STATE OF NEW MEXICO CITY OF SANTA ROSA ANNUAL FINANCIAL REPORT JUNE 30, 2010

Harshwal & Company LLP Certified Public Accountants 6739 Academy Road NE, Suite 130 Albuquerque, NM 87109 (505) 814-1201



City of Santa Rosa Official Roster June 30, 2010

List of Officials

Name	Elected Officials	<u>Title</u>
Albert E. Campos, Jr.		Mayor
Alvin V. Maestas, Sr.		City Councilor
Patrick Cordova		City Councilor
Ricky L. Muniz		City Councilor
Harold Sexton		City Councilor
	Administrative Officials	
Ian John Serrano		City Administrator
Margarita Mireles		City Clerk
Yolanda Garcia		Finance Manager

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INDEPENDENT AUDITORS' REPORT

Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico
and
Honorable Mayor Albert Campos, Jr.
City Councilors
City of Santa Rosa of Santa Rosa
Santa Rosa, New Mexico

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund of the City of Santa Rosa, New Mexico ("the City") as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. We were also engaged to audit the financial statements of each of the City's nonmajor governmental funds, and the budgetary comparisons for the major capital project funds and all non-major funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the City's management.

The City did not maintain sufficient internal controls in the areas of cash control, capital assets, internal loans, compliance with rules and regulations for federal awards and capital assets in order for the auditor to plan and conduct the audit in a manner to obtain sufficient evidential matter to form an opinion as to the fairness of presentation of the financial statements in conformity with generally accepted accounting principles. The City's records do not permit the application of other auditing procedures in the areas of cash control, procurement, disbursements, capital assets, and computer controls. The findings on pages 124-146 address the weaknesses in internal controls we encountered while planning and conducting our audit.

As a result of the numerous material weaknesses over the internal control structure of the City, the City's accounting records are inadequate to substantiate the account balances for the City's beginning financial statement balances, capital assets and internal loans presented in the financial statements. In addition, there is insufficient evidence available to determine that the account distributions for revenue and expenditures amounts are accurate and management assertions cannot be adequately examined to afford a basis for an opinion. The City's records do not permit the application of other auditing procedures to its statements and accounts noted above.

Because we were unable to obtain adequate supporting documentation and evidence for the City's statements and accounts noted above, the scope of our work was not sufficient to enable us to express, and we do not express opinions the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, because we were unable to obtain adequate supporting documentation and evidence for the City's statements and accounts noted above, the scope of our work was not sufficient to enable us to express, and we do not express opinions on the respective financial position of each nonmajor governmental fund of the City as of June 30, 2010, and the respective changes in financial position and the respective budgetary comparisons for the major capital project funds, and remaining nonmajor 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 December 3, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

We were engaged for the purpose of forming opinions on the City's basic financial statements, combining and individual fund financial statements, and budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The accompanying financial information listed as supporting Schedules I through II in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. Because of the significance of the matters described above, the scope of our work was not sufficient to enable us to express, and we do not express an opinion regarding whether these schedules or the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements and the remaining nonmajor governmental fund financial statements.

Harshwal & Company LLP Certified Public Accountants

Hasehwal & Company 14P

Albuquerque, New Mexico December 3, 2013



GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Santa Rosa Statement of Net Assets June 30, 2010

	Primary Government						
		vernmental		siness-type			
		Activities		<u>Activities</u>	_	Total	
Assets Current Assets							
Cash and cash equivalents	\$	838,757	\$	178,238	\$	1,016,995	
Accounts and taxes receivable	4	680,940	4	118,636	Ψ	799,576	
Prepaid expenses		44,265		24,336		68,601	
Internal balances	_	144,848	_	(144,848)	-		
Total Current Assets	_	1,708,810	_	176,362	_	1,885,172	
Noncurrent Assets							
Restricted Assets (Cash)							
Customer meter deposits				61,698		61,698	
Repair and replacement				32,077		32,077	
Sewer capital reserve Solid waste construction				33,530 40,783		33,530 40,783	
Total Restricted Cash	_	0	_	168,088	-	168,088	
Total Restricted Cush			_	100,000	-	100,000	
Capital Assets		30,834,995		9,112,234		39,947,229	
Less: accumulated depreciation	_	(12,128,408)	_	(3,090,060)	_	(15,218,468)	
Total Capital Assets		18,706,587	_	6,022,174	_	24,728,761	
Total Noncurrent Assets	_	18,706,587	_	6,190,262	_	24,896,849	
Total Assets	\$	20,415,397	\$	6,366,624	\$_	26,782,021	
Liabilities and Net Assets Current Liabilities							
Accounts payable	\$	104,459	\$	675	\$	105,134	
Accrued expenses	Ψ	87,535	Ψ	11,172	Ψ	98,707	
Accrued compensated absences		16,083		11,918		28,001	
Deposits payable		,		61,698		61,698	
Interest payable		188,965		10,232		199,197	
Current portion of long-term debt	_	307,180	_	26,923	-	334,103	
Total Current Liabilities	_	704,222	_	122,618	-	826,840	
Noncurrent Liabilities							
Bonds payable		3,715,822		781,300		4,497,122	
Accrued compensated absences		3,531		1 270 520		3,531	
Landfill closure and post closure liabilities Loans and notes payable		1,401,727		1,379,538 71,429		1,379,538 1,473,156	
	_		_		-		
Total Noncurrent Liabilities	_	5,121,080		2,232,267	_	7,353,347	
Total Liabilities	_	5,825,302	_	2,354,885	_	8,180,187	

City of Santa Rosa Statement of Net Assets June 30, 2010

	Primary G		
	Governmental Activities	Business-type Activities	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	13,281,858	5,142,522	18,424,380
Restricted for:			
Repair and replacement		65,607	65,607
Special revenue funds	907,049		907,049
Capital projects funds	700,436		700,436
Unrestricted	(299,248)	(1,196,390)	(1,495,638)
Total Net Assets	14,590,095	4,011,739	18,601,834
Total Liabilities and Net Assets	\$ <u>20,415,397</u>	\$ 6,366,624	\$ <u>26,782,021</u>

City of Santa Rosa Statement of Activities For the Year Ending June 30, 2010

Functions/Programs			Program Revenues					
	_	Expenses		Tharges for Services	G	Operating Frants and ntributions		apital Grants and ontributions
Primary Government								
Governmental Activities:	_		_		_		_	
General government	\$	1,717,446	\$	55,682	\$	400,641	\$	488,549
Public safety		1,038,731		20,156		205,546		
Public works		270,596		129,644		28,783		1,193,909
Culture and recreation		1,172,623		79,553		100,618		
Health and welfare		158,516		118,488				
Depreciation-unallocated		1,282,461		•				
Interest on long-term debt	_	187,147	_		_		_	
Total governmental activities	_	5,827,520	_	403,523	_	735,588	_	1,682,458
Business-type Activities:								
Water/Sewer		932,178		744,391				
Solid Waste	_	464,248	_	284,720	_		_	17,342
Total business-type activities	_	1,396,426	_	1,029,111	_	0	_	17,342
Total primary government	\$_	7,223,946	\$_	1,432,634	\$_	735,588	\$_	1,699,800

General Revenues:

Taxes

Property taxes

Franchise taxes

Cigarette taxes

Gross receipts taxes

Motor vehicle taxes

Gas taxes

Lodgers taxes

Interest income

Miscellaneous income

Transfers net

Total General Revenues and Transfers

Change in net assets

Net assets beginning

Prior period adjustment

Net assets beginning, restated

Net assets, ending

City of Santa Rosa Statement of Activities For the Year Ending June 30, 2010

Net (Expense) Revenue and Changes in Net

Functions/Programs Assets						
	Primary Government					
Primary Covernment	Governmental Activities	Business Type Activities	Total			
Primary Government Governmental Activities: General government Public safety Public works Culture and recreation Health and welfare Depreciation-unallocated Interest on long-term debt	\$ (772,574) (813,029) 1,081,740 (992,452) (40,028) (1,282,461) (187,147)	\$	\$ (772,574) (813,029) 1,081,740 (992,452) (40,028) (1,282,461) (187,147)			
Total governmental activities	(3,005,951)	0	(3,005,951)			
Business-type Activities: Water/Sewer Solid Waste		(187,787) (162,186)	(162,186)			
Total business-type activities	0	(349,973)	(349,973)			
Total primary government	(3,005,951)	(349,973)	(3,355,924)			
General Revenues:						
Taxes Property taxes Franchise taxes Cigarette taxes Gross receipts taxes Motor vehicle taxes Gas taxes Lodgers taxes Interest income Miscellaneous income Transfers net	151,516 27,661 7,116 2,003,894 26,753 203,106 424,744 7,291 308,174 (94,010)	91,933 3,052 41,119 94,010	151,516 27,661 7,116 2,095,827 26,753 203,106 424,744 10,343 349,293 0			
Total General Revenues and Transfers	3,066,245	230,114	3,296,359			
Change in net assets	60,294	(119,859)	(59,565)			
Net assets beginning	16,462,520	4,131,598	20,594,118			
Prior period adjustment	(1,932,719)	0	(1,932,719)			
Net assets beginning, restated	14,529,801	0	18,661,399			
Net assets, ending	\$ <u>14,590,095</u>	\$ 4,011,739	\$ <u>18,601,834</u>			

GOVERNMENTAL FUND FINANCIAL STATEMENT

City of Santa Rosa Balance sheet Governmental Funds June 30, 2010

	Operational Fund	Airport Fund	Golf Fund	CDBG South 2nd Street
Current assets Cash and cash equivalents	\$ 228,797	\$ 7,022	\$	\$ 26,431
Accounts and taxes receivable Prepaid expenses	170,712 43,085	\$ 7,022	φ	φ 20, 4 31
Due from other funds	262,467	115		97,991
Total assets	\$705,061	\$ 7,137	\$0	\$ <u>124,422</u>
Current liabilities				
Accounts payable	\$ 1,153	\$	\$	\$
Accrued salaries and wages Due to other funds	80,940 11,779		1,050 7,050	
Due to other runds	11,//9			
Total liabilities	93,872	0	8,100	0
Fund balance	42.005			
Nonspendable Restricted for:	43,085			
Special revenue funds				
Capital projects funds				124,422
Unassigned for:				
General fund	568,104	7,137	(8,100)	
Special revenue funds Capital projects funds				
Total fund balances	611,189	7,137	(8,100)	124,422
Total liabilities and fund balances	\$ <u>705,061</u>	\$ <u>7,137</u>	\$0	\$ <u>124,422</u>

