616</u>
		<u>\$2,213,848</u>
Repurchase Agreement		<u>\$ 232,757</u>
102% Collateral Requirement		237,412
Pledged Collateral		<u>237,412</u>
Excess of pledged collateral		<u>\$ -</u>
<u>Wells Fargo Bank MINN-MPLS</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FNCL #31409V7C1	3-01-36	<u>\$ 237,412</u>

The amount held at the New Mexico Finance Authority totaling \$2,436,106 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	\$ -	\$ 145,970
Less allowance for Uncollectible accounts	-	(14,296)
Subtotal	-	131,674
Taxes receivable	243,810	3,960
Intergovernmental	15,546	-
Total	<u>\$ 259,356</u>	<u>\$ 135,634</u>

4. CAPITAL ASSETS

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

	<u>Balances June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances June 30, 2008</u>
Land	\$ 158,559	-	-	\$ 158,559
Total assets not depreciated	<u>158,559</u>	-	-	<u>158,559</u>
Buildings	127,584	-	-	127,584
Equipment	102,729	15,515	-	118,244
Heavy equipment	692,245	155,179	-	847,424
Vehicles	240,254	-	-	240,254
Plant	<u>6,912,292</u>	<u>396,028</u>	-	<u>7,308,320</u>
Total assets depreciated	<u>8,075,104</u>	<u>566,722</u>	-	<u>8,641,826</u>
Less: accumulated depreciation	<u>(2,231,283)</u>	<u>(286,299)</u>	-	<u>(2,517,582)</u>
Net capital assets	<u>\$ 6,002,380</u>	<u>\$ 280,423</u>	<u>\$ -</u>	<u>\$ 6,282,803</u>

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

	<u>Balances June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances June 30, 2008</u>
Land	\$ 845,578	\$ 842,567	-	\$ 1,688,145
Total assets not depreciated	<u>845,578</u>	<u>842,567</u>	-	<u>1,688,145</u>
Land improvements	5,203,502	121,171	-	5,324,673
Buildings	2,688,043	2,474,507	-	5,162,550
Airport	3,672,317	340,030	-	4,012,347
Street improvements	8,032,808	187,270	-	8,220,078
Vehicles & equipment	<u>3,246,793</u>	<u>9,900</u>	-	<u>3,256,693</u>
Total assets depreciated	<u>22,843,463</u>	<u>3,132,878</u>	-	<u>25,976,341</u>
Less: accumulated depreciation	<u>(8,407,800)</u>	<u>(1,193,569)</u>	-	<u>(9,601,369)</u>
Net capital assets	<u>\$ 15,281,241</u>	<u>\$2,781,876</u>	<u>\$ -</u>	<u>\$ 18,063,117</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 \$ 37,590

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 are as follows:

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>
	General Fund	Non-Major Governmental	Water/Sewer Fund	
General Fund	\$ -	\$ 924,530	\$ -	\$ (924,530)
Lodgers Tax Fund	8,100	235,824	-	(243,924)
Non-Major Governmental	<u>10,912</u>	<u>-</u>	<u>23,807</u>	<u>(34,719)</u>
 Total Transfers In/Out	 <u>\$ 19,012</u>	 <u>\$ 1,160,354</u>	 <u>\$ 23,807</u>	 <u>\$ -</u>

Balance of Transfers

Transfer to General Fund	\$ 8,100	From Lodgers Tax Fund
Transfer to Non-Major Governmental Fund	235,824	From Lodgers Tax Fund
Transfer to General Fund	10,912	From Non-Major Governmental Fund
Transfer to Non-Major Governmental Fund	924,530	From General Fund
Transfer to Water/Sewer Fund	<u>23,807</u>	From Non-Major Governmental Fund

Total Interfund Transfers Between Governmental and Business-Type Activities \$1,203,173

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 and a special project in the Main Street Fund, totaling \$235,824.
- 3) The Non-Major Governmental Fund transferred \$10,912 to the General Fund to close out the Non-Major Funds.

Notes to Financial Statements (continued)

- 4) The General Fund transferred \$853,530 to the Non-Major Governmental Fund (loan proceeds) to be used for construction and \$71,000 to the Non-Major Governmental Funds to cover one time expenditures.
- 5) The I-40 Highway Infrastructure Fund transferred \$23,807 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 June 30, 2007	Additions	Deletions	Balances June 30, 2008	Due Within One Year
Revenue bonds payable	\$ 823,300	\$ -	\$ 10,000	\$ 813,300	\$ 10,000
Loan payable to New Mexico Finance Authority	105,556	127,778	55,534	177,800	44,677
Compensated absences payable	<u>29,058</u>	<u>15,176</u>	<u>-</u>	<u>44,234</u>	<u>-</u>
Total	<u>\$ 957,914</u>	<u>\$ 142,954</u>	<u>\$ 65,534</u>	<u>\$ 1,035,334</u>	<u>\$ 54,677</u>

Compensated Absences

The compensated absences due by each fund are as follows:

Solid Waste Fund \$20,964 Water/Sewer Fund \$23,270

The detail by individual fund follows:

Solid Waste Fund

	Balances June 30, 2007	Additions	Deletions	Balances June 30, 2008
Loan payable-Refuse Truck	\$ 15,730	\$ -	\$ 15,730	\$ -
Loan payable-Bulldozer	89,826	-	29,192	60,634
Loan payable - Refuse Truck	<u>-</u>	<u>127,778</u>	<u>10,612</u>	<u>117,166</u>
Total	<u>\$ 105,556</u>	<u>\$ 127,778</u>	<u>\$ 55,534</u>	<u>\$ 177,800</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 Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 30,112	\$ 1,681	\$ 31,793
2010	<u>30,522</u>	<u>876</u>	<u>31,398</u>
Total	<u>\$ 60,634</u>	<u>\$ 2,557</u>	<u>\$ 63,191</u>

The City 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 \$127,778 and interest for the purpose of defraying the cost of acquiring a refuse truck. 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 Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 14,565	\$ 5,439	\$ 20,004
2010	15,225	4,781	20,006
2011	15,923	4,085	20,008
2012	16,659	3,351	20,010
2013	17,434	2,578	20,012
2014	18,250	1,764	20,014
2015	<u>19,110</u>	<u>906</u>	<u>20,016</u>
Total	<u>\$ 117,166</u>	<u>\$ 22,904</u>	<u>\$ 140,070</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 June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances June 30, 2008</u>
Revenue Bonds Series 2001A	\$ 239,300	\$ -	\$ 3,000	\$ 236,300
Revenue Bonds Series 2001B	188,000	-	3,000	185,000
Revenue Bonds Series 2006	<u>396,000</u>	<u>-</u>	<u>4,000</u>	<u>392,000</u>
Total	<u>\$ 823,300</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 813,300</u>

Notes to Financial Statements (continued)

The debt service requirement to maturity is as follows:

<u>Due Year Ending June 30</u>	<u>Series 2001A</u>	<u>Series 2001B</u>	<u>Total</u>
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	4,000	3,000	7,000
2014-2018	23,000	18,000	41,000
2019-2023	28,000	22,000	50,000
2024-2028	35,000	28,000	63,000
2029-2033	44,000	35,000	79,000
2034-2038	54,000	43,000	97,000
2039-2041	<u>33,300</u>	<u>24,000</u>	<u>57,300</u>
Total	<u>\$ 236,300</u>	<u>\$ 185,000</u>	<u>\$ 421,300</u>

<u>Due Year Ending June 30</u>	<u>Series 2006</u>
2009	\$ 4,000
2010	4,000
2011	5,000
2012	5,000
2013	5,000
2014-2018	28,000
2019-2023	35,000
2024-2028	43,000
2029-2033	54,000
2034-2038	66,000
2039-2043	81,000
2044-2046	<u>62,000</u>
Total	<u>\$ 392,000</u>

Governmental Funds

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

	<u>Balances June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances June 30, 2008</u>	<u>Due Within One Year</u>
Loans payable to New Mexico Finance Authority	\$ 387,051	\$ 915,538	\$ 46,233	\$ 1,256,356	\$ 64,453
Revenues Bonds Series 2006A/B	3,820,872	-	133,550	3,687,322	137,938
Compensated absences	<u>79,795</u>	<u>18,954</u>	<u>-</u>	<u>98,749</u>	<u>-</u>
Total	<u>\$ 4,287,718</u>	<u>\$ 934,492</u>	<u>\$ 179,783</u>	<u>\$ 5,042,427</u>	<u>\$ 202,391</u>

Notes to Financial Statements (continued)

The City 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.

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 34,965</u>	<u>\$ 1,453</u>	<u>\$ 36,418</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 \$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>
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>\$ 85,635</u>	<u>\$ 5,910</u>	<u>\$ 91,545</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>
2009	<u>\$ 13,257</u>	<u>\$ 33</u>	<u>\$ 13,290</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 \$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%.

<u>Due Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	10,499	1,277	11,776
2014-2018	53,525	5,359	58,884
2019-2023	55,485	3,402	58,887
2024-2027	46,065	1,049	47,114
Total	<u>\$ 206,961</u>	<u>\$ 16,802</u>	<u>\$ 223,763</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 \$915,538 and interest for the purpose of defraying the cost of purchasing an Assisted Living Facility. The yearly payments are to be redirected from the City's one-eighth of one percent of municipal infrastructure gross receipts tax revenues imposed by the City Ordinance to the NMFA. Variable interest rates range from 3.20% to 6.600%. The maturity date is May 1, 2035.