City of Santa Rosa Balance sheet Governmental Funds June 30, 2010

	ARRA Waste Water Treatment Facility			Other		Total
		racility	<u>U(</u>	<u>vernmental</u>	_	Total
Current assets Cash and cash equivalents Accounts and taxes receivable Prepaid expenses Due from other funds	\$	411,618 159,164	\$	576,507 98,610 1,180 444,078	\$	838,757 680,940 44,265 963,815
Total assets	\$	570,782	\$_	1,120,375	\$_	2,527,777
Current liabilities Accounts payable Accrued salaries and wages Due to other funds	\$	50,258 54,449	\$	53,048 5,545 745,689	\$	104,459 87,535 818,967
Total liabilities		104,707	_	804,282	_	1,010,961
Fund balance Nonspendable Restricted for: Special revenue funds Capital projects funds		466,075		1,180 907,049 109,939		44,265 907,049 700,436
Unassigned for: General fund Special revenue funds Capital projects funds				(451,594) (250,481)	_	567,141 (451,594) (250,481)
Total fund balances		466,075	_	316,093	_	1,516,816
Total liabilities and fund balances	\$	570,782	\$_	1,120,375	\$_	2,527,777

City of Santa Rosa Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets June 30, 2010

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

Fund balances - total governmental funds	\$	1,516,816
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		18,706,587
Certain liabilities, including long-term portion of accrued compensated absences and current and long-term portions of long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds		
Accrued interest payable Accrued compensated absences Bond payable Loans payable	-	(188,965) (19,614) (3,923,100) (1,501,629)
Total net assets of governmental activities	\$	14,590,095

City of Santa Rosa

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

For the Year Ending June 30, 2010

D.	Operational Fund	General Fund Airport Fund	Golf Fund	CDBG South 2nd Street
Revenues	o 151 51 6	¢.	¢	¢.
Property taxes Lodgers taxes	\$ 151,516	\$	\$	\$
Franchise taxes	27,661			
Cigarette taxes	4,738			
Gross receipts taxes	2,003,894			
MVD taxes	11,439			
Gas taxes	11,135			
Charges for services	207,912	28,936	19,115	
Licenses and permits	29,518	,	,	
Fines and forfeitures	68,081			
Local grants	17,589	2,700	1,240	
State grants	189,365	,	,	
Federal grants				650,000
Interest income	6,896		1	7
Miscellaneous	43,323	1	7,644	
Total revenues	2,761,932	31,637	28,000	650,007
Expenditures				
Current				
General government	667,417	32,142	103,734	
Public safety	846,865			
Public works	112,480			4,144
Culture and recreation	891,724			
Health and welfare				
Capital outlay	21,740		38,573	445,857
Debt service				
Principal	132,787			
Interest				
Total expenditures	2,673,013	32,142	142,307	450,001
Excess (deficiency) of revenues over expenditures	88,919	(505)	(114,307)	200,006
Other financing sources (uses)				
Proceed from the issuance of bonds				
Transfers in	16,163	6,000	107,500	109,910
Transfers out	(231,468))		
Total other financing sources (uses)	(215,305)	6,000	107,500	109,910
Net change in fund balance	(126,386)	5,495	(6,807)	309,916
Fund balance - beginning of year	737,575	1,642	(1,293)	(185,494)
Prior period adjustment	0	0	0	0
Fund balance - beginning, restated	737,575	1,642	(1,293)	(185,494)
Fund balance - end of year	\$ 611,189	\$ 7,137	\$ (8,100)	\$ 124,422

City of Santa Rosa

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ending June 30, 2010

Payanyas		RRA Waste ter Treatment Facility	Go	Other vernmental Funds	_	Total
Revenues Property taxes	\$		\$		\$	151,516
Lodgers taxes			·	424,744		424,744
Franchise taxes						27,661
Cigarette taxes				2,378		7,116
Gross receipts taxes				15014		2,003,894
MVD taxes				15,314		26,753
Gas taxes				203,106		203,106
Charges for services				27,292 19,960		283,255 49,478
Licenses and permits Fines and forfeitures				2,689		70,770
Local grants				1,010		22,539
State grants		193,773		846,408		1,229,546
Federal grants		272,298		243,663		1,165,961
Interest income		4		403		7,311
Miscellaneous				257,206		308,174
Total revenues		466,075		2,044,173	_	5,981,824
Expenditures						
Current						
General government		516,229		430,718		1,750,240
Public safety				191,866		1,038,731
Public works				153,972		270,596
Culture and recreation				280,899		1,172,623
Health and welfare				158,516		158,516
Capital outlay Debt service				888,384		1,394,554
Principal				105,065		237,852
Interest			_	31,925	_	31,925
Total expenditures		516,229	_	2,241,345	_	6,055,037
Excess (deficiency) of revenues over expenditures	_	(50,154)	_	(197,172)	_	(73,213)
Other financing sources (uses)		516 220				516 220
Proceed from the issuance of bonds Transfers in		516,229		272 774		516,229
Transfers out				372,774 (474,889)		612,347 (706,357)
	_	516.220	_		-	
Total other financing sources (uses)	_	516,229	_	(102,115)	-	422,219
Net change in fund balance		466,075		(299,287)		349,006
Fund balance - beginning of year		0		2,548,099		3,100,529
Prior period adjustment		0		<u>(1,932,719</u>)	_	<u>(1,932,719</u>)
Fund balance - beginning, restated		0	_	615,380	_	1,167,810
Fund balance - end of year	\$	466,075	\$_	316,093	\$_	1,516,816

City of Santa Rosa

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ending June 30, 2010

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

Net change in fund balances - total governmental funds

\$ 349,006

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

Capital expenditures recorded in capital outlay Depreciation expense

1,394,554

(1,282,461)

The issuance of long-term debt (e.g. bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Proceed from the issuance of bonds
Principal payments on loans and capital leases payable
Increase in accrued interest payable
Decrease in accrued compensated absence

(516,229) 237,852

237,852 (155,222)

133,222)

32,794

Change in net assets of governmental activities

\$ 60,294

Exhibit C-1

Variances

City of Santa Rosa Operational Fund

								/arıances Favorable
	_	Budgeted Amounts			Actual		(Unfavorable)	
		0-1-1-1		E:1	,	(Non-GAAP		-1 4 - A -41
Revenues:	_	Original	_	Final	Bu	dgetary Basis)	Fin	al to Actual
Property taxes	\$	198,566	\$	198,566	\$	192,835	\$	(5,731)
Franchise taxes	Ψ	22,400	Ψ	22,400	Ψ	18,544	Ψ	(3,856)
Cigarette taxes		4,200		4,200		4,738		538
Gross receipts taxes		2,160,000		2,160,000		1,752,218		(407,782)
MVD taxes		9,000		9,000		11,439		2,439
Charges for services		139,100		139,100		157,170		18,070
Licenses and permits		8,900		8,900		9,170		270
Fines and forfeitures		52,800		52,800		56,897		4,097
Local sources		172,820		172,820		134,799		(38,021)
State grants		73,085		73,085		54,628		(18,457)
Federal grants		2,297		2,297		938		(1,359)
Interest income		500		500		6,896		6,396
Miscellaneous	_	126,600	_	126,600	_	161,475	_	34,875
Total revenues	_	2,970,268	_	2,970,268	_	2,561,747		(408,521)
Expenditures:								
Current:								
General government		956,792		956,792		734,882		221,910
Public safety		857,503		857,503		818,961		38,542
Public works		189,109		189,109		196,696		(7,587)
Culture and recreation		563,185		563,185		469,629		93,556
Health and Welfare		151,762		151,762		208,530		(56,768)
Miscellaneous	_	55,900	_	55,900	_	35,002	_	20,898
Total expenditures	_	2,774,251	_	2,774,251	_	2,463,700	_	310,551
Excess (deficiency) of revenues over								
expenditures	_	196,017	_	196,017	_	98,047		(97,970)
Other financing sources (uses)								
Designated cash		71,819		71,819		0		(71,819)
Transfers in		10,039		10,039		3,490		(6,549)
Transfers (out)	_	(277,87 <u>5</u>)	_	(277,875)	_	(197,578)	_	80,297
Total other financing sources (uses)	_	(196,017)	_	(196,017)	_	(194,088)	_	1,929
Excess (deficiency) of revenues and other								
financing sources over expenditures and other								
financing (uses)		0		0		(96,041)		(96,041)

Exhibit C-1

City of Santa Rosa Operational Fund

	Budgeted	Amounts	Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
Fund balances - beginning of year	0	0	629,681	629,681
Fund balances - end of year	\$0	\$0	533,640	\$533,640
Reconciliation to GAAP Basis: Net change in fund balances Revenue accruals Expenditure accruals Net change in fund balances - GAAP basis			(96,041) 212,858 (243,203) \$ (126,386)	

Exhibit C-2

City of Santa Rosa Airport Fund

		Budgeted	Am	nounts		Actual		Variances Favorable (Unfavorable)
		0		Tr. 1		(Non-GAAP		
Revenues:		Original	_	Final	<u>B</u> ı	udgetary Basis)	_	Final to Actual
Charges for services	\$	38,200	\$	38,200	\$	28,936	\$	(9,264)
Local sources	Ψ	0	Ψ	0	4	2,700	Ψ	2,700
Miscellaneous	_	5,200	_	5,200	_	1		(5,199)
Total revenues	_	43,400	_	43,400	_	31,637	,	(11,763)
Expenditures: Current:								
General government	_	43,400	_	43,400	_	32,318		11,082
Total expenditures	_	43,400	_	43,400	_	32,318		11,082
Excess (deficiency) of revenues over expenditures	_	0	_	0	_	(681)	,	(681)
Other financing sources (uses) Transfers in	_	0	_	0	_	6,000		6,000
Total other financing sources (uses)	_	0	_	0	_	6,000		6,000
Excess (deficiency) of revenues and other financing sources over expenditures and								
other financing (uses)		0		0		5,319		5,319
Fund balances - beginning of year	_	0	_	0	_	1,818		1,818
Fund balances - end of year	\$_	0	\$_	0	_	7,137	\$	7,137
Reconciliation to GAAP Basis:						5,319		
Revenue accruals						0		
Expenditure accruals					ф -	176		
Net change in fund balances - GAAP basis	\$				> =	5,495		

Exhibit C-3

City of Santa Rosa Golf Fund

									Variances	
		Budgeted	1 <i>A</i>	Amou	nts		Actual	Favorable (Unfavorable)		
	_	Buagetee	4 1	mou		-	(Non-GAAP	_	(Cinavorable)	
		Original	_		Final	1	Budgetary Basis)	_	Final to Actual	
Revenues:	_	_		_				_		
Charges for services	\$	0		\$	0	\$,	\$	19,115	
Local sources Interest income		0			0		1,240		1,240	
Miscellaneous	_	12,000			12,000		7,644		(4,356)	
Total revenues	_	12,000			12,000		28,000		16,000	
Expenditures:										
Current:										
General government		139,166			139,166		104,509		34,657	
Capital outlay	-	0			0		37,566	-	(37,566)	
Total expenditures	_	139,166			139,166		142,075	-	(2,909)	
Excess (deficiency) of revenues over expenditures	_	(127,166)			(127,166)		(114,075)		13,091	
Other financing sources (uses)										
Transfers in	_	127,166			127,166		107,500		(19,666)	
Total other financing sources (uses)	_	127,166			127,166		107,500		(19,666)	
Excess (deficiency) of revenues and other financing sources over expenditures and										
other financing (uses)		0			0		(6,575)		(6,575)	
Fund balances - beginning of year	_	0			0		532		532	
Fund balances - end of year	\$_	0	9	\$	0		(6,043)	\$	(6,043)	
Reconciliation to GAAP Basis:							(6,575)			
Revenue accruals							0			
Expenditure accruals						¢	(232)			
Net change in fund balances - GAAP bas	1S					\$	(6,807)			