<u>Due Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 17,793	\$ 37,246	\$ 55,039
2010	21,113	40,894	62,007
2011	21,561	40,445	62,006
2012	22,069	39,937	62,006
2013	22,647	39,360	62,007
2014-2018	124,412	185,622	310,034
2019-2023	149,374	160,661	310,035
2024-2028	185,258	124,776	310,034
2029-2033	237,200	72,834	310,034
2034-2035	114,111	9,903	124,014
Total	<u>\$ 915,538</u>	<u>\$ 751,678</u>	<u>\$ 1,667,216</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.

Notes to Financial Statements (continued)

<u>Due Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	79,071	60,979	140,050
2014-2018	440,682	259,682	700,364
2019-2023	531,634	168,957	700,591
2024-2027	<u>507,402</u>	<u>53,274</u>	<u>560,676</u>
Total	<u>\$ 1,849,770</u>	<u>\$ 812,049</u>	<u>\$ 2,661,819</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.

<u>Due Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 68,738	\$ 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	78,545	60,587	139,132
2014-2018	437,763	258,010	695,773
2019-2023	528,129	167,869	695,998
2024-2027	<u>504,073</u>	<u>52,931</u>	<u>557,004</u>
Total	<u>\$ 1,837,552</u>	<u>\$ 806,820</u>	<u>\$ 2,644,372</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 fiscal year.

C. Short-Term Liabilities

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

Notes to Financial Statements (continued)

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, 2008, 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 2008. 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.

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	\$ 2,982,519	\$ 486,868	\$ 22,530	\$ 3,018,703
Deferred revenues	-	-	-	250,000
Receivables	<u>38,522</u>	<u>(2,356)</u>	<u>25,479</u>	<u>-</u>
Revenues per budgetary basis	<u>\$ 3,021,041</u>	<u>\$ 484,512</u>	<u>\$ 648,009</u>	<u>\$ 3,268,703</u>
Expenditures per modified accrual basis	\$ 2,972,888	\$ 141,211	\$ 960,457	\$ 3,941,207
Accounts payable	<u>29,585</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures per budgetary basis	<u>\$ 3,002,473</u>	<u>\$ 141,211</u>	<u>\$ 960,457</u>	<u>\$ 3,941,207</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

Notes to Financial Statements (continued)

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 2008, 2007 and 2006 were \$148,684, \$131,549 and \$112,177 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.

Notes to Financial Statements (continued)

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 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, 2008, the City of Santa Rosa remitted \$17,168 for employer contributions and \$8,584 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, 2008

	Special Revenue Funds	Capital Project Funds	Totals
ASSETS			
Cash on deposit	\$ 684,021	\$ 830,220	\$ 1,514,241
Accounts receivable	21,944	-	21,944
Total assets	<u>\$ 705,965</u>	<u>\$ 830,220</u>	<u>\$ 1,536,185</u>
 LIABILITIES			
Deferred revenues	\$ -	\$ 250,000	\$ 250,000
 FUND BALANCE			
Reserved for petty cash	75	-	75
Reserved for capital outlay	-	218,267	218,267
Unreserved:			
Designated for subsequent years expenditures	-	361,953	361,953
Undesignated	705,890	-	705,890
Total fund balance	<u>705,965</u>	<u>580,220</u>	<u>1,286,185</u>
Total liabilities and fund balance	<u>\$ 705,965</u>	<u>\$ 830,220</u>	<u>\$ 1,536,185</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, 2008

Statement A-2

	Special Revenue Funds	Capital Project Funds	Total
REVENUES			
Taxes	\$ -	\$ -	\$ -
Cigarette taxes	2,692	-	2,692
Charges for services	17,419	-	17,419
Licenses and permits	30,289	-	30,289
Fines and forfeitures	23,359	-	23,359
Local sources	25,168	77,530	102,698
State sources	269,322	2,488,468	2,757,790
Federal sources	31,879	451,850	483,729
State shared taxes	208,813	-	208,813
Earnings on investments	13,589	855	14,444
	<u>622,530</u>	<u>3,018,703</u>	<u>3,641,233</u>
Total revenues			
EXPENDITURES			
Current:			
General government	155,534	-	155,534
Highways and streets	225,046	-	225,046
Public safety	211,616	-	211,616
Culture and recreation	311,341	-	311,341
Capital outlay	18,417	3,941,207	3,959,624
Debt service			
Principle	36,030	-	36,030
Interest	2,473	-	2,473
	<u>960,457</u>	<u>3,941,207</u>	<u>4,901,664</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	(337,927)	(922,504)	(1,260,431)
OTHER FINANCING SOURCES (USES)			
Transfers in	278,824	931,530	1,210,354
Transfer out	(50,000)	(34,718)	(84,718)
Loan proceeds	-	-	-
	<u>228,824</u>	<u>896,812</u>	<u>1,125,636</u>
Total other financing sources (uses)			
Net change in fund balance	(109,103)	(25,692)	(134,795)
Fund balance at beginning of year	815,068	605,912	1,420,980
Fund balance at end of year	<u>\$ 705,965</u>	<u>\$ 580,220</u>	<u>\$ 1,286,185</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	15,400	15,400	17,419	2,019
Licenses and permits	33,000	33,000	30,289	(2,711)
Fines and forfeitures	25,000	25,000	23,359	(1,641)
Local sources	20,379	20,379	25,168	4,789
State sources	3,307,836	3,317,436	287,267	(3,030,169)
Federal sources	31,879	31,879	34,419	2,540
State shared taxes	216,200	216,200	216,499	299
Earnings from investments	150	159	13,589	13,430
Total revenues	<u>\$ 3,649,844</u>	<u>\$ 3,659,453</u>	<u>\$ 648,009</u>	<u>\$ (3,011,444)</u>
EXPENDITURES				
General government	\$ 160,032	\$ 160,032	\$ 155,534	\$ 4,498
Highways and streets	212,537	257,152	225,046	32,106
Public safety	257,086	271,683	260,019	11,664
Culture and recreation	3,838,654	3,791,654	319,858	3,471,796
Total expenditures	<u>\$ 4,468,309</u>	<u>\$ 4,480,521</u>	<u>\$ 960,457</u>	<u>\$ 3,520,064</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 426,800	\$ 434,800	\$ 273,824	\$ (160,976)
Transfers out	(45,000)	(95,000)	(50,000)	45,000
Total other financing sources (uses)	<u>\$ 381,800</u>	<u>\$ 339,800</u>	<u>\$ 223,824</u>	<u>\$ (115,976)</u>
BUDGETED CASH BALANCE	<u>\$ 438,948</u>	<u>\$ 496,493</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ 4,000	\$ 77,530	\$ 73,530
State sources	6,703,362	6,915,929	2,488,468	(4,427,461)
Federal sources	317,746	567,746	701,850	134,104
Earnings on investments	-	29	855	826
	<u>\$ 7,021,108</u>	<u>\$ 7,487,704</u>	<u>\$ 3,268,703</u>	<u>\$ (4,219,001)</u>
EXPENDITURES				
Capital outlay	\$ 7,511,095	\$ 8,116,673	\$ 3,941,207	\$ 4,175,466
	<u>\$ 7,511,095</u>	<u>\$ 8,116,673</u>	<u>\$ 3,941,207</u>	<u>\$ 4,175,466</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 13,362	\$ 250,029	\$ 1,098,197	\$ 848,168
Transfers out	-	(201,385)	(201,385)	-
	<u>\$ 13,362</u>	<u>\$ 48,644</u>	<u>\$ 896,812</u>	<u>\$ 848,168</u>
BUDGETED CASH BALANCE	<u>\$ 489,987</u>	<u>\$ 593,687</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, 2008

	Fire Protection Fund	EMS Fund	Corrections Fund	Recreation Fund	Gas Tax Fund	Library Fund	Blue Hole Diving Facility
ASSETS							
Cash on deposit	\$ 33,066	\$ 1	\$ 1,167	\$ 8,642	\$ 77,422	\$ 45,198	\$ 37,172
Accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>287</u>	<u>17,231</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 33,066</u>	<u>\$ 1</u>	<u>\$ 1,167</u>	<u>\$ 8,929</u>	<u>\$ 94,653</u>	<u>\$ 45,198</u>	<u>\$ 37,172</u>
FUND BALANCE							
Unreserved:							
Undesignated	<u>\$ 33,066</u>	<u>\$ 1</u>	<u>\$ 1,167</u>	<u>\$ 8,929</u>	<u>\$ 94,653</u>	<u>\$ 45,198</u>	<u>\$ 37,172</u>
Total fund balance	<u>\$ 33,066</u>	<u>\$ 1</u>	<u>\$ 1,167</u>	<u>\$ 8,929</u>	<u>\$ 94,653</u>	<u>\$ 45,198</u>	<u>\$ 37,172</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, 2008

	Mainstreet Fund	Lodger's Tax Promotion Fund	Law Enforcement Protection Fund	EMS/Fire Rescue Fund	Conventions & Visitors Center Fund	Senior Citizens Fund	Totals
ASSETS							
Cash on deposit	\$ 4,031	\$ -	\$ -	\$ 8,761	\$ 454,059	\$ 14,502	\$ 684,021
Accounts receivable	-	-	-	-	-	4,426	21,944
Total assets	<u>\$ 4,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,761</u>	<u>\$ 454,059</u>	<u>\$ 18,928</u>	<u>\$ 705,965</u>
FUND BALANCE							
Unreserved:							
Undesignated	\$ 4,031	\$ -	\$ -	\$ 8,761	\$ 454,059	\$ 18,928	\$ 705,965
Total fund balance	<u>\$ 4,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,761</u>	<u>\$ 454,059</u>	<u>\$ 18,928</u>	<u>\$ 705,965</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, 2008

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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gas taxes	-	-	-	-	208,813	-	-
Cigarette taxes	-	-	-	2,692	-	-	-
Charges for services	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	21,399
Fines and forfeitures	-	-	23,359	-	-	-	-
Local sources	132	-	-	-	-	18,464	-
State sources	162,298	23,000	-	-	-	5,128	-
Federal sources	-	-	-	-	-	-	-
Earnings on investments	3,512	16	4	9	81	40	49
Total revenues	165,942	23,016	23,363	2,701	208,894	23,632	21,448
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	225,046	-	-
Public safety	144,036	25,956	30,104	-	-	-	-
Culture and recreation	-	-	-	5,468	-	16,666	2,248
Capital outlay	9,900	-	-	-	-	-	-
Debt service:							
Principle	22,807	-	-	-	-	-	-
Interest	2,407	-	-	-	-	-	-
Total expenditures	179,150	25,956	30,104	5,468	225,046	16,666	2,248
Excess (deficiency) of revenues over expenditures	(13,208)	(2,940)	(6,741)	(2,767)	(16,152)	6,966	19,200
OTHER FINANCING SOURCES (USES)							
Transfers in	-	3,000	5,000	-	-	-	-
Transfers out	-	-	-	-	-	-	(50,000)
Total other financing sources (uses)	-	3,000	5,000	-	-	-	(50,000)
Net change in fund balance	(13,208)	60	(1,741)	(2,767)	(16,152)	6,966	(30,800)
Fund balance, beginning of year	46,274	(59)	2,908	11,696	110,805	38,232	67,972
Fund balance, end of year	\$ 33,066	\$ 1	\$ 1,167	\$ 8,929	\$ 94,653	\$ 45,198	\$ 37,172

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, 2008

Statement B-2
Page 2 of 2

	Mainstreet Fund	Lodger's Tax Promotion Fund	Law Enforcement Protection Fund	EMS/Fire Rescue Fund	Convention & Visitors Center Fund	Senior Citizens Fund	Totals
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gas taxes	-	-	-	-	-	-	208,813
Cigarette taxes	-	-	-	-	-	-	2,692
Charges for services	-	-	-	-	-	17,419	17,419
Licenses and permits	8,890	-	-	-	-	-	30,289
Fines and forfeitures	-	-	-	-	-	-	23,359
Local sources	6,572	-	-	-	-	-	25,168
State sources	-	-	24,800	-	-	54,096	269,322
Federal sources	-	-	-	-	-	31,879	31,879
Earnings on investments	2	-	9	8	9,840	19	13,589
Total revenues	15,464	-	24,809	8	9,840	103,413	622,530
EXPENDITURES							
Current:							
General government	-	-	-	-	-	155,534	155,534
Highways and streets	-	-	-	-	-	-	225,046
Public safety	-	-	11,520	-	-	-	211,616
Culture and recreation	16,657	182,785	-	-	87,517	-	311,341
Capital outlay	-	-	-	-	8,517	-	18,417
Debt service:							
Principle	-	-	13,223	-	-	-	36,030
Interest	-	-	66	-	-	-	2,473
Total expenditures	16,657	182,785	24,809	-	96,034	155,534	960,457
Excess (deficiency) of revenues over expenditures	(1,193)	(182,785)	-	8	(86,194)	(52,121)	(337,927)
OTHER FINANCING SOURCES (USES)							
Transfers in	5,000	182,785	-	-	48,039	35,000	278,824
Transfers out	-	-	-	-	-	-	(50,000)
Total other financing sources (uses)	5,000	182,785	-	-	48,039	35,000	228,824
Net change in fund balance	3,807	-	-	8	(38,155)	(17,121)	(109,103)
Fund balance, beginning of year	224	-	-	8,753	492,214	36,049	815,068
Fund balance, end of year	\$ 4,031	\$ -	\$ -	\$ 8,761	\$ 454,059	\$ 18,928	\$ 705,965

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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 2,000	\$ 2,000	\$ 132	\$ (1,868)
State sources	136,715	136,715	162,298	25,583
Earnings on investments	<u>50</u>	<u>50</u>	<u>3,512</u>	<u>3,462</u>
Total revenues	<u>\$ 138,765</u>	<u>\$ 138,765</u>	<u>\$ 165,942</u>	<u>\$ 27,177</u>
EXPENDITURES				
Public safety	\$ 185,886	\$ 185,886	\$ 179,150	\$ 6,736
Total expenditures	<u>\$ 185,886</u>	<u>\$ 185,886</u>	<u>\$ 179,150</u>	<u>\$ 6,736</u>
BUDGETED CASH BALANCE	<u>\$ 47,121</u>	<u>\$ 47,121</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 14,000	\$ 23,000	\$ 23,000	\$ -
Earnings on investments	-	-	16	16
Total revenues	<u>\$ 14,000</u>	<u>\$ 23,000</u>	<u>\$ 23,016</u>	<u>\$ 16</u>
EXPENDITURES				
Public safety	\$ 14,000	\$ 26,000	\$ 25,956	\$ 44
Total expenditures	<u>\$ 14,000</u>	<u>\$ 26,000</u>	<u>\$ 25,956</u>	<u>\$ 44</u>
OTHER FINANCING SOURCES				
Transfers in	\$ -	\$ 3,000	\$ 3,000	\$ -
Total other financing sources	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue - Corrections Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Fines and forfeitures	\$ 25,000	\$ 25,000	\$ 23,359	\$ (1,641)
Earnings on investments	-	-	4	4
Total revenues	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 23,363</u>	<u>\$ (1,637)</u>
EXPENDITURES				
Public safety	\$ 30,000	\$ 31,988	\$ 30,104	\$ 1,884
Total expenditures	<u>\$ 30,000</u>	<u>\$ 31,988</u>	<u>\$ 30,104</u>	<u>\$ 1,884</u>
OTHER FINANCING				
Other financing sources	\$ 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>\$ 1,988</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State shared taxes	\$ 3,200	\$ 3,200	\$ 2,696	\$ (504)
Earnings on investments	-	-	9	9
Total revenues	<u>\$ 3,200</u>	<u>\$ 3,200</u>	<u>\$ 2,705</u>	<u>\$ (495)</u>
EXPENDITURES				
Culture & recreation	\$ 3,000	\$ 6,000	\$ 5,468	\$ 532
Total expenditures	<u>\$ 3,000</u>	<u>\$ 6,000</u>	<u>\$ 5,468</u>	<u>\$ 532</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 11,405</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 45,000	\$ 45,000	\$ -	\$ (45,000)
State shared taxes	213,000	213,000	213,803	803
Earnings on investments	<u>-</u>	<u>-</u>	<u>81</u>	<u>81</u>
Total revenues	<u>\$ 258,000</u>	<u>\$ 258,000</u>	<u>\$ 213,884</u>	<u>\$ (44,116)</u>
EXPENDITURES				
Highways and streets	\$ 212,537	\$ 257,152	\$ 225,046	\$ 32,106
Total expenditures	<u>\$ 212,537</u>	<u>\$ 257,152</u>	<u>\$ 225,046</u>	<u>\$ 32,106</u>
OTHER FINANCING (USES)				
Transfers out	\$ (45,000)	\$ (45,000)	\$ -	\$ 45,000
Total other financing (uses)	<u>\$ (45,000)</u>	<u>\$ (45,000)</u>	<u>\$ -</u>	<u>\$ 45,000</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 44,152</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 17,379	\$ 17,379	\$ 18,464	\$ 1,085
State sources	23,800	23,800	5,128	(18,672)
Earnings on investments	10	10	40	30
	<u>41,189</u>	<u>41,189</u>	<u>23,632</u>	<u>(17,557)</u>
Total revenues	<u>\$ 41,189</u>	<u>\$ 41,189</u>	<u>\$ 23,632</u>	<u>\$ (17,557)</u>
EXPENDITURES				
Culture & recreation	\$ 34,977	\$ 34,977	\$ 16,666	\$ 18,311
	<u>34,977</u>	<u>34,977</u>	<u>16,666</u>	<u>18,311</u>
Total expenditures	<u>\$ 34,977</u>	<u>\$ 34,977</u>	<u>\$ 16,666</u>	<u>\$ 18,311</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Licenses and permits	\$ 22,000	\$ 22,000	\$ 21,399	\$ (601)
Earnings on investments	50	50	49	(1)
Total revenues	<u>\$ 22,050</u>	<u>\$ 22,050</u>	<u>\$ 21,448</u>	<u>\$ (602)</u>
EXPENDITURES				
Culture and recreation	\$ 81,493	\$ 31,493	\$ 2,248	\$ 29,245
Total expenditures	<u>\$ 81,493</u>	<u>\$ 31,493</u>	<u>\$ 2,248</u>	<u>\$ 29,245</u>
OTHER FINANCING (USES)				
Transfers out	\$ -	\$ (50,000)	\$ (50,000)	\$ -
Total other financing (uses)	<u>\$ -</u>	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ -</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Licenses and permits	\$ 11,000	\$ 11,000	\$ 8,890	\$ (2,110)
Local sources	1,000	1,000	6,572	5,572
Earnings on investments	-	-	2	2
Total revenues	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>\$ 15,464</u>	<u>\$ 3,464</u>
EXPENDITURES				
Culture & recreation	\$ 17,000	\$ 17,000	\$ 16,657	\$ 343
Total expenditures	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ 16,657</u>	<u>\$ 343</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>