City of Santa Rosa Statement of Net Assets **Proprietary Funds** June 30, 2010

	Enterprise Funds					
	Water/Sewer		So	Solid Waste		
		Fund		Fund		Total
Assets						
Current assets						
Cash	\$	173,763	\$	4,475	\$	178,238
Accounts receivable		85,690		32,946		118,636
Prepaid expenses		21,759		2,577		24,336
Due from other funds	_	20,918	_	150	_	21,068
Total current assets	_	302,130	_	40,148	_	342,278
Restricted Assets (Cash)						
Customer meter deposits		61,698				61,698
Repair and replacement		32,077				32,077
Solid waste construction				40,783		40,783
Sewer Capital Reserve	_	33,530	_		_	33,530
Total Restricted Assets (Cash)	_	127,305	_	40,783	_	168,088
Noncurrent assets						
Land		158,559				158,559
Equipment		124,313		866,355		990,668
Vehicles		258,298		9,702		268,000
Plant		7,147,281		420,142		7,567,423
Buildings		127,584				127,584
Less: accumulated depreciation	_(2,553,762)	_	(536,298)	_	(3,090,060)
Total noncurrent assets	_	5,262,273	_	759,901	_	6,022,174
Total Assets	\$_	5,691,708	\$_	840,832	\$_	6,532,540

City of Santa Rosa Statement of Net Assets **Proprietary Funds** June 30, 2010

Liabilities and Net Assets

Liabilities Current liabilities					
Accounts payable	\$	675	\$	\$	675
Accrued salaries and wages	Ψ	6,161	5,011	Ψ	11,172
Accrued interest payable		7,726	2,506		10,232
Deposits payable		61,698	,		61,698
Current portion of bond payable		11,000			11,000
Current portion of notes payable			15,923		15,923
Due to other funds		159,041	6,875		165,916
Accrued compensated absences	_	5,415	6,503	_	11,918
Total current liabilities	_	251,716	36,818	_	288,534
Noncurrent liabilities					
Bonds payable		781,300			781,300
Notes payable			71,429		71,429
Landfill closure and post closure liabilities	_		1,379,538	_	1,379,538
Total noncurrent liabilities	_	781,300	1,450,967	_	2,232,267
Total liabilities	_	1,033,016	1,487,785	_	2,520,801
Net Assets					
Invested in capital assets, net of related debt		4,469,973	672,549		5,142,522
Restricted for repair and replacement		65,607	0		65,607
Unrestricted	_	123,112	<u>(1,319,502</u>)	_(<u>1,196,390</u>)
Total net assets	_	4,658,692	(646,953)	_	4,011,739
Total Liabilities and Net Assets	\$_	5,691,708	\$ 840,832	\$_	6,532,540

City of Santa Rosa Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds For the Year Ended June 30, 2010

	Enterpri		
	Water/Sewer	Solid Waste	Total
Operating revenues:			
Charges for services	\$ <u>744,391</u>	\$ <u>284,720</u>	\$ <u>1,029,111</u>
Total operating revenues	744,391	284,720	1,029,111
Operating expenses:			
Personnel services	300,615	229,536	530,151
Maintenance and operations	381,029	173,083	554,112
Depreciation	216,406	56,921	273,327
Total operating expenses	898,050	459,540	1,357,590
Operating income (loss)	(153,659)	(174,820)	(328,479)
Non-Operating revenues (expenses):			
Interest income	3,034	18	3,052
State grants		17,342	17,342
Environmental gross receipts	36,736	55,197	91,933
Interest expense	(34,128)	(4,708)	(38,836)
Miscellaneous income	15,222	25,897	41,119
Total non-operating revenues (expenses)	20,864	93,746	114,610
Income (loss) before transfers	(132,795)	(81,074)	(213,869)
Other financing source (uses)			
Transfers In	42,000	92,010	134,010
Transfers (out)	(40,000)		(40,000)
Total other financing sources (uses)	2,000	92,010	94,010
Change in net assets	(130,795)	10,936	(119,859)
Net assets, beginning of year	4,789,487	(657,889)	4,131,598
Net assets, end of year	\$ <u>4,658,692</u>	\$ (646,953)	\$ <u>4,011,739</u>

City of Santa Rosa Statement of Cash Flows **Proprietary Funds** For the Year Ended June 30, 2010

	Water/Sewer Fund	Solid Waste	Total
Cash flows from operating activities: Cash received from user charges Cash payments to supplies Cash payments to employees Internal activity	\$ 738,210 (372,433) (302,375) 148,655	(173,144)	\$ 1,014,669 (545,577) (532,668) 144,848
Net cash provided (used) by operating activities	212,057	(130,785)	81,272
Cash flows from noncapital financing activities: Miscellaneous income Cash received from State grants Compensated absences Environmental gross receipts Decrease in liability for landfill closure and post-closure	15,222 620 36,736	25,897 17,342 1,922 55,197 (42,514)	41,119 17,342 2,542 91,933 (42,514)
Net cash provided (used) by noncapital financing activities	52,578	57,844	110,422
Cash flows from capital and related financing activities: Acquisition of capital assets Operating transfers Interest expenses Loan / Bond Payments Interest income	2,000 (26,402) (11,000) 3,034		94,010 (28,604) (56,747) 3,052
Net cash provided (used) by capital and related financing activities	(32,368)	44,079	11,711
Net increase (decrease) in cash and cash equivalents	232,267	(28,862)	203,405
Cash and cash equivalents - beginning of year	96,547	74,120	170,667
Cash and cash equivalents - end of year	\$ 328,814	\$ 45,258	\$ 374,072
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss) Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	\$ (153,659)	\$ (174,820) \$	\$ (328,479)
Depreciation	216,406	56,921	273,327
Changes in assets and liabilities Receivables and Prepaid expenses Internal activity Accrued salaries and wages Accounts payables Customer meter deposits	(6,181) 148,655 (1,760) (3,391) 11,987	(3,807)	(14,442) 144,848 (2,517) (3,452) 11,987
Net cash provided (used) by operating activities	\$ <u>212,057</u>	\$ <u>(130,785</u>)	\$ 81,272

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 1. Summary of Significant Accounting Policies

The City of Santa Rosa (City) was incorporated under 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 (highways and streets), culture and recreation (community services), health and social services, 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. Financial Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB-14. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the City of Santa Rosa and/or its citizens, or whether the activity is conducted within the geographic boundaries of the City of Santa Rosa and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no component units included in the reporting entity.

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

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 non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include I) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Governmental funds are used to account for the City's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental funds include:

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The *General Fund* which is 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.

Under the requirements of GASB No. 34, the City is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund) which include funds that were not required to be presented as major but were at the discretion of management:

The CDBG South 2nd Street for infrastructure and utilities for 2nd street.

ARRA Waste Water Treatment Facility Fund is to provide basic human amenities, alleviate health hazards and promote the orderly growth of the rural areas of the nation by meeting the need for new and improved rural water and waste disposal facilities.

The government reports its proprietary funds as major governmental funds.

The *Water and Sewer Fund* is to account for the operations of the City's Water and Sewer Department, for meter deposits and payment of Joint Utility revenue bonds.

The *Solid Waste Fund* is to account for the operations of the (contracted) solid waste services.

Additionally, the government reports the following fund types:

The *fiduciary funds-agency funds* are used 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 Projects Funds — These funds are used to account for the acquisition of capital assets or construction of major capital projects.

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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 who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating 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 services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

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.

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.

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

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 or internal balances" (i.e., the current portion of interfund loans) or "advances to/from other funds or internal balances" (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 statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the City may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Guadalupe County bills, collects and remits the City of Santa Rosa's share of property taxes.

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.

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."

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

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 column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be 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.

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

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. No interest was included as part of the cost of capital assets under construction.

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

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

Deferred Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year-end are classified as deferred revenue.

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

Compensated Absences: Vested or accumulated vacation leave that is expected to be liquidated within the next twelve months with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated within the next twelve months are reported in the government-wide statement of net assets. The maximum amount of leave that can be carried over is 80 hours. No liability is recorded for nonvesting accumulated rights to receive sick pay benefits.

Vacation leave is accrued as follows:

80 hours for 1 to 10 years of employment 100 hours for 11 to 14 years of employment 120 hours for 15 years or more of employment

Long-term Obligations: In the government-wide fund financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

Fund Equity: Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

- Nonspendable: The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.
- Restricted: Fund balance is reported as restricted when constraints placed on the use of
 resources are either externally imposed by creditors (such as through debt covenants),
 grantors, contributors, or laws or regulations of other governments or is imposed by
 law through constitutional provisions or enabling legislation.
- Committed: The committed fund balance classification includes amounts that can be
 used only for the specific purposes imposed by formal action of the City. Those
 committed amounts cannot be used for any other purpose unless the City removes or
 changes the specified use by taking the same type of action it employed to previously
 commit those accounts.

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

- Assigned: Amounts in the assigned fund balance classification are intended to be used
 by the City for specific purposes but do not meet the criteria to be classified as
 restricted or committed. In governmental funds other than the General Fund, assigned
 fund balance represents the remaining amount that is not restricted or committed. In
 the General Fund, assigned amounts represent intended uses established by the City or
 a management official delegated that authority by the formal City action.
- Unassigned: Unassigned fund balance is the residual classification for the General
 Fund and includes all spendable amounts not contained in the other classifications. In
 other governmental funds, the unassigned classification is used only to report a deficit
 balance resulting from overspending for specific purposes for which amounts had been
 restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Assets: Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets invested in capital assets excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt" are included in unrestricted net assets.

The government-wide statement of net assets reports \$1,673,092 of restricted net assets, of which \$700,436 is restricted by enabling legislation.

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

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

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

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.

NOTE 2. Stewardship, Compliance and Accountability

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.