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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES				
Culture and recreation	\$ 225,000	\$ 225,000	\$ 182,785	\$ 42,215
Total expenditures	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 182,785</u>	<u>\$ 42,215</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 225,000	\$ 225,000	\$ 182,785	\$ (42,215)
Total other financing sources	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 182,785</u>	<u>\$ (42,215)</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 24,200	\$ 24,800	\$ 24,800	\$ -
Earnings on investments	<u> -</u>	<u> 9</u>	<u> 9</u>	<u> -</u>
Total revenues	<u>\$ 24,200</u>	<u>\$ 24,809</u>	<u>\$ 24,809</u>	<u>\$ -</u>
EXPENDITURES				
Public safety	<u>\$ 24,200</u>	<u>\$ 24,809</u>	<u>\$ 24,809</u>	<u>\$ -</u>
Total expenditures	<u>\$ 24,200</u>	<u>\$ 24,809</u>	<u>\$ 24,809</u>	<u>\$ -</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, 2008

	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>8</u>	<u>8</u>
Total revenues	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 8</u>	<u>\$ (2,992)</u>
EXPENDITURES				
Public safety	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 3,000</u>
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 - Convention and Visitors Center Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 3,000,000	\$ 3,000,000	\$ -	\$ (3,000,000)
Earnings on investments	<u>-</u>	<u>-</u>	<u>9,840</u>	<u>9,840</u>
Total revenues	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 9,840</u>	<u>\$ (2,990,160)</u>
EXPENDITURES				
Culture & recreation	\$ 3,477,184	\$ 3,477,184	\$ 96,034	\$ 3,381,150
Total expenditures	<u>\$ 3,477,184</u>	<u>\$ 3,477,184</u>	<u>\$ 96,034</u>	<u>\$ 3,381,150</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 144,800	\$ 144,800	\$ 48,039	\$ (96,761)
Total other financing sources	<u>\$ 144,800</u>	<u>\$ 144,800</u>	<u>\$ 48,039</u>	<u>\$ (96,761)</u>
BUDGETED CASH BALANCE	<u>\$ 332,384</u>	<u>\$ 332,384</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 15,400	\$ 15,400	\$ 17,419	\$ 2,019
State sources	61,121	61,121	72,041	10,920
Federal sources	31,879	31,879	34,419	2,540
Earnings on investments	40	40	19	(21)
Total revenues	<u>\$ 108,440</u>	<u>\$ 108,440</u>	<u>\$ 123,898</u>	<u>\$ 15,458</u>
EXPENDITURES				
General government	\$ 160,032	\$ 160,032	\$ 155,534	\$ 4,498
Total expenditures	<u>\$ 160,032</u>	<u>\$ 160,032</u>	<u>\$ 155,534</u>	<u>\$ 4,498</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 52,000	\$ 52,000	\$ 35,000	\$ (17,000)
Total other financing sources	<u>\$ 52,000</u>	<u>\$ 52,000</u>	<u>\$ 35,000</u>	<u>\$ (17,000)</u>

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

NON-MAJOR CAPITAL PROJECTS FUND

DPS (DEPARTMENT OF PUBLIC SAFETY) 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.

CONVENTION CENTER - To account for the construction of a new convention center. Financing is provided by two separate CDBG grants.

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.

LOS AMIGOS - To account for the purchase of "Los Amigos" nursing home located in Guadalupe County, City of Santa Rosa. Financing is provided by the State Legislature, Laws of 2007, Chapter 42, Section 68, Paragraph 413.

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.

NON-MAJOR CAPITAL PROJECTS FUND - CONTINUED

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.

MAP (MUNICIPAL ARTERIAL PROGRAM) PROJECT - To account for the construction of certain roads within the city limits. Financing is provided by State grants.

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, 2008

Statement C-1
Page 1 of 3

	DPS Building Fund	Park Renovations Fund	River Road Drainage Fund	Convention Center Fund	Blue Hole Improvement Fund	Airport Construction Fund	Los Amigos Fund
ASSETS							
Cash on deposit	\$ 103	\$ 12,801	\$ 1,683	\$ 250,000	\$ 106,332	\$ 19,719	\$ 218,288
Total assets	<u>\$ 103</u>	<u>\$ 12,801</u>	<u>\$ 1,683</u>	<u>\$ 250,000</u>	<u>\$ 106,332</u>	<u>\$ 19,719</u>	<u>\$ 218,288</u>
LIABILITIES							
Deferred revenue	-	-	-	250,000	-	-	-
Total liabilities	-	-	-	250,000	-	-	-
FUND BALANCES							
Unreserved:							
Designated for subsequent years expenditures	103	12,801	1,683	-	106,332	19,719	218,288
Total fund balance	<u>103</u>	<u>12,801</u>	<u>1,683</u>	<u>-</u>	<u>106,332</u>	<u>19,719</u>	<u>218,288</u>
Total liabilities and fund balances	<u>\$ 103</u>	<u>\$ 12,801</u>	<u>\$ 1,683</u>	<u>\$ 250,000</u>	<u>\$ 106,332</u>	<u>\$ 19,719</u>	<u>\$ 218,288</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, 2008

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	MAP Project Fund
ASSETS							
Cash on deposit	\$ 12,351	\$ 1,833	\$ -	\$ -	\$ -	\$ 9,987	\$ 41,753
Total assets	<u>\$ 12,351</u>	<u>\$ 1,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,987</u>	<u>\$ 41,753</u>
LIABILITIES							
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-
FUND BALANCES							
Unreserved:							
Designated for subsequent years expenditures	12,351	1,833	-	-	-	9,987	41,753
Total fund balance	<u>12,351</u>	<u>1,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,987</u>	<u>41,753</u>
Total liabilities and fund balances	<u>\$ 12,351</u>	<u>\$ 1,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,987</u>	<u>\$ 41,753</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, 2008

Statement C-1
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	<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	\$ -	\$ 96,298	\$ 50,283	\$ 8,789	\$ -	\$ 830,220
Total assets	<u>\$ -</u>	<u>\$ 96,298</u>	<u>\$ 50,283</u>	<u>\$ 8,789</u>	<u>\$ -</u>	<u>\$ 830,220</u>
LIABILITIES						
Deferred revenue	-	-	-	-	-	250,000
Total liabilities	-	-	-	-	-	250,000
FUND BALANCES						
Unreserved:						
Designated for subsequent years expenditures	-	96,298	50,283	8,789	-	580,220
Total fund balance	-	96,298	50,283	8,789	-	580,220
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 96,298</u>	<u>\$ 50,283</u>	<u>\$ 8,789</u>	<u>\$ -</u>	<u>\$ 830,220</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, 2008

Statement C-2
Page 1 of 3

	DPS Building Fund	Park Renovations Fund	River Road Drainage Fund	Convention Center Fund	Blue Hole Improvement Fund	Airport Construction Fund	Los Amigos Fund
REVENUES							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	149,266	-	-	22,009	400,000
Federal sources	-	-	-	134,131	-	317,719	-
Earnings on investments	-	62	24	-	100	14	385
Total revenues	<u>-</u>	<u>62</u>	<u>149,290</u>	<u>134,131</u>	<u>100</u>	<u>339,742</u>	<u>400,385</u>
EXPENDITURES							
Capital outlay	-	37,453	141,627	134,131	29,024	340,030	1,035,627
Total expenditures	<u>-</u>	<u>37,453</u>	<u>141,627</u>	<u>134,131</u>	<u>29,024</u>	<u>340,030</u>	<u>1,035,627</u>
Excess (deficiency) of revenues over expenditures	-	(37,391)	7,663	-	(28,924)	(288)	(635,242)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	8,000	853,530
Transfers out	-	(50,000)	(66,667)	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(50,000)</u>	<u>(66,667)</u>	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>853,530</u>
Net change in fund balance	-	(87,391)	(59,004)	-	(28,924)	7,712	218,288
Fund balance, beginning of year	103	100,192	60,687	-	135,256	12,007	-
Fund balance, end of year	<u>\$ 103</u>	<u>\$ 12,801</u>	<u>\$ 1,683</u>	<u>\$ -</u>	<u>\$ 106,332</u>	<u>\$ 19,719</u>	<u>\$ 218,288</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, 2008

Statement C-2
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	Power Dam Improvements Fund	Gutierrez Park Fund	I-40 Infrastructure Fund	Skate Park Fund	CDBG 5th & 6th Street Fund	Cultural Corridors Fund	MAP Project Fund
REVENUES							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 4,000	\$ -	\$ -
State sources	-	-	-	-	12,567	-	-
Federal sources	-	-	-	-	-	-	-
Earnings on investments	<u>18</u>	<u>2</u>	<u>20</u>	<u>-</u>	<u>1</u>	<u>9</u>	<u>17</u>
Total revenues	<u>18</u>	<u>2</u>	<u>20</u>	<u>-</u>	<u>16,568</u>	<u>9</u>	<u>17</u>
EXPENDITURES							
Capital outlay	<u>8,848</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>20,711</u>	<u>-</u>	<u>24,931</u>
Total expenditures	<u>8,848</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>20,711</u>	<u>-</u>	<u>24,931</u>
Excess (deficiency) of revenues over expenditures	<u>(8,830)</u>	<u>2</u>	<u>20</u>	<u>(1)</u>	<u>(4,143)</u>	<u>9</u>	<u>(24,914)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	66,667
Transfers out	-	-	(23,807)	-	-	-	-
Loan proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(23,807)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,667</u>
Net change in fund balance	(8,830)	2	(23,787)	(1)	(4,143)	9	41,753
Fund balance, beginning of year	<u>21,181</u>	<u>1,831</u>	<u>23,787</u>	<u>1</u>	<u>4,143</u>	<u>9,978</u>	<u>-</u>
Fund balance, end of year	<u>\$ 12,351</u>	<u>\$ 1,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,987</u>	<u>\$ 41,753</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, 2008