NOTE 3. Deposits and Investments

State statutes authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the City properly followed State investment requirements as of June 30, 2010.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the City. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

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

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

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 3. Deposits and Investments (continued)

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

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

The schedule listed below discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the City's deposits:

	Wells Fargo
	Bank
Amount of Deposits	1,288,333
FDIC Coverage	(250,000)
Total uninsured public funds	\$ 1,038,333
Collateralized by securities held by pledging institutions or by its trust department or	
agent in other than the City's name	1,454,285
(Over) Under collateralized	\$ (415,952)
Collateral requirement	
(50% of uninsured public funds	519,167
Pledged collateral	1,454,285
(Over)/under collateralized requirement	\$ (935,118)

Custodial Credit Risk — *Deposits*. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk, other than the following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-3, NMSA 1978). At June 30, 2010, none of the City's bank balance of \$1,288,333 was exposed to custodial credit risk.

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 4. Receivables

Accounts receivable at June 30, 2010, consisted of the following:

Governmental Activities	0	perational Fund	ARRA WW Treatment Facility	Gove	Other ernmental Funds	Proprietary Funds		Total Primary
State of New Mexico								
Other Taxes: Franchise Tax Lodger's Tax	\$	9,117	\$	\$	25,437	\$	\$	9,117 25,437
Gasoline and Oil Taxes Other accounts		161,595			21,050			182,645
receivables: Intergovernmental grants:						113,160		113,160
State Federal	_		139,320 272,298		38,839 13,284	5,476	_	183,635 285,582
Totals	\$	170,712	\$ <u>411,618</u>	\$	98,610	\$ <u>118,636</u>	\$_	799,576

NOTE 5. Interfund Receivables, Payables, and Transfers

Net operating transfers, made to supplement other funding sources, were as follows:

Governmental Activities:		ansfers In	Transfers Out			
Operational Fund	\$	16,163	\$	231,468		
Airport Fund		6,000				
Golf Fund		107,500				
CDBG South 2nd Street Fund		109,910				
Non-Major Governmental Funds		372,774		474,889		
Total Governmental Activities		612,347		706,357		
Business Type Activities:						
Solid Waste Fund		92,010				
Water/Sewer Funds		42,000		40,000		
Total Business Type Activities		134,010	_	40,000		
Total Primary Government	\$	746,357	\$	746,357		

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 5. Interfund Receivables, Payables, and Transfers (continued)

Receivables and payables from interfund transactions as of June 30, 2010 are listed below. Interfund receivables and payables represent short-term loans and are expected to be repaid within one year.

Funds	Due From	Funds	_Due To_
Operational Fund	\$ 262,467	Operational Fund	\$ 11,779
Airport Fund	115	Golf Fund	7,050
CDBG South 2nd Street Fund	97,991	ARRA WW Treatment Facility	54,449
ARRA WW Treatment Facility	159,164	Non-Major Governmental Funds	745,689
Non-Major Governmental Funds	444,078	Waste/Sewer Fund	159,041
Waste/Sewer Fund	20,918	Solid Waste Fund	6,875
Solid Waste Fund	150		
Total	\$ <u>984,883</u>		\$ <u>984,883</u>

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2010 follows. Land is not subject to depreciation.

Governmental Activities:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010			
Capital assets, not being depreciated:							
Land	\$ <u>1,688,145</u>	\$	\$	\$ <u>1,688,145</u>			
Total capital assets, not being depreciated:	1,688,145	0	0	1,688,145			
Capital assets being depreciated:							
Land improvements Buildings & improvements Airport Street improvements Vehicles & equipment	5,324,674 5,390,773 4,169,387 9,113,418 3,754,044	596,823 38,572 759,159		5,324,674 5,987,596 4,207,959 9,872,577 3,754,044			
Total capital assets being depreciated:	27,752,296	1,394,554	0	29,146,850			
Total capital assets	29,440,441	1,394,554	0	30,834,995			
Less: accumulated depreciation:							
Total accumulated depreciation:	10,845,947	1,282,461	0	12,128,408			
Governmental activities capital assets, net	\$ <u>18,594,494</u>	\$ 112,093	\$0	\$ <u>18,706,587</u>			

Depreciation expense, in the amount of \$1,282,461, for the year ended June 30, 2010 was unallocated by function.

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 6. Capital Assets (continued)

Business Type-Activities:

Dusiness Type-Activities.	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Capital assets, not being depreciated:				
Land Total capital assets, not being	\$ 158,559	\$	\$	\$ 158,559
depreciated:	158,559	0	0	158,559
Capital assets being depreciated:				
Buildings	127,584			127,584
Equipment	143,244			143,244
Heavy equipment	847,424			847,424
Vehicles	240,254	27,746		268,000
Plant	7,567,423			7,567,423
Total capital assets being depreciated	8,925,929	27,746	0	8,953,675
Total capital assets	9,084,488	27,746	0	9,112,234
Less: accumulated depreciation:				
Buildings	65,340	6,939		72,279
Equipment	101,867	10,815		112,682
Heavy equipment	377,326	40,074		417,400
Vehicles	262,840	2,095		264,935
Plant	2,009,360	213,404		2,222,764
Total accumulated depreciation:	2,816,733	273,327	0	3,090,060
Business-type activities Capital assets, net	\$ <u>6,267,755</u>	\$ <u>(245,581)</u>	\$0	\$ 6,022,174

Depreciation expense relating to business-type activities for the year ended June 30, 2010 totaled \$273,327.

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 7. Long-term Debt

During the year ended June 30, 2010, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

Governmental Long-Term Debt:

Ç	Balance June 30, 2009				Retirements		Balance June 30, 2010		Current Maturities	
Revenue bonds series 2006A	\$	1,780,570	\$		\$	71,495	\$	1,709,075	\$	73,885
Revenue bonds series 2006B		1,768,814				71,018		1,697,796		73,393
Revenue Bond series 2009				516,229				516,229		60,000
NMFA Loan-Firefighting equip		23,539				23,539				
NMFA Loan-Fire tanker		73,917				11,861		62,056		12,021
NMFA Loan-Golf course inf imp		196,702				10,316		186,386		10,376
NMFA Loan-Asst liv facility		897,745				21,113		876,632		21,561
NMFA Loan - Fire Pumper		347,753				28,510		319,243		41,616
NMFA Loan -Police Vehicles		57,312						57,312		14,328
Compensated absences	_	52,408	_	24,193	_	56,987	_	19,614	_	16,083
Total Long-Term Debt	\$_	5,198,760	\$_	540,422	\$_	294,839	\$_	5,444,343	\$	323,263

Governmental Funds-Bonds

On October 22, 2009, the City issued \$4,261,000 in Joint Water and Wastewater System Revenue Bond, Series 2009. The Bonds mature on April 22, 2050, and were issued at 2.75%. The proceeds of the bonds were available to the City for acquiring, constructing, enlarging, improving of Water and Wastewater System and were to be draw down through USDA-RUS approved requisitions. During the year, the City drew down proceeds in the amount of \$516,229.

The following are the brief description of the governmental activities bonds:

		Balance		
Series	Maturity Date	Amount	Interest Rate	June 30, 2010
2006 A	5/1/2027	1,942,085	3.908%	\$ 1,709,075
2006 B	5/1/2027	1,943,951	3.913%	1,697,796
2009	4/22/2050	4,261,000	2.75%	516,229
				\$3,923,100

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the governmental bonds as of June 30, 2010 including the interest payments are as follows:

Fiscal Year						Γotal Debt
Ending June 30	_	Principal	_	Interest		Service
2011	\$	207,278	\$	249,079	\$	456,357
2012		212,294		242,477		454,771
2013		217,616		235,466		453,082
2014		223,240		228,256		451,496
2015		239,152		220,660		459,812
2016-2020		1,151,871		765,410		1,554,408
2021-2025		1,145,636		251,170		514,806
2026-2030	_	526,013	_	32,877	_	323,811
	\$_	3,923,100	\$_	2,225,395	\$_	6,148,495

Governmental Funds-NMFA Loans

The annual requirements to amortize the governmental long term debt to NMFA as of June 30, 2010, are as follows:

Fiscal Year]	Total Debt	
Ending June 30		Principal		Interest	Service		
2011	\$	99,902	\$	48,928	\$	148,830	
2012		101,075		47,698		148,773	
2013		102,411		46,294		148,705	
2014		103,956		44,667		148,623	
2015		96,383		42,801		139,184	
2016-2020		288,576		184,984		473,560	
2021-2025		218,561		150,363		368,924	
2026-2030		227,017		106,575		333,592	
2031-2035	_	263,748	_	46,286	_	310,034	
	\$_	1,501,629	\$_	718,596	\$_	2,220,225	

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 7. Long-term Debt (continued)

Business-Type Long-Term Debt

The proprietary funds have incurred various forms of debt which were used to purchase a bulldozer and refuse truck for the solid waste fund and they obtained the bonds for their water distribution system. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2010:

Business-Type Long-Term Debt:

J1 G		Balance ne 30, 2009		Additions	Re	tirements	Balance ne 30, 2010		Current aturities
Revenue bonds series 2001A	\$	233,300	\$		\$	4,000	\$ 229,300	\$	4,000
Revenue bonds series 2001B		182,000				3,000	179,000		3,000
Revenue bonds series 2006		388,000				4,000	384,000		4,000
NMFA Loan-Bulldozer		30,522				30,522			
NMFA Loan-Refuse Truck		102,577				15,225	87,352		15,923
Compensated absences	_	9,367	_	18,847	_	16,296	 11,918	_	11,918
Total Long-Term Debt	\$	945,766	\$_	18,847	\$	73,043	\$ 891,570	\$	38,841

The following are the brief description of the business-type activities bonds:

		Original		Ba	alance
Series	Maturity Date	Amount	Interest Rate	June	30, 2010
2001 A	5/31/2041	256,300	4.50%	\$	229,300
2001 B	5/31/2041	200,000	4.50%		179,000
2006	6/23/2046	400,000	4.25%		384,000
				\$	792,300

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the business-type bonds as of June 30, 2010 including interest payments are as follows:

Fiscal Year				T		Total Debt
Ending June 30	<u>l</u>	Principal	_	Interest		Service
2011	\$	11,000	\$	18,500	\$	29,500
2012		12,000		18,200		30,200
2013		12,000		17,800		29,800
2014		12,000		17,500		29,500
2015		12,000		17,200		29,200
2016-2020		76,000		80,400		156,400
2021-2025		93,000		69,500		162,500
2026-2030		116,000		55,900		171,900
2031-2035		145,000		38,900		183,900
2036-2040		177,000		17,800		194,800
2041-2045		100,300		600		100,900
Thereafter	_	26,000	_		_	26,000
	\$	792,300	\$_	352,300	\$_	1,144,600

The annual requirements to amortize the business-type long term debt to NMFA as of June 30, 2010, are as follows:

Fiscal Year					,	Total Debt
Ending June 30	F	Principal		Interest		Service
2011	\$	15,923	\$	4,084	\$	20,007
2012		16,659		3,351		20,010
2013		17,434		2,578		20,012
2014		18,250		1,763		20,013
2015		19,086	_	906	_	19,992
	\$	87,352	\$_	12,682	\$_	100,034

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 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 \$1,379,538 reported as landfill closure and post-closure care liability at June 30, 2010 represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill.

NOTE 9. 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 and natural disasters. The City carries commercial insurance of these risks of loss, including workers' compensation and employee health and accident insurance.

NOTE 10. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures as part of the Combining Statements - Overview of certain information concerning individual funds including:

A. *Deficit fund balance of individual funds:* The funds with deficit fund balances as of June 30, 2010 were as follows

Golf Fund	\$ 8,100
Lodgers Tax Promotional Fund	448,617
Tourism / Convention Center	2,977
Los Amigo's fund	80,322
Scenic By Way Fund	11,000
Corona Lift Station	159,159

B. Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2010:

\$ (2,909)
(31,972)
(8,567)
(66,017)
(43,445)
(1,079)
(11,192)
\$

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 11. Pension Plan — Public Employees Retirement Association

Plan Description. Substantially all of the Agency's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute a percentage of their gross salary 13.15% for regular employees and 12.35% for police. The City is required to contribute 9.15% for regular employees and 18.5% for police of the gross covered salary. The contribution requirements of plan members and the Agency are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Agency's contributions to PERA for the fiscal years ending June 30, 2010, 2009 and 2008 were \$146,508, \$140,716 and \$148,684, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 12. Post-Employment Benefits

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

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 01, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 12. Post-Employment Benefits (continued)

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature. For the fiscal years ended June 30, 2010, 2009, and 2008, City of Santa Rosa remitted \$17,172, \$18,445, and \$17,168 in employer contributions, respectively, to the Retiree Health Care Authority.

NOTE 13. Contingent Liabilities

The City is party to various claims and lawsuits arising in the normal course of business. Management and the City's attorney are unaware of any material pending or threatened litigation, claims or assessments against the City which are not covered by the City's insurance.

NOTE 14. Federal and State Grants

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

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 15. Subsequent Accounting Standard Pronouncements

In July 2007, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, which is effective for periods beginning after June 15, 2010. For governments that were classified as phase I or phase 2 governments, retroactive reporting is required for intangible assets acquired in fiscal years ending after June 30, 1980, except for those considered to have indefinite useful lives as of the effective date of this Statement and those that would be considered internally generated. Retroactive reporting of these intangible assets by phase 3 governments is encouraged but not required. Retroactive reporting is not required but is permitted for intangible assets considered to have indefinite useful lives as of the effective date of this Statement and those considered to be internally generated. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The City is analyzing the effect that this standard will have on the financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In December 2009, the GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which is effective for financial statement periods beginning after June 15, 2011. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers).

In November , 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, which is effective for financial statement periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were part of the primary government in certain circumstances.

In December of 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which is effective for financial statements for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 15. Subsequent Accounting Standard Pronouncements (continued)

- 1. Financial Accounting Standards Board (FASB) Statements and Interpretations
- 2. Accounting Principles Board Opinions
- 3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

The requirements in this Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.

In June, 2011, the GASB issued Statement No. 63, Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position which is effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

In March 2012, the GASB issued Statement No. 66, Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62 which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity *Transfers of Assets and Future Revenues*, respectively.

City of Santa Rosa Notes to Financial Statements June 30, 2010

NOTE 15. Subsequent Accounting Standard Pronouncements (continued)

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 which is for fiscal years beginning after June 15, 2014. Earlier application is encouraged. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

NOTE 16 Prior Period Adjustments

During the year ended June 30, 2010, the city confirmed that cash balance for lodgers tax fund were overstated by \$1,932,719. As a result, the accompanying financial statements reflect a prior period adjustment of \$1,932,719 for the year ended June 30, 2010.





City of Santa Rosa Nonmajor Governmental Fund Descriptions June 30, 2010

NON-MAJOR SPECIAL REVENUE FUNDS

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)

MOISE MEMORIAL 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)

LODGER'S 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).

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)

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)

City of Santa Rosa Nonmajor Governmental Fund Descriptions June 30, 2010

NON-MAJOR SPECIAL REVENUE FUNDS - CONTINUED

TOURISM/CONVENTION 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).

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

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-G105 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.

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.

City of Santa Rosa Nonmajor Governmental Fund Descriptions June 30, 2010

NON-MAJOR CAPITAL PROJECTS FUND - CONTINUED

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 HIGHWAY 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.

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

2007 MAP (MUNICIPAL ARTERIAL PROGRAM) PROJECT - To account for the construction of certain roads within the city limits. Financing is provided by State grants.

PLANNING GRANT COMP MASTER PLAN - To account for the grant for the master plan

CDBG ECONOMIC DEVELOPMENT GRANT DIVE CENTER - To account for the grant/loan for infrastructure of Dive Center.

DOWNTOWN IMPROVEMENTS FUND - 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.

SCENIC BY-WAY - To account for the grant for way finding signage.

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.

ARRA JAG - To account for funds received for the purpose of the law enforcement and courts, crime prevention and education, drug treatment and enforcement, planning, technology improvement and witness initiatives.

CORONA LIFT STATION - To account for funds received from state sources for development of Corona lift station.

Special Reve	enue Fund
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			Special free triber family						
	Local Gov Correction Fund		Emergency Medical Service		Fire Protection Fund		Senior Citizens Nutrition		
Current assets Cash and cash equivalents Accounts receivable Prepaid expenses Due from other funds	\$	15,998	\$	8,496	\$	45,358	\$	8,552 17,149 1,180	
Total assets	\$	15,998	\$_	8,496	\$_	45,358	\$_	26,881	
Current liabilities Accounts payable Accrued salaries and wages Due to other funds Total liabilities	\$	0	\$	0	\$	0	\$	1,300	
Fund balance									
Nonspendable								1,180	
Restricted for: Special revenue funds Capital projects funds Unassigned for: Special revenue funds Capital projects funds		15,998		8,496	_	45,358	_	24,401	
Total fund balances		15,998		8,496	_	45,358		25,581	
Total liabilities and fund balances	\$	15,998	\$	8,496	\$_	45,358	\$_	26,881	

	Special Revenue Fund					
Current assets Cash and cash equivalents Accounts receivable Prepaid expenses Due from other funds Total assets	Law Enforcement Protection \$ 1,388 10,472 \$ 11,860	Blue Hole Diving Facility \$ 9,123 544 \$ 9,667	Moise Memorial Library \$ 42,238	Lodger's Tax Fund \$ 241,974 35,712 432,534 \$ 710,220		
Total assets	\$ <u>11,800</u>	<u> </u>	Ψ 42,236	\$ <u>710,220</u>		
Current liabilities Accounts payable Accrued salaries and wages Due to other funds Total liabilities	\$ 0	\$ 0	\$ 0	\$ 0		
Fund balance						
Nonspendable Restricted for: Special revenue funds Capital projects funds Unassigned for: Special revenue funds Capital projects funds	11,860	9,667	42,238	710,220		
Total fund balances	11,860	9,667	42,238	710,220		
Total liabilities and fund balances	\$ <u>11,860</u>	\$ <u>9,667</u>	\$ 42,238	\$ <u>710,220</u>		

	Special Revenue Fund						
Current assets Cash and cash equivalents Accounts receivable		odgers Tax romotional Fund		soline Tax treet Fund 50,386 21,050	Recreation Fund \$ 2,955		
Prepaid expenses Due from other funds							
Total assets	\$	0	\$	71,436	\$	2,955	
Current liabilities Accounts payable Accrued salaries and wages Due to other funds	\$	16,083 432,534	\$	4,245 45,000	\$		
Total liabilities		448,617		49,245		0	
Fund balance							
Nonspendable							
Restricted for: Special revenue funds Capital projects funds Unassigned for: Special revenue funds		(448,617)		22,191		2,955	
Capital projects funds		(119 617)		22 101		2 055	
Total fund balances		(448,617)		22,191		2,955	

Total liabilities and fund balances

71,436 \$

	Special Revenue Fund					
Current assets		IS, Fire & scue Fund	Co	ourism / onvention Center	Mainstreet Fund	
Cash and cash equivalents Accounts receivable Prepaid expenses Due from other funds	\$	10,029	\$	17,905	\$	19,719
Total assets	\$	10,029	\$	17,905	\$	19,719
Current liabilities Accounts payable Accrued salaries and wages Due to other funds	\$		\$	20,882	\$	16,083
Total liabilities		0		20,882		16,083
Fund balance						
Nonspendable						
Restricted for: Special revenue funds Capital projects funds Unassigned for:		10,029				3,636
Special revenue funds Capital projects funds				(2,977)		
Total fund balances		10,029		(2,977)		3,636

10,029 \$

Total liabilities and fund balances

17,905 \$

	Capital Project Fund					
Current assets Cash and cash equivalents	DPS Building Fund	River Road Drainage Fund \$ 9,216	Blue Hole Improvement \$ 360	Park Renovation \$ 83		
Accounts receivable Prepaid expenses Due from other funds						
Total assets	\$(9,216	\$360	\$83		
Current liabilities Accounts payable Accrued salaries and wages Due to other funds	\$	\$	\$	\$		
Total liabilities		0	0	0		
Fund balance						
Nonspendable						
Restricted for: Special revenue funds Capital projects funds Unassigned for: Special revenue funds Capital projects funds		9,216	360	83		
Total fund balances	(9,216	360	83		
Total liabilities and fund balances	\$	9,216	\$360	\$83		

Capital Project Fund

Commont assets		Power Dam Improvements Fund		I-40 Highway Infrastructure Fund		Airport Construction Fund		Gutierrez Park Fund	
Current assets Cash and cash equivalents Accounts receivable Prepaid expenses Due from other funds	\$	11,362	\$		\$	5,074	\$		
Total assets	\$	11,362	\$	0	\$_	5,074	\$	0	
Current liabilities Accounts payable Accrued salaries and wages Due to other funds Total liabilities Fund balance Nonspendable	\$	0	\$ 	0	\$	0	\$	0	
Restricted for: Special revenue funds Capital projects funds Unassigned for: Special revenue funds Capital projects funds		11,362	_			5,074			
Total fund balances		11,362		0	_	5,074		0	
Total liabilities and fund balances	\$	11,362	\$	0	\$_	5,074	\$	0	

	Capital Project Fund								
	CDBG Economic Dev Grant Dive Center Fund		Downtown Improvements		El Rito Creek Improvements Fund		Asses	DA ssments und	
Current assets Cash and cash equivalents Accounts receivable Prepaid expenses Due from other funds	\$	1	\$	46,127	\$		\$		
Total assets	\$	1	\$	46,127	\$	0	\$	0	
Current liabilities Accounts payable Accrued salaries and wages Due to other funds	\$		\$		\$		\$		
Total liabilities		0		0		0		0	
Fund balance									
Nonspendable									
Restricted for: Special revenue funds Capital projects funds Unassigned for: Special revenue funds Capital projects funds		1		46,127					
Total fund balances		1		46,127		0		0	
Total liabilities and fund balances	\$	1	\$	46,127	\$	0	\$	0	