Statement C-2
Page 3 of 3

	Softball Complex	Downtown Improvements	El Rito Creek Improvements	ADA Assessments	Golf Course Irrigation Fund	Totals
REVENUES						
Local sources	-	73,530	-	-	-	77,530
State sources	-	1,904,626	-	-	-	2,488,468
Federal sources	-	-	-	-	-	451,850
Earnings on investments	8	120	67	8	-	855
Total revenues	8	1,978,276	67	8	-	3,018,703
EXPENDITURES						
Capital outlay	-	2,164,645	-	-	4,179	3,941,207
Total expenditures	-	2,164,645	-	-	4,179	3,941,207
Excess (deficiency) of revenues over expenditures	8	(186,369)	67	8	(4,179)	(922,504)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	170,000	-	-	-	1,098,197
Transfers out	(10,911)	-	(50,000)	-	-	(201,385)
Loan proceeds	-	-	-	-	-	-
Total other financing sources (uses)	(10,911)	170,000	(50,000)	-	-	896,812
Net change in fund balance	(10,903)	(16,369)	(49,933)	8	(4,179)	(25,692)
Fund balance, beginning of year	10,903	112,667	100,216	8,781	4,179	605,912
Fund balance, end of year	\$ -	\$ 96,298	\$ 50,283	\$ 8,789	\$ -	\$ 580,220

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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ 62	\$ 62
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62</u>	<u>\$ 62</u>
EXPENDITURES				
Capital outlay	\$ 100,192	\$ 50,192	\$ 37,453	\$ 12,739
Total expenditures	<u>\$ 100,192</u>	<u>\$ 50,192</u>	<u>\$ 37,453</u>	<u>\$ 12,739</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (50,000)	\$ (50,000)	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 100,192</u>	<u>\$ 100,192</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 1,300,000	\$ 1,300,000	\$ 149,266	\$ (1,150,734)
Earnings on investments	-	-	24	24
Total revenues	<u>\$ 1,300,000</u>	<u>\$ 1,300,000</u>	<u>\$ 149,290</u>	<u>\$ (1,150,710)</u>
EXPENDITURES				
Capital outlay	\$ 1,300,000	\$ 1,294,020	\$ 141,627	\$ 1,152,393
Total expenditures	<u>\$ 1,300,000</u>	<u>\$ 1,294,020</u>	<u>\$ 141,627</u>	<u>\$ 1,152,393</u>
OTHER FINANCING (USES)				
Transfers out	\$ -	\$ (66,667)	\$ (66,667)	\$ -
Total other financing (uses)	<u>\$ -</u>	<u>\$ (66,667)</u>	<u>\$ (66,667)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 60,687</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 - Convention Center Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Federal sources	\$ -	\$ 250,000	\$ 384,131	\$ 134,131
Total revenues	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ 384,131</u>	<u>\$ 134,131</u>
EXPENDITURES				
Capital outlay	\$ -	\$ 250,000	\$ 134,131	\$ 115,869
Total expenditures	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ 134,131</u>	<u>\$ 115,869</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 1,200,000	\$ 1,200,000	\$ -	\$ (1,200,000)
Earnings on investments	-	-	100	100
Total revenues	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>	<u>\$ 100</u>	<u>\$ (1,199,900)</u>
EXPENDITURES				
Capital outlay	\$ 1,335,256	\$ 1,335,256	\$ 29,024	\$ 1,306,232
Total expenditures	<u>\$ 1,335,256</u>	<u>\$ 1,335,256</u>	<u>\$ 29,024</u>	<u>\$ 1,306,232</u>
BUDGETED CASH BALANCE	<u>\$ 135,256</u>	<u>\$ 135,256</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 203,362	\$ 203,362	\$ 22,009	\$ (181,353)
Federal sources	317,746	317,746	317,719	(27)
Earnings on investments	-	-	14	14
Total revenues	<u>\$ 521,108</u>	<u>\$ 521,108</u>	<u>\$ 339,742</u>	<u>\$ (181,366)</u>
EXPENDITURES				
Capital outlay	\$ 521,108	\$ 521,108	\$ 340,030	\$ 181,078
Total expenditures	<u>\$ 521,108</u>	<u>\$ 521,108</u>	<u>\$ 340,030</u>	<u>\$ 181,078</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 13,362	\$ 13,362	\$ 8,000	\$ (5,362)
Total other financing sources	<u>\$ 13,362</u>	<u>\$ 13,362</u>	<u>\$ 8,000</u>	<u>\$ (5,362)</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 - Los Amigos Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 1,000,000	\$ 1,000,000	\$ 400,000	\$ (600,000)
Earnings on investments	-	-	385	385
Total revenues	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 400,385</u>	<u>\$ (599,615)</u>
EXPENDITURES				
Capital outlay	\$ 1,000,000	\$ 1,000,000	\$ 1,035,627	\$ (35,627)
Total expenditures	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,035,627</u>	<u>\$ (35,627)</u>
OTHER FINANCING SOURCES				
Transfers in	\$ -	\$ -	\$ 853,530	\$ 853,530
Total other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 853,530</u>	<u>\$ 853,530</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ 18	\$ 18
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ 18</u>
EXPENDITURES				
Capital outlay	\$ 21,180	\$ 21,180	\$ 8,848	\$ 12,332
Total expenditures	<u>\$ 21,180</u>	<u>\$ 21,180</u>	<u>\$ 8,848</u>	<u>\$ 12,332</u>
BUDGETED CASH BALANCE	<u>\$ 21,180</u>	<u>\$ 21,180</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 - Gutierrez Park Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2008

	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	\$ 1,831	\$ 1,831	\$ -	\$ 1,831
Total expenditures	<u>\$ 1,831</u>	<u>\$ 1,831</u>	<u>\$ -</u>	<u>\$ 1,831</u>
BUDGETED CASH BALANCE	<u>\$ 1,831</u>	<u>\$ 1,831</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ 20	\$ 20	\$ -
Total revenues	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ -</u>
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OTHER FINANCING (USES)				
Transfers out	\$ -	\$ (23,807)	\$ (23,807)	\$ -
Total other financing (uses)	<u>\$ -</u>	<u>\$ (23,807)</u>	<u>\$ (23,807)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 23,787</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Capital outlay	\$ -	\$ 1	\$ 1	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 1</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ 4,000	\$ 4,000	\$ -
State sources	-	12,567	12,567	-
Earnings on investments	-	1	1	-
Total revenues	<u>\$ -</u>	<u>\$ 16,568</u>	<u>\$ 16,568</u>	<u>\$ -</u>
EXPENDITURES				
Capital outlay	\$ -	\$ 20,711	\$ 20,711	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ 20,711</u>	<u>\$ 20,711</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 4,143</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, 2008

	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	\$ 9,978	\$ 9,978	\$ -	\$ 9,978
Total expenditures	<u>\$ 9,978</u>	<u>\$ 9,978</u>	<u>\$ -</u>	<u>\$ 9,978</u>
BUDGETED CASH BALANCE	<u>\$ 9,978</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 - MAP Project Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 200,000	\$ -	\$ (200,000)
Earnings on investments	-	-	17	17
Total revenues	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 17</u>	<u>\$ (199,983)</u>
EXPENDITURES				
Capital outlay	\$ -	\$ 266,667	\$ 24,931	\$ 241,736
Total expenditures	<u>\$ -</u>	<u>\$ 266,667</u>	<u>\$ 24,931</u>	<u>\$ 241,736</u>
OTHER FINANCING SOURCES				
Transfers in	\$ -	\$ 66,667	\$ 66,667	\$ -
Total other financing sources	<u>\$ -</u>	<u>\$ 66,667</u>	<u>\$ 66,667</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 -Softball Complex Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ 8	\$ 8	\$ -
Total revenues	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 8</u>	<u>\$ -</u>
OTHER FINANCING (USES)				
Transfers out	\$ -	\$ (10,911)	\$ (10,911)	\$ -
Total other financing (uses)	<u>\$ -</u>	<u>\$ (10,911)</u>	<u>\$ (10,911)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 10,903</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ 73,530	\$ 73,530
State sources	3,000,000	3,000,000	1,904,626	(1,095,374)
Earnings on investments	-	-	120	120
Total revenues	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 1,978,276</u>	<u>\$ (1,021,724)</u>
EXPENDITURES				
Capital outlay	\$ 3,112,667	\$ 3,282,667	\$ 2,164,645	\$ 1,118,022
Total expenditures	<u>\$ 3,112,667</u>	<u>\$ 3,282,667</u>	<u>\$ 2,164,645</u>	<u>\$ 1,118,022</u>
OTHER FINANCING SOURCES				
Transfers in	\$ -	\$ 170,000	\$ 170,000	\$ -
Total other financing sources	<u>\$ -</u>	<u>\$ 170,000</u>	<u>\$ 170,000</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 112,667</u>	<u>\$ 112,667</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ 67	\$ 67
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67</u>	<u>\$ 67</u>
EXPENDITURES				
Capital outlay	\$ 100,111	\$ 50,111	\$ -	\$ 50,111
Total expenditures	<u>\$ 100,111</u>	<u>\$ 50,111</u>	<u>\$ -</u>	<u>\$ 50,111</u>
OTHER FINANCING (USES)				
Transfers out	\$ -	\$ (50,000)	\$ (50,000)	\$ -
Total other financing (uses)	<u>\$ -</u>	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ -</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, 2008

	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, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES				
Capital outlay	\$ -	\$ 4,179	\$ 4,179	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ 4,179</u>	<u>\$ 4,179</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 4,179</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, 2008

Statement D-1

	Operational Fund	Golf Fund	Airport Fund	Totals
ASSETS				
Cash on deposit	\$ 592,110	\$ 4,336	\$ 11,680	\$ 608,126
Accounts receivable	196,502	-	-	196,502
Total assets	\$ 788,612	\$ 4,336	\$ 11,680	\$ 804,628
LIABILITIES				
Accounts payable	\$ 64,507	\$ -	\$ -	\$ 64,507
Total liabilities	64,507	-	-	64,507
FUND BALANCE				
Reserved for petty cash	425	-	75	500
Reserved for retirement of long-term debt	245,672	-	-	245,672
Unreserved:				
Designated for subsequent year's expenditures	478,008	4,336	11,605	493,949
Undesignated	-	-	-	-
Total fund balance	724,105	4,336	11,680	740,121
Total liabilities and fund balance	\$ 788,612	\$ 4,336	\$ 11,680	\$ 804,628

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, 2008

	Operational Fund	Golf Fund	Airport Fund	Totals
REVENUES				
Taxes	\$ 182,049	\$ -	\$ -	\$ 182,049
Franchise taxes	20,366	-	-	20,366
Cigarette taxes	5,363	-	-	5,363
Gross receipts taxes	1,259,211	-	-	1,259,211
Motor vehicle taxes	8,069	-	-	8,069
Charges for services	245,396	9,282	44,397	299,075
Licenses and permits	18,295	-	-	18,295
Fines and forfeits	73,400	-	-	73,400
Local sources	244,005	-	-	244,005
State sources	38,110	-	-	38,110
Federal sources	23,296	-	-	23,296
State shared taxes	836,456	-	-	836,456
Earnings from investments	13,319	17	10	13,346
Total revenues	<u>2,967,335</u>	<u>9,299</u>	<u>44,407</u>	<u>3,021,041</u>
EXPENDITURES				
Current:				
General government	937,272	-	-	937,272
Highways and streets	204,823	-	-	204,823
Public safety	1,003,358	-	-	1,003,358
Culture and recreation	561,381	62,727	65,296	689,404
Capital outlay	15,821	-	-	15,821
Debt service:				
Loan principle	77,202	-	-	77,202
Loan interest	74,593	-	-	74,593
Total expenditures	<u>2,874,450</u>	<u>62,727</u>	<u>65,296</u>	<u>3,002,473</u>
Excess (deficiency) of revenues over expenditures	92,885	(53,428)	(20,889)	18,568
OTHER FINANCING SOURCES (USES)				
Transfers in	19,012	56,700	30,000	105,712
Transfers out	(1,011,230)	-	-	(1,011,230)
Loan proceeds	915,538	-	-	915,538
Total other financing sources (uses)	<u>(76,680)</u>	<u>56,700</u>	<u>30,000</u>	<u>10,020</u>
Net change in fund balance	16,205	3,272	9,111	28,588
Fund balance at beginning of year	<u>707,900</u>	<u>1,064</u>	<u>2,569</u>	<u>711,533</u>
Fund balance at end of year	<u>\$ 724,105</u>	<u>\$ 4,336</u>	<u>\$ 11,680</u>	<u>\$ 740,121</u>

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, 2008

Statement D-3

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 170,406	\$ 180,202	\$ 180,201	\$ (1)
Franchise taxes	24,000	24,000	20,366	(3,634)
Cigarette taxes	4,500	4,500	5,371	871
Gross receipts taxes	1,133,500	1,230,005	1,229,995	(10)
Motor vehicle taxes	9,000	10,720	10,720	-
Charges for services	197,611	270,258	245,396	(24,862)
Licenses and permits	8,900	9,676	18,295	8,619
Fines and forfeits	65,600	67,790	73,400	5,610
Local sources	248,073	278,090	244,005	(34,085)
State sources	38,800	38,800	38,110	(690)
Federal sources	31,025	31,025	13,179	(17,846)
State shared taxes	750,000	869,577	836,456	(33,121)
Earnings from investments	18,000	18,000	13,319	(4,681)
	\$ 2,699,415	\$ 3,032,643	\$ 2,928,813	\$ (103,830)
EXPENDITURES				
General government	\$ 733,809	\$ 1,008,057	\$ 907,687	\$ 100,370
Highways and streets	202,050	204,830	204,823	7
Public safety	961,424	1,008,854	1,003,358	5,496
Culture and recreation	533,137	633,037	561,381	71,656
Capital outlay	26,000	26,000	15,821	10,179
Debt service:				
Loan principle	77,202	77,202	77,202	-
Loan interest	74,865	74,865	74,593	272
	\$ 2,608,487	\$ 3,032,845	\$ 2,844,865	\$ 187,980
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 19,012	\$ 19,012	\$ 19,012	\$ -
Transfers out	(177,062)	(180,062)	(1,011,230)	(831,168)
Loan proceeds	-	-	915,538	915,538
	\$ (158,050)	\$ (161,050)	\$ (76,680)	\$ 84,370
BUDGETED CASH BALANCE	\$ 67,122	\$ 484,569		

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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 8,000	\$ 8,000	\$ 9,282	\$ 1,282
Earnings from investments	<u>8</u>	<u>8</u>	<u>17</u>	<u>9</u>
Total revenues	<u><u>\$ 8,008</u></u>	<u><u>\$ 8,008</u></u>	<u><u>\$ 9,299</u></u>	<u><u>\$ 1,291</u></u>
EXPENDITURES				
Culture and recreation	\$ 57,707	\$ 64,407	\$ 62,727	\$ 1,680
Total expenditures	<u><u>\$ 57,707</u></u>	<u><u>\$ 64,407</u></u>	<u><u>\$ 62,727</u></u>	<u><u>\$ 1,680</u></u>
OTHER FINANCING SOURCES				
Transfers in	\$ 50,000	\$ 56,700	\$ 56,700	\$ -
Total other financing sources	<u><u>\$ 50,000</u></u>	<u><u>\$ 56,700</u></u>	<u><u>\$ 56,700</u></u>	<u><u>\$ -</u></u>
BUDGETED CASH BALANCE	<u><u>\$ -</u></u>	<u><u>\$ 1,600</u></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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 20,200	\$ 48,882	\$ 44,397	\$ (4,485)
Earnings from investments	-	-	10	10
Total revenues	<u>\$ 20,200</u>	<u>\$ 48,882</u>	<u>\$ 44,407</u>	<u>\$ (4,475)</u>
EXPENDITURES				
Culture and recreation	\$ 49,400	\$ 75,324	\$ 65,296	\$ 10,028
Total expenditures	<u>\$ 49,400</u>	<u>\$ 75,324</u>	<u>\$ 65,296</u>	<u>\$ 10,028</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 30,000	\$ 30,000	\$ 30,000	-
Total other financing sources	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>-</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>\$ 2,551</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 741,624	\$ 741,624	\$ 738,911	\$ (2,713)
State sources	400,000	400,000	36,438	(363,562)
Federal sources	400,000	400,000	248,184	(151,816)
Interest income	275	275	5,011	4,736
	<u>\$ 1,541,899</u>	<u>\$ 1,541,899</u>	<u>\$ 1,028,544</u>	<u>\$ (513,355)</u>
EXPENDITURES				
Personal services	\$ 292,409	\$ 292,409	\$ 298,793	\$ (6,384)
Maintenance and operations	435,954	435,954	421,328	14,626
Capital outlay	800,000	823,807	402,328	421,479
Revenue bonds principle	10,000	10,000	10,000	-
Interest expense	34,996	34,996	34,996	-
	<u>\$ 1,573,359</u>	<u>\$ 1,597,166</u>	<u>\$ 1,167,445</u>	<u>\$ 429,721</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 23,807	\$ 23,807	\$ -
Transfers out	-	-	-	-
	<u>\$ -</u>	<u>\$ 23,807</u>	<u>\$ 23,807</u>	<u>\$ -</u>
BUDGETED CASH BALANCE				
	<u>\$ 31,460</u>	<u>\$ 31,460</u>		
Revenues				
Budgetary basis			\$ 1,028,544	
Increase in receivables			13,393	
			<u>\$ 1,041,937</u>	
Expenditures				
Budgetary basis			\$ 1,167,445	
Capital acquisitions			(402,328)	
Principal payments			(10,000)	
Depreciation			197,376	
Increase in accounts payable/ compensated absences			22,869	
			<u>\$ 975,362</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, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 277,000	\$ 277,000	\$ 285,147	\$ 8,147
State sources	-	-	-	-
Environmental gross receipts tax	40,000	40,000	74,758	34,758
Interest income	200	200	2,635	2,435
Total revenues	<u>\$ 317,200</u>	<u>\$ 317,200</u>	<u>\$ 362,540</u>	<u>\$ 45,340</u>
EXPENDITURES				
Personal services	\$ 196,997	\$ 196,997	\$ 172,711	\$ 24,286
Maintenance and operations	334,750	334,750	218,205	116,545
Capital outlay	-	-	170,694	(170,694)
Loan principle	55,534	55,534	55,534	-
Investment expense	6,016	6,016	6,016	-
Total expenditures	<u>\$ 593,297</u>	<u>\$ 593,297</u>	<u>\$ 623,160</u>	<u>\$ (29,863)</u>
OPERATING TRANSFERS				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Loan proceeds	-	-	127,778	127,778
Total operating transfers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,778</u>	<u>\$ 127,778</u>
BUDGETED CASH BALANCE	<u>\$ 276,097</u>	<u>\$ 276,097</u>		
Revenues				
Budgetary basis			\$ 362,540	
Increase in receivables			3,722	
Modified accrual basis			<u>\$ 366,262</u>	
Expenditures				
Budgetary basis			\$ 623,160	
Capital acquisitions			(170,694)	
Principal payments			(55,534)	
Depreciation			88,924	
Increase in accounts payable/ compensated absences			12,194	
Modified accrual basis			<u>\$ 498,050</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, 2008