Capital	l Project	Fund

	Culture Corridors Project Fund		2007 Map Project		Planning Grant Comp Master Plan Fund		Lo	os Amigo
Current assets	-			•				
Cash and cash equivalents Accounts receivable Prepaid expenses	\$	6,240	\$	14,738	\$	7	\$	17,669
Due from other funds			_			11,000	_	
Total assets	\$	6,240	\$	14,738	\$	11,007	\$	17,669
Current liabilities Accounts payable Accrued salaries and wages	\$		\$		\$		\$	
Due to other funds								97,991
Total liabilities		0		0		0	_	97,991
Fund balance								
Nonspendable								
Restricted for: Special revenue funds Capital projects funds Unassigned for: Special revenue funds		6,240		14,738		11,007		
Capital projects funds								(80,322)
Total fund balances		6,240	_	14,738		11,007		(80,322)
Total liabilities and fund balances	\$	6,240	\$	14,738	\$	11,007	\$	17,669

Capital Project Fund

	Scei	nic By Way Fund	<i>A</i>	ARRA JAG Fund	(Corona Lift Station	_	Total
Current assets Cash and cash equivalents Accounts receivable Prepaid expenses Due from other funds	\$		\$	5,731	\$	5	\$	576,507 98,610 1,180 444,078
Total assets	\$	0	\$_	5,731	\$_	5	\$_	1,120,375
Current liabilities Accounts payable Accrued salaries and wages Due to other funds Total liabilities	\$	11,000 11,000	\$	0	\$	159,164 159,164	\$	53,048 5,545 745,689 804,282
Fund balance								
Nonspendable								1,180
Restricted for: Special revenue funds Capital projects funds Unassigned for: Special revenue funds		(11,000)		5,731		(150.150)		907,049 109,939 (451,594)
Capital projects funds		(11,000)	_		-	(159,159)	_	(250,481)
Total fund balances		(11,000)	_	5,731	-	(159,159)	_	316,093
Total liabilities and fund balances	\$	0	\$_	5,731	\$_	5	\$_	1,120,375

City of Santa Rosa

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances For the Year Ended June 30, 2010

	Special Revenue Fund							
	Local Gov Correction Fund	Emergency Medical Service	Fire Protection Fund	Senior Citizens Nutrition	Law Enforcement Protection			
Revenues								
Taxes: Loggers taxes	\$	\$	\$	\$	\$			
Cigarette taxes	•	*	*	•	•			
MVD taxes Gas taxes								
Charges for services	19,785							
Licenses and fees	,							
Fines and forfeitures Local sources								
State grants		29,456	134,679	124,155	33,472			
Federal grants				28,084	·			
Interest income Miscellaneous	3	3	28 _16,593	17,009	5			
Total revenues	19,788	29,459	151,300	169,251	33,477			
Expenditures			101,000	107,201				
Current								
General government	0.605	20.062	126 571		21.022			
Public safety Public works	9,605	20,963	136,571		21,933			
Culture and recreation								
Health and welfare				158,516				
Capital outlay Debt service				42,826				
Principal								
Interest	0.605	20.062	126.551	201.242	21.022			
Total expenditures	9,605	20,963	136,571	201,342	21,933			
Excess (deficiency) of revenues over/ under expenditures	10,183	8,496	14,729	(32,091)	11,544			
Other financing sources (uses) Transfers in Transfers out				51,000				
Total other financing sources (uses)	0	0	0	51,000	0			
Net change in fund balances	10,183	8,496	14,729	18,909	11,544			
Fund balances - beginning of year	5,815	0	30,629	6,672	316			
Prior period adjustment	0	0	0	0	0			
Fund balance - beginning, restated	5,815	0	30,629	6,672	316			
Fund balances - end of year	\$ <u>15,998</u>	\$ <u>8,496</u>	\$ <u>45,358</u>	\$ 25,581	\$ <u>11,860</u>			

City of Santa Rosa

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances For the Year Ended June 30, 2010

	Special Revenue Fund								
	Blue Hole Diving Facility	Blue Hole Moise Diving Memorial		Lodgers Tax Promotional Fund	Gas Tax Fund				
Revenues		-							
Taxes: Loggers taxes	\$	\$	\$ 424,744	\$	\$				
Cigarette taxes	Ψ	Ψ	Ψ .2.,,	Ψ	Ψ				
MVD taxes Gas taxes					203,106				
Charges for services					203,100				
Licenses and fees	16,810		• (00						
Fines and forfeitures Local sources			2,689						
State grants		24,881	32,045		109,910				
Federal grants Interest income	202	15	69		20				
Miscellaneous	31	2,058	09		20				
Total revenues	17,043	26,954	459,547		313,036				
Expenditures									
Current					254 202				
General government Public safety					254,392				
Public works									
Culture and recreation Health and welfare	2,369	10,448		205,906					
Capital outlay	13,234	21,871							
Debt service									
Principal Interest									
Total expenditures	15,603	32,319	0	205,906	254,392				
Excess (deficiency) of revenues									
over/ under expenditures	1,440	(5,365)	459,547	(205,906)	58,644				
Other financing sources (uses) Transfers in									
Transfers out			(250,439)		(109,910)				
Total other financing sources (uses)	0	0	(250,439)	0	(109,910)				
Net change in fund balances	1,440	(5,365)	209,108	(205,906)	(51,266)				
Fund balances - beginning of year	8,227	47,603	2,433,831	(242,711)	73,457				
Prior period adjustment	0	0	(1,932,719)	0	0				
Fund balance - beginning, restated	8,227	47,603	501,112	(242,711)	73,457				
Fund balances - end of year	\$ <u>9,667</u>	\$ 42,238	\$ <u>710,220</u>	\$ <u>(448,617</u>)	\$ <u>22,191</u>				

City of Santa Rosa

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances For the Year Ended June 30, 2010

	Special Revenue Fund							
	Recreation Fund		EMS, F	Tourism / EMS, Fire & Convention Rescue Fund Center		ourism / nvention	Mainstreet Fund	
Revenues								
Taxes: Loggers taxes Cigarette taxes	\$	2,378	\$		\$		\$	
MVD taxes Gas taxes		,					15,314	
Charges for services Licenses and fees Fines and forfeitures							7,507 3,150	
Local sources State grants			,	7,000			1,010	
Federal grants Interest income Miscellaneous		3		3		3	1 1	
Total revenues		2,381		7,003		3	27,701	
Expenditures Current General government Public safety			2	2,794				
Public works Culture and recreation Health and welfare Capital outlay		10,319				10,940 222,858	37,162	
Debt service Principal Interest						105,065 31,925		
Total expenditures		10,319		2,794		370,788	37,162	
Excess (deficiency) of revenues over/ under expenditures	_	(7,938)		<u>4,209</u>		(370,785)	(9,461)	
Other financing sources (uses) Transfers in Transfers out						261,458	10,000	
Total other financing sources (uses)		0		0		261,458	10,000	
Net change in fund balances		(7,938)		4,209		(109,327)	539	
Fund balances - beginning of year		10,893	:	5,820		106,350	3,097	
Prior period adjustment		0		0		0	0	
Fund balance - beginning, restated	_	10,893		5,820		106,350	3,097	
Fund balances - end of year	\$	2,955	\$ <u>10</u>	0,029	\$	(2,977)	\$3,636	

City of Santa Rosa

Nonmajor Governmental Funds

	Capital Project Fund								
	DPS Building Fund	River Road Drainage Fund	Blue Hole Improvement	Park Renovation Fund					
Revenues			-						
Taxes: Loggers taxes Cigarette taxes MVD taxes Gas taxes Charges for services Licenses and fees Fines and forfeitures Local sources	\$	\$	\$	\$					
State grants Federal grants		216,100							
Interest income		2							
Miscellaneous									
Total revenues		216,102							
Expenditures Current General government Public safety Public works Culture and recreation Health and welfare Capital outlay Debt service Principal Interest		208,570		1,700					
Total expenditures	0	208,570	0	1,700					
Excess (deficiency) of revenues over/ under expenditures Other financing sources (uses)	0	7,532	0	(1,700)					
Transfers in Transfers out	(103))							
Total other financing sources (uses)	(103)	0	0	0					
Net change in fund balances	(103)	7,532	0	(1,700)					
Fund balances - beginning of year	103	1,684	360	1,783					
Prior period adjustment	0	0	0	0					
Fund balance - beginning, restated	103	1,684	360	1,783					
Fund balances - end of year	\$ <u> </u>	\$ 9,216	\$360	\$83					

City of Santa Rosa

Nonmajor Governmental Funds

	Capital Project Fund							
	Power Dam Improvements Fund	I-40 Highway Infrastructure Fund	Airport Construction Fund	Gutierrez Park Fund				
Revenues								
Taxes: Loggers taxes Cigarette taxes MVD taxes Gas taxes Charges for services Licenses and fees Fines and forfeitures Local sources	\$	\$	\$	\$				
State grants	44,542		2,500					
Federal grants Interest income Miscellaneous	3		1					
Total revenues	44,545		2,501					
Expenditures Current General government Public safety Public works Culture and recreation Health and welfare Capital outlay Debt service Principal Interest	44,541		3,006					
Total expenditures	44,541	0	3,006	0				
Excess (deficiency) of revenues over/ under expenditures Other financing sources (uses)	4	0	(505)	0				
Transfers in Transfers out		(2)		(1,834)				
Total other financing sources (uses)	0	(2)	0	(1,834)				
Net change in fund balances	4	(2)	(505)	(1,834)				
Fund balances - beginning of year	11,358	2	5,579	1,834				
Prior period adjustment	0	0	0	0				
Fund balance - beginning, restated	11,358	2	5,579	1,834				
Fund balances - end of year	\$11,362	\$0	\$5,074	\$0				

City of Santa Rosa

Nonmajor Governmental Funds

	Capital Project Fund								
	CDBG Economic Dev Grant Dive Center Fund	Downtown Improvements	El Rito Creek Improvements Fund	ADA Assessments Fund					
Revenues Taxes:		<u> </u>							
Loggers taxes Cigarette taxes MVD taxes Gas taxes Charges for services Licenses and fees Fines and forfeitures Local sources State grants Federal grants	\$ 162,223	\$ 8,474	\$	\$					
Interest income Miscellaneous		19 185,341	2						
Total revenues	162,223	193,834	2						
Expenditures Current General government Public safety Public works		3,158							
Culture and recreation Health and welfare Capital outlay Debt service Principal Interest	178,159	37,006							
Total expenditures	178,159	40,164	0	0					
Excess (deficiency) of revenues over/ under expenditures	(15,936)	153,670	2	0					
Other financing sources (uses) Transfers in Transfers out	50,316	(50,000)	(50,317)	(8,795)					
Total other financing sources (uses)	50,316	(50,000)	(50,317)	(8,795)					
Net change in fund balances	34,380	103,670	(50,315)	(8,795)					
Fund balances - beginning of year	(34,379)	(57,543)	50,315	8,795					
Prior period adjustment	0	0	0	0					
Fund balance - beginning, restated	(34,379)	(57,543)	50,315	8,795					
Fund balances - end of year	\$1	\$ 46,127	\$0	\$ <u> </u>					

City of Santa Rosa

Nonmajor Governmental Funds

	Capital Project Fund								
	Culture Corridors Project Fund	2007 Map Project	Planning Grant Comp Master Plan Fund	Los Amigos Fund					
Revenues Taxes:									
Loggers taxes Cigarette taxes MVD taxes Gas taxes Charges for services Licenses and fees Fines and forfeitures Local sources	\$	\$	\$	\$ 44.921					
State grants Federal grants Interest income Miscellaneous	2	6	11,071 11,071 2	44,831 3 35,455					
Total revenues	2	6	22,144	80,289					
Expenditures Current General government Public safety Public works Culture and recreation Health and welfare Capital outlay Debt service Principal Interest	3,755	14,211	22,141	34,081 144,799					
Total expenditures	3,755	14,211	22,141	178,880					
Excess (deficiency) of revenues over/ under expenditures Other financing sources (uses) Transfers in Transfers out	(3,753)	(14,205)	3	(98,591)					
Total other financing sources (uses)	0	0	0	0					
Net change in fund balances	(3,753)	(14,205)	3	(98,591)					
Fund balances - beginning of year	9,993	28,943	11,004	18,269					
Prior period adjustment	0	0	0	0					
Fund balance - beginning, restated	9,993	28,943	11,004	18,269					
Fund balances - end of year	\$ 6,240	\$ 14,738	\$ 11,007	\$ (80,322)					

City of Santa Rosa

Nonmajor Governmental Funds

		ıd	•	
	Scenic By Way Fund	ARRA JAG Fund	Corona Lift Station	<u>Total</u>
Revenues				
Taxes: Loggers taxes	\$	\$	\$	\$ 424,744
Cigarette taxes	·	·		2,378
MVD taxes Gas taxes				15,314 203,106
Charges for services				27,292
Licenses and fees				19,960
Fines and forfeitures				2,689
Local sources State grants	23,292			1,010 846,408
Federal grants	23,272	28,281	14,004	243,663
Interest income			5	403
Miscellaneous			11000	257,206
Total revenues	23,292	28,281	14,009	2,044,173
Expenditures Current				
General government			173,168	430,718
Public safety			,	191,866
Public works	34,292			153,972
Culture and recreation Health and welfare				280,899 158,516
Capital outlay		19,061		888,384
Debt service				40-04-
Principal Interest				105,065 31,925
Total expenditures	34,292	19,061	173,168	2,241,345
•	<u></u>	17,001	173,100	2,241,343
Excess (deficiency) of revenues over/ under expenditures	(11,000)	9,220	(159,159)	(197,172)
Other financing sources (uses) Transfers in				272 774
Transfers out		(3,489)		372,774 (474,889)
Total other financing sources (uses)	0	(3,489)	0	(102,115)
Net change in fund balances	(11,000)	5,731	(159,159)	(299,287)
Fund balances - beginning of year	0	0	0	2,548,099
Prior period adjustment	0	0	0	(1,932,719)
Fund balance - beginning, restated	0	0	0	615,380
Fund balances - end of year	\$ <u>(11,000</u>)	\$ <u>5,731</u>	\$ <u>(159,159</u>)	\$ 316,093

Statement B-1

Variances

City of Santa Rosa

Local Government Corrections Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	l An	nounts		Actual		Favorable (Unfavorable)	
		Original		Final	(Non-GAAP Budgetary Basis)		Final to Actual		
Revenues: Charges for services Interest income	\$	25,000 0	\$	25,000 0	\$	19,785	\$	(5,215) <u>3</u>	
Total revenues	_	25,000	_	25,000	_	19,788		(5,212)	
Expenditures: Current:									
Public safety		25,000	_	25,000	_	9,605		15,395	
Total expenditures	_	25,000	_	25,000		9,605		15,395	
Excess (deficiency) of revenues over expenditures		0		0		10,183		10,183	
Fund balances - beginning of year	_	0	_	0		5,815		5,815	
Fund balances - end of year	\$_	0	\$_	0		15,998	\$	15,998	
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP bas	sis				\$ <u></u>	10,183 0 0 10,183			

Statement B-2

Variances

City of Santa Rosa

Emergency Medical Services Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	l An	nounts	Actual	Favorable (Unfavorable)	
		Original	_	Final	(Non-GAAP Budgetary Basis)	Final to Actual	
Revenues: State grants Interest income	\$	24,000 0	\$	24,000 0	\$ 20,960	\$ (3,040)	
Total revenues	_	24,000	_	24,000	20,963	(3,037)	
Expenditures: Current:							
Public safety	_	24,000	_	24,000	20,963	3,037	
Total expenditures	_	24,000	_	24,000	20,963	3,037	
Excess (deficiency) of revenues over expenditures		0		0	0	0	
Fund balances - beginning of year	_	0	_	0	0	0	
Fund balances - end of year	\$_	0	\$_	0	0	\$0	
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP ba	asis				0 8,496 0 \$ 8,496		

Statement B-3

Variances

City of Santa Rosa

Fire Protection Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	l An	nounts		Actual	Favorable (Unfavorable)	
		Original	_	Final	,	Non-GAAP lgetary Basis)	Final	to Actual
Revenues:								
State grants	\$	137,723	\$	137,723	\$	134,679	\$	(3,044)
Interest income Miscellaneous		2,05 <u>0</u>		0 2,050		28 16 503		28 14 542
Miscenaneous		2,030	-	2,030		16,593		14,543
Total revenues	_	139,773	_	139,773	_	151,300		11,527
Expenditures: Current:								
Public safety	_	139,773	_	139,773		136,999		2,774
Total expenditures	_	139,773	_	139,773		136,999		2,774
Excess (deficiency) of revenues over expenditures		0		0		14,301		14,301
Fund balances - beginning of year	_	0	_	0		31,057		31,057
Fund balances - end of year	\$_	0	\$_	0		45,358	\$	45,358
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP bas	sis				\$	14,301 0 428 14,729		

Statement B-4

Variances

City of Santa Rosa

Senior Citizens Nutrition Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

	Budgeted Amounts					Actual (Non-GAAP		Favorable (Unfavorable)	
D.		Original	_	Final	Budg	getary Basis)	<u>Fina</u>	al to Actual	
Revenues: State grants Federal grants Interest income Miscellaneous	\$	75,430 5,600 0 13,040	\$	75,430 5,600 0 13,040	\$	114,559 20,531 3 17,009	\$	39,129 14,931 3 3,969	
	_	·	-						
Total revenues	_	94,070	_	94,070		152,102		58,032	
Expenditures: Current:		171.750		171 750		150 544		12.214	
Health and Welfare Capital outlay		171,758 0		171,758 0		158,544 45,186		13,214 (45,186)	
Total expenditures		171,758	_	171,758		203,730		(31,972)	
Excess (deficiency) of revenues over expenditures		(77,688)		(77,688)		(51,628)		26,060	
Other financing sources (uses) Transfers in		77,688	_	77,688		51,000		(26,688)	
Total other financing sources (uses)		77,688	_	77,688		51,000		(26,688)	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)		0		0		(628)		(628)	
Fund balances - beginning of year		0	_	0		9,181		9,181	
Fund balances - end of year	\$	0	\$_	0		8,553	\$	8,553	
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP bas	sis				\$	(628) 17,149 2,388 18,909			

Statement B-5

Variances

City of Santa Rosa

Law Enforcement Protection Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	l Am	ounts	Actual	Favorable (Unfavorable)		
	_	Original		Final	(Non-GAAP Budgetary Basis)	Final to Actual		
Revenues: State grants Interest income	\$	23,000 0	\$	23,000 0	\$ 23,000	\$ 0 5		
Total revenues	_	23,000	_	23,000	23,005	5		
Expenditures: Current:								
Public safety	_	23,000	_	23,000	21,933	1,067		
Total expenditures	_	23,000	_	23,000	21,933	1,067		
Excess (deficiency) of revenues over expenditures		0		0	1,072	1,072		
Fund balances - beginning of year	_	0	_	0	316	316		
Fund balances - end of year	\$_	0	\$_	0	1,388	\$ 1,388		
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals					1,072 10,472 0			
Net change in fund balances - GAAP ba	as1s				\$ 11,544			

Statement B-6

City of Santa Rosa

Blue Hole Diving Facility Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	l An	nounts		Actual]	Variances Favorable nfavorable)
		Original		Final	,	Non-GAAP dgetary Basis)	Fin	al to Actual
Revenues:								
Licenses and permits	\$	20,000	\$	20,000	\$	16,810	\$	(3,190)
Interest income		0		0		203		203
Miscellaneous	_	0	_	0		30		30
Total revenues	_	20,000	_	20,000		17,043	_	(2,957)
Expenditures: Current:								
Culture and recreation		20,000		20,000		2,369		17,631
Capital outlay	_	0	_	0		13,234		(13,234)
Total expenditures		20,000	_	20,000		15,603		4,397
Excess (deficiency) of revenues over								
expenditures		0		0		1,440		1,440
Fund balances - beginning of year	_	0	_	0		8,227		8,227
Fund balances - end of year	\$_	0	\$_	0		9,667	\$	9,667
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals						1,440 0 0		
Net change in fund balances - GAAP ba	sis				\$	1,440		

Statement B-7

City of Santa Rosa

Moise Memorial Library Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	l Am	ounts		Actual	Fa	ariances avorable favorable)
		Original		Final	,	on-GAAP getary Basis)	Fina	l to Actual
Revenues:						• 4 004	Φ.	
State grants	\$	23,753	\$	23,753	\$	24,881	\$	1,128
Interest income Miscellaneous		0	_	0		15 2,058		15 2,058
Total revenues		23,753	_	23,753		26,954		3,201
Expenditures: Current:								
Culture and recreation Capital outlay		23,753 0	_	23,753		10,448 21,872		13,305 (21,872)
Total expenditures		23,753	_	23,753		32,320		(8,567)
Excess (deficiency) of revenues over								(
expenditures		0		0		(5,366)		(5,366)
Fund balances - beginning of year		0	_	0		47,603		47,603
Fund balances - end of year	\$	0	\$_	0		42,237	\$	42,237
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP ba	sis				<u> </u>	(5,366) 0 1 (5,365)		

Statement B-8

Variances

City of Santa Rosa

Lodgers Tax Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ending June 30, 2010