	Balances June 30, 2007	Additions	Deletions	Balances June 30, 2008
ASSETS				
Cash	\$ -	\$ 1,700	\$ 1,200	\$ 500
Total assets	<u>\$ -</u>	<u>\$ 1,700</u>	<u>\$ 1,200</u>	<u>\$ 500</u>
LIABILITIES				
Due to bond holders	\$ -	\$ 1,700	\$ 1,200	\$ 500
Total liabilities	<u>\$ -</u>	<u>\$ 1,700</u>	<u>\$ 1,200</u>	<u>\$ 500</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, 2008

	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	\$ 165,942	\$ 23,016	\$ 23,363	\$ 2,701	\$ 208,894	\$ 23,632	\$ 21,448	\$ 15,464
Receivables	-	-	-	4	4,990	-	-	-
Revenues per budgetary basis	<u>\$ 165,942</u>	<u>\$ 23,016</u>	<u>\$ 23,363</u>	<u>\$ 2,705</u>	<u>\$ 213,884</u>	<u>\$ 23,632</u>	<u>\$ 21,448</u>	<u>\$ 15,464</u>
Expenditures per modified accrual basis	\$ 179,150	\$ 25,956	\$ 30,104	\$ 5,468	\$ 225,046	\$ 16,666	\$ 2,248	\$ 16,657
Accounts payable	-	-	-	-	-	-	-	-
Expenditures per budgetary basis	<u>\$ 179,150</u>	<u>\$ 25,956</u>	<u>\$ 30,104</u>	<u>\$ 5,468</u>	<u>\$ 225,046</u>	<u>\$ 16,666</u>	<u>\$ 2,248</u>	<u>\$ 16,657</u>

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Schedule of Budgetary Basis
 To GAAP Basis Reconciliation
 Non-Major Funds
 Year Ended June 30, 2008

	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	DPS Building Projects Fund	Park Renovations Fund
Revenues per modified								
accrual basis	\$ -	\$ 24,809	\$ 8	\$ 9,840	\$ 103,413	\$ 622,530	\$ -	\$ 62
Receivables	-	-	-	-	20,485	25,479	-	-
Deferred revenues	-	-	-	-	-	-	-	-
Revenues per budgetary basis	<u>\$ -</u>	<u>\$ 24,809</u>	<u>\$ 8</u>	<u>\$ 9,840</u>	<u>\$ 123,898</u>	<u>\$ 648,009</u>	<u>\$ -</u>	<u>\$ 62</u>
Expenditures per modified								
accrual basis	\$ 182,785	\$ 24,809	\$ -	\$ 96,034	\$ 155,534	\$ 960,457	\$ -	\$ 37,453
Accounts payable	-	-	-	-	-	-	-	-
Expenditures per budgetary basis	<u>\$ 182,785</u>	<u>\$ 24,809</u>	<u>\$ -</u>	<u>\$ 96,034</u>	<u>\$ 155,534</u>	<u>\$ 960,457</u>	<u>\$ -</u>	<u>\$ 37,453</u>

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Schedule of Budgetary Basis
 To GAAP Basis Reconciliation
 Non-Major Funds
 Year Ended June 30, 2008

	River Road Drainage Fund	Convention Center Fund	Blue Hole Improvements Fund	Airport Construction Fund	Los Amigos Fund	Power Dam Improvements Fund	Gutierrez Park Fund	I-40 Infrastructure Fund	Skate Park Fund
Revenues per modified accrual basis	\$ 149,290	\$ 134,131	\$ 100	\$ 339,742	\$ 400,385	\$ 18	\$ 2	\$ 20	\$ -
Receivables	-	-	-	-	-	-	-	-	-
Deferred revenues	-	250,000	-	-	-	-	-	-	-
Revenues per budgetary basis	<u>\$ 149,290</u>	<u>\$ 384,131</u>	<u>\$ 100</u>	<u>\$ 339,742</u>	<u>\$ 400,385</u>	<u>\$ 18</u>	<u>\$ 2</u>	<u>\$ 20</u>	<u>\$ -</u>
Expenditures per modified accrual basis	\$ 141,627	\$ 134,131	\$ 29,024	\$ 340,030	\$ 1,035,627	\$ 8,848	\$ -	\$ -	\$ 1
Accounts payable	-	-	-	-	-	-	-	-	-
Expenditures per budgetary basis	<u>\$ 141,627</u>	<u>\$ 134,131</u>	<u>\$ 29,024</u>	<u>\$ 340,030</u>	<u>\$ 1,035,627</u>	<u>\$ 8,848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Schedule of Budgetary Basis
 To GAAP Basis Reconciliation
 Non-Major Funds
 Year Ended June 30, 2008

	CDBG 5th & 6th Street Fund	Cultural Corridors Fund	MAP Project Fund	Softball Complex Fund	Downtown Improvements Fund	El Rito Creek Improvements Fund	ADA Accounts Fund	Golf Course Irrigation Fund	Total Non-Major Capital Projects Fund
Revenues per modified accrual basis	\$ 16,568	\$ 9	\$ 17	\$ 8	\$ 1,978,276	\$ 67	\$ 8	\$ -	\$ 3,018,703
Receivables	-	-	-	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-	-	-	250,000
Revenues per budgetary basis	<u>\$ 16,568</u>	<u>\$ 9</u>	<u>\$ 17</u>	<u>\$ 8</u>	<u>\$ 1,978,276</u>	<u>\$ 67</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 3,268,703</u>
Expenditures per modified accrual basis	\$ 20,711	\$ -	\$ 24,931	\$ -	\$ 2,164,645	\$ -	\$ -	\$ 4,179	\$ 3,941,207
Accounts payable	-	-	-	-	-	-	-	-	-
Expenditures per budgetary basis	<u>\$ 20,711</u>	<u>\$ -</u>	<u>\$ 24,931</u>	<u>\$ -</u>	<u>\$ 2,164,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,179</u>	<u>\$ 3,941,207</u>

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

<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	\$ <u>134,131</u>
Total Department of Housing and Urban Development			<u>134,131</u>
<u>U.S. Department of Agriculture</u>			
*Rural Utilities Service			
Passed through Eastern New Mexico Area on Aging, Inc.			
Cash in Lieu of Commodities	N/A	10.854	248,185
Total U.S. Department of Agriculture			<u>8,800</u>
<u>U.S. Department of Transportation</u>			
*Federal Aviation Administration			
Passed through NM State Highway and Transportation Department:			
STEP	08-PT-06-092	20.600	6,247
STEP	07-PT-K4-092	20.600	6,967
ODWI	07-AL-K8-092	20.601	5,208
ODWI	08-AL-K8-092		<u>4,874</u>
Total Department of Transportation			<u>341,015</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><u>\$ 755,210</u></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, 2008

Part 1 - Summary of Auditor Results

1. Type of Report - Unqualified
2. Significant Deficiencies - immaterial instances - 97-3, 03-03, 04-01, 04-07, 06-03, 07-03 and 08-04
3. Non-Compliance - immaterial instances - 97-3, 00-17, 03-03, 04-03, 07-01, 07-02, 07-03, 08-01, 08-02, 08-03 and 08-05
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 and Federal Aviation Administration CFDA #20.106
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, 03-03, 04-01, 04-03, 04-07, 06-03, 07-01, 07-02, 07-03, 08-01, 08-02, 08-03, 08-04 and 08-05

Part 3 - Questioned Costs

NONE

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

**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, 2008, and have issued our report thereon dated May 11, 2010. 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, 2008. 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), Current Copy of CDL in Payroll Files (07-03) and Unknown Monies Received (08-04).

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), Disbursements (03-03), Budget Overruns (04-03), CFDA Data Collection Form (07-01), Unbudgeted Transfer (07-02), Current Copy of CDL in Payroll Files (07-03), New Hire Reporting (08-01), Non-Permanent Employees (08-02), Incorrect 1099 Forms (08-03) and Professional Services Contract (08-05).

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 11, 2010

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 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, 2008. 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, 2008.

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.

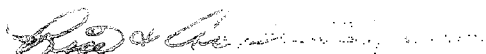
A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal 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.



May 11, 2010

STATUS OF COMMENTS AND RESPONSES

Prior Year Audit Findings:

1. Depreciation (97-3) - Repeated.
2. Audit Report Completion (00-17) - Repeated.
3. Payroll Files - I-9's (02-01) - Resolved.
4. Disbursements (03-03) - Repeated.
5. Interest Earned on CD's (04-01) - Repeated.
6. Budget Overruns (04-03) - Repeated.
7. Incorrect Trial Balances (04-07) - Repeated.
8. Drug Testing Policy (06-02) - Resolved.
9. Inactive Water/Sewer Accounts (Receivable) (06-03) - Repeated.
10. CFDA Data Collection Form (07-01) - Repeated.
11. Unbudgeted Transfer (07-02) - Repeated.
12. Current Copy of CDL in Payroll Files (07-03) - Repeated.

Current Year Audit Findings:

1. New Hire reporting (08-01)
2. Non-Permanent Employees (08-02)
3. Incorrect 1099 Forms (08-03)
4. Unknown Monies Received (08-04)
5. Professional Services Contract (08-05)

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 completing the capital asset depreciation schedule. A consultant has been contracted to complete and finish this project. The Completion date should be June 30, 2010.

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 2010 audit can be completed and submitted timely.
RESPONSE	The City of Santa Rosa has been working diligently on our audits. We are currently working on hiring a firm to complete our 08-09 audit, which will put the City of Santa Rosa in compliance upon completion. Our 2010 audit can be completed in a timely manner.

Disbursements
(03-03)

CONDITION The accounts payable records, in 14 out of 44 instances, do not show:

1. A signed, dated purchase order was not included with the purchase documents.
2. Evidence of receipts of goods and /or services was not available.

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.

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 new procedures for the purchasing of goods and services. These procedures should resolve this finding.

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.
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 implemented a new software program. This program is capable of reconciling certificates and posting all interest.

Budget Overruns
(04-03)

CONDITION	The City had an overall budget overrun in the Los Amigos Fund by \$35,627 and the Solid Waste Fund by \$29,863. The Funds did have enough cash to cover these over-expenditures. However, a budget adjustment request was not submitted and approved by DFA's Local Government Division. This was due to the fact that in both cases loans acquired from NMFA were not budgeted, which would increase the revenue resources and the expenditures for these funds.
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 is working closely with NMFA currently to record all transactions. Budget adjustments will occur by the end of the fiscal year.

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 has acquired a new software program that will allow complete books of records to be obtained for the 2009 fiscal year.
RESPONSE	The City of Santa Rosa has acquired a new accounting software, which will correct this issue. The completion date is fiscal year 08-09.

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 has obtained a new software program that should eliminate this issue. Thus, a complete receivable listing will be available for the 2009 fiscal year.

RESPONSE The City of Santa Rosa has acquired a new accounting software, which will correct this issue. The completion date is fiscal year 08-09.

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 This form was not submitted in a timely manner. Audits being in compliance will resolve this issue.

Unbudgeted Transfer
(07-02)

CONDITION	The General Fund transferred \$853,530 to the Los Amigos Fund without a properly approved budgeted transfer. The City received an NMFA loan to purchase building improvements but was not properly budgeted as a revenue resource and a corresponding expenditure.
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	A 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 is working closely with NMFA currently to record all transactions. The budget adjustments will occur by the end of the fiscal year.

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 of Santa Rosa has assigned personnel to up keep all records.

New Hire Reporting

(08-01)

CONDITION The City did not properly report newly hired employees to a State directory within 20 days of their hire date.

CRITERIA New Mexico law (50-13-1 to 50-13-4 NMSA) and the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, 42. U.S.C. 653A, requires all employers to report newly hired employees to a State directory within 20 days of their hire.

CAUSE The City staff in charge of payroll was not aware of this requirement.

EFFECT The City did not comply with New Mexico State Statute 50-13-1 or the PRWORA of 1996.

RECOMMENDATION Current management is aware of this requirement. The City management however should insure that all newly hired employees be reported within the 20 day period.

RESPONSE The City of Santa Rosa has assigned personnel to up keep all records and report within the allotted amount of time.

Non-Permanent Employees
(08-02)

CONDITION The Board Members of the City will not take proper action to make several employees either seasonal or permanent.

CRITERIA All employees must be approved by the Board and determined to be either part-time, full-time, seasonal, etc. This is to comply with the Public Employees Retirement Association rules which state "PERA membership is a mandatory condition of employment, required for employees of the state and of affiliated public employers". The City qualifies as a affiliated public employer.

CAUSE It is unknown as to why the Board is not completing its duties in the area of hiring employees.

EFFECT The Board is possibly creating a liability for payroll benefits owed to PERA for each individual that is not formally hired and not considered seasonal because they have worked over 9 months and work full time. The Board appears to be trying to circumvent PERA regulations.

RECOMMENDATION The newly elected Board should formally hire these employees so that PERA regulations are adhered to.

RESPONSE It is the responsibility of the Mayor and Administration to bring an employee before the Governing Body (Board) for consideration for employment to fill a full time, part time or temporary position. If an employee is brought before the Governing Body (Board) for consideration to take formal action and the Governing Body (Board) acts to disapprove the hire, then the employment should have ceased employment at that time. If the action is tabled by the Governing Body (Board), the Administration has up to three months from the employees hire date to release said employee from employment if the employee is retained on

a temporary status. If an employee is not classified and approved for hire by the Governing body (Board) to fill a Full Time or Part time position after three months of the employees hire date, the employee should be released from employment by the Administration. (See City Merit Ordinance 330).

The Governing Body (Board) is in no way attempting to circumvent PERA or other regulations. The Mayor and Administration are responsible employment status, dates of hire and classification are managed appropriately according to said ordinance. The City of Santa Rosa acting through the duly elected Mayor, Governing body (Board) and Administration will assure that employment status of City employees will be adhered to as they relate to said Merit Ordinance and that PERA regulations will be adhered to.

Incorrect 1099 Forms
(08-03)

CONDITION	Management of the City is using an incorrect code when preparing their IRS 1099 Forms. Box 3 - "other income" was used instead of the correct Box 7 - "non-employee compensation".
CRITERIA	Unless the amount qualifies for another box (description) on the 1099 Form, Box 7 should be used according to IRS regulations.
CAUSE	Management was unaware of this requirement.
EFFECT	Management has not followed IRS regulations correctly.
RECOMMENDATION	All 1099 Forms should be completed correctly for the 2009 fiscal year since this issue was brought to the attention of management before the 2009 forms were issued.
RESPONSE	The City of Santa Rosa staff was unaware of the proper placement of items on the 1099. 1099's were distributed as trained. The staff is aware of the requirement and 1099's have been corrected.

Unknown Monies Received
(08-04)

CONDITION	The City received \$3,580 that was recorded in the airport construction Fund that could not be determined as to where it came from, which grant it was a reimbursement of or if it was actually a revenue resource for that fund.
CRITERIA	All amounts received must be supported by some kind of documentation to ensure: <ol style="list-style-type: none">1. It is a revenue resource that belongs to the City.2. Which fund these monies are to benefit and,3. If it is a reimbursement request of a particular grant that it is supported by proper documentation.
CAUSE	Management has not determined where this money came from.
EFFECT	The City may not be the beneficiary of these monies and may have to pay it back to the proper agency.
RECOMMENDATION	Management of the City should ensure that all internal controls are continued to be employed so this situation doe not occur again.
RESPONSE	The City of Santa Rosa Community Development staff was unable to trace funding to any grant, but the funding was received. All receipts of funding are being followed thru making sure internal controls are in place to ensure proper placement of funds.

Professional Services Contract
(08-05)

CONDITION

The City approved a professional services contract which includes the following situations:

1. That the City will name the Operator of the contract as an additional insured without consulting the City's insurance carrier to ensure this can be done.
2. That the City agrees to conduct beer and liquor sales at this event with all profit being kept by the City.
3. That the City agrees to implement a "rally tax" without approval of an ordinance stating that the City could enforce the collection of this tax.
4. That the City has agreed to provide payment to this operator for the next fiscal years services three months after the current fiscal years event.
5. That the City entered into an agreement with the operator without including a "clause" for circumstances arising from the discontinuance of the City.

CRITERIA

The City needs to enter into professional agreements with the following regulations being adhered to:

1. That the insurance carrier for the City is only legally liable for the City.
2. That the City does not have a liquor license and cannot enforce the collection of the profits from these types of sales.
3. That the City can collect a "rally tax" without approving an ordinance first.
4. That the City cannot violate the procurement code by procuring services before services are rendered.
5. That the City agrees to be liable for future payments which contradict the procurement policy for services not yet rendered.

CAUSE

The Board approved a professional services contract without ensuring various regulations were adhered to.

EFFECT When this contract takes effect the City could be liable for various violations and possibly be liable for thousands of dollars in penalties.

RECOMMENDATION The City should terminate the current contract and have it rewritten to ensure the proper verbage is included so all necessary State laws and regulations are followed.

RESPONSE The City of Santa Rosa has reviewed the contract in question, and is proposing to make any necessary changes as needed.

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2008 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 March 3, 2010, to discuss the current audit report. In attendance were Mr. Jesus Roybal, City Administrator, Mr. Joseph Campos, Mayor, Ms. Yolanda Garcia, Finance Officer and Ms. Pamela A. Rice, CPA, Contract Auditor.