	_	Budgeted Original	Aı	mounts Final	,	Actual Non-GAAP getary Basis)	<u>J)</u>	Variances Favorable Jnfavorable) nal to Actual
Revenues:		B	_					
Lodgers taxes	\$	370,000	\$	370,000	\$	440,217	\$	70,217
Fines and forfeitures		0		0		2,689		2,689
State grants Interest income		0		0		21,770 69		21,770 69
Miscellaneous		26,250		26,250		0		(26,250)
Total revenues		396,250		396,250		464,745		68,495
Expenditures:								
Current:		141 112		141 112		207 120		(66.017)
Culture and recreation	_	141,113	•	141,113		207,130		(66,017)
Total expenditures	_	141,113		141,113		207,130		(66,017)
Excess (deficiency) of revenues over expenditures	_	255,137		255,137		257,615	_	2,478
Other financing sources (uses)								
Designated cash		(207,037)		(207,037)		0		207,037
Transfers (out)	_	(48,100)		(48,100)		(250,439)	_	(202,339)
Total other financing sources (uses)	_	(255,137)		(255,137)		(250,439)	_	4,698
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)		0		0		7,176		7,176
,						•		· ·
Fund balances - beginning of year	_	0		0		2,410,228	_	2,410,228
Fund balances - end of year	\$_	0	\$	0		2,417,404	\$	2,417,404
Reconciliation to GAAP Basis: Revenue accruals						7,176 (5,198)		
Expenditure accruals Net change in fund balances - GAAP basis					\$	207,130 209,108		

Statement B-9

City of Santa Rosa

Lodgers Tax Promotional Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	l Am	ounts	Actual (Non-GAAP	Variances Favorable (Unfavorable)
		Original		Final	Budgetary Basis)	Final to Actual
Revenues:						
Total revenues	\$_	0	\$	0	\$0	\$0
Expenditures:						
Total expenditures	_	0	_	0	0	0
Excess (deficiency) of revenues over expenditures		0		0	0	0
Fund balances - beginning of year	_	0	_	0	(242,711)	(242,711)
Fund balances - end of year	\$_	0	\$_	0	(242,711)	\$(242,711)
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP ba	cic				0 0 (205,906) \$ (205,906)	

STATE OF NEW MEXICO

City of Santa Rosa

Gas Tax Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	Amo	ounts		Actual	Fa	ariances vorable avorable)
		Original		Final	,	n-GAAP etary Basis)	Final	to Actual
Revenues:		_			20050			101100001
Gas taxes	\$	196,000	\$	196,000	\$	199,287	\$	3,287
State grants Interest income		176,910		176,910		109,910		(67,000)
		0	_	0		20		20
Total revenues		372,910	_	372,910		309,217		(63,693)
Expenditures: Current:								
General government		166,597		166,597		210,042		(43,445)
Total expenditures		166,597		166,597		210,042		(43,445)
Excess (deficiency) of revenues over expenditures		206,313		206,313		99,175		(107,138)
Other financing sources (uses) Designated cash Transfers (out)		(29,403) (176,910)		(29,403) (176,910)		0 (109,910)		29,403 67,000
Total other financing sources (uses)		(206,313)		(206,313)		(109,910)		96,403
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)		0		0		(10,735)		(10,735)
Fund balances - beginning of year		0		0		61,121		61,121
Fund balances - end of year	\$	0	\$	0		50,386	\$	50,386
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP bas	sis				\$	(10,735) 3,819 (44,350) (51,266)		

Statement B-11

City of Santa Rosa

Recreation Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

								Variances Favorable
	_	Budgeted	1 /	Amounts		Actual	_	(Unfavorable)
		0 : : 1		D' 1	_	(Non-GAAP		T' 1, A, 1
Revenues:	_	Original	-	Final	<u>B</u>	sudgetary Basis)	-	Final to Actual
Cigarette taxes	\$	3,000	\$	3,000	\$	2,378	\$	(622)
Interest income	_	0	7	0		3	7	3
Total revenues	_	3,000		3,000		2,381		(619)
Expenditures:								
Current: Culture and recreation		13,609		13,609		10,318		3,291
	_				•			
Total expenditures	_	13,609		13,609	-	10,318		3,291
Excess (deficiency) of revenues over expenditures	_	(10,609)		(10,609)	_	(7,937)		2,672
Other financing sources (uses)								
Designated cash	_	10,609		10,609	-	0		(10,609)
Total other financing sources (uses)	_	10,609		10,609		0		(10,609)
Excess (deficiency) of revenues and other financing sources over expenditures								
and other financing (uses)		0		0		(7,937)		(7,937)
Fund balances - beginning of year	_	0		0	-	10,893		10,893
Fund balances - end of year	\$_	0	\$	<u>0</u>		2,956	\$	2,956
Reconciliation to GAAP Basis:						(7,937)		
Revenue accruals Expenditure accruals						0 (1)		
Net change in fund balances - GAAP bas	ic				\$	(7,938)		
inci change in fund balances - GAAF bas	15				Ψ.	(7,550)		

Statement B-12

City of Santa Rosa

EMS, Fire, Rescue Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	l An	nounts		Actual	Fa	ariances avorable favorable)
		0 1		T: 1	,	Non-GAAP	ъ.	1 . A . 1
Revenues:		Original	_	Final	Bu	dgetary Basis)	<u>Fina</u>	l to Actual
State grants Interest income	\$	3,000 0	\$	3,000 0	\$	7,000 <u>3</u>	\$	4,000 <u>3</u>
Total revenues	_	3,000	_	3,000		7,003		4,003
Expenditures: Current:								
Public safety	_	3,000	_	3,000		2,794		206
Total expenditures	_	3,000	_	3,000		2,794		206
Excess (deficiency) of revenues over expenditures		0		0		4,209		4,209
Fund balances - beginning of year	_	0	_	0		5,820		5,820
Fund balances - end of year	\$_	0	\$_	0		10,029	\$	10,029
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP ba	ısis				\$ <u></u>	4,209 0 0 4,209		

STATE OF NEW MEXICO

City of Santa Rosa

Tourism/Convention Center Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

	_	Budgeted	<u>l A</u>	mounts		Actual (Non-GAAP		Variances Favorable (Unfavorable)
		Original	_	Final	В	udgetary Basis)	_1	Final to Actual
Revenues: Charges for services Interest income	\$	8,000 <u>0</u>	\$	8,000 <u>0</u>	\$	0 <u>3</u>	\$	(8,000) <u>3</u>
Total revenues	_	8,000		8,000	_	3	_	(7,997)
Expenditures: Current: Culture and recreation Capital outlay Debt service:		38,116 0		525,106 0		10,939 338,944		514,167 (338,944)
Principal Interest	_	0 0		0 0	_	105,065 31,926	_	(105,065) (31,926)
Total expenditures	_	38,116		525,106	_	486,874	_	38,232
Excess (deficiency) of revenues over expenditures	_	(30,116)		(517,106)	_	(486,871)	_	30,235
Other financing sources (uses) Designated cash Transfers in	_	(231,342) 261,458		255,648 261,458		0 261,458	_	(255,648) <u>0</u>
Total other financing sources (uses)	_	30,116		517,106	_	261,458	_	(255,648)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)		0		0		(225,413)		(225,413)
Fund balances - beginning of year		0		0		243,318		243,318
Fund balances - end of year	\$	0	\$	0	_	17,905	\$_	17,905
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP bas	sis				\$_	(225,413) 0 116,086 (109,327)		

STATE OF NEW MEXICO

City of Santa Rosa

Mainstreet Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

								Variances Favorable
		Budgeted	1 A	Amounts		Actual		(Unfavorable)
		Buagooo				(Non-GAAP	_	(CIIIW CIWCIW)
		Original	_	Final	В	sudgetary Basis)	_	Final to Actual
Revenues:	Ф	0		th. O	Ф	15.014	Ф	15.014
MVD taxes Charges for services	\$	10,000	9	\$ 0 10,000	\$	15,314 7,507	\$,
Licenses and permits		10,000		10,000		3,150		(2,493) 3,150
Local sources		0		0		1,010		1,010
Interest income		0		0		1		1
Miscellaneous	_	0		0	-	1,819		1,819
Total revenues	_	10,000		10,000		28,801		18,801
Expenditures: Current:								
Culture and recreation	_	20,000		20,000	_	21,079		(1,079)
Total expenditures	_	20,000		20,000	-	21,079		(1,079)
Excess (deficiency) of revenues over expenditures	_	(10,000)		(10,000)	-	7,722		17,722
Other financing sources (uses)								
Transfers in	_	10,000		10,000		10,000		0
Total other financing sources (uses)		10,000		10,000	_	10,000		0
Excess (deficiency) of revenues and other financing sources over expenditures								
and other financing (uses)		0		0		17,722		17,722
Fund balances - beginning of year	_	0		0	-	3,097		3,097
Fund balances - end of year	\$_	0	9	\$ <u> </u>	-	20,819	\$	20,819
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP bas	sis				\$	17,722 (1,100) (16,083) 539		

Statement B-15

City of Santa Rosa

River Road Drainage Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	l Am	ounts	Actual	Favo	ances orable vorable)
		Original		Final	(Non-GAAP Budgetary Basi	s) Final to	o Actual
Revenues:							
State grants	\$	709,041	\$	709,041	\$ 216,10	0 \$ ((492,941)
Interest income	_	0	_	0		<u> </u>	2
Total revenues	_	709,041	_	709,041	216,10	2	(492,939)
Expenditures:							
Capital outlay		417,721	_	417,721	208,57	0	209,151
Total expenditures	_	417,721	_	417,721	208,57	0	209,151
Excess (deficiency) of revenues over expenditures		291,320		291,320	7,53	2 ,	(283,788)
•		,		,	•		` '
Fund balances - beginning of year	_	0	_	0	1,68	<u>4</u>	1,684
Fund balances - end of year	\$_	0	\$_	0	9,21	<u>6</u> \$	9,216
Reconciliation to GAAP Basis:					7,53	2	
Revenue accruals						0	
Expenditure accruals						0	
Net change in fund balances - GAAP ba	asis				\$ <u>7,53</u>	<u>2</u>	

Statement B-16

City of Santa Rosa

Blue Hole Improvements Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	l Am	ounts	Actual	Variances Favorable (Unfavorable)
		Original		Final	(Non-GAAP Budgetary Basis)	Final to Actual
Revenues: Federal grants	\$	900,000	\$	900,000	\$0	\$ (900,000)
Total revenues	_	900,000	_	900,000	0	(900,000)
Expenditures: Capital outlay	_	900,000	_	900,000	0	900,000
Total expenditures	_	900,000	_	900,000	0	900,000
Excess (deficiency) of revenues over expenditures		0		0	0	0
Fund balances - beginning of year	_	0	_	0	360	360
Fund balances - end of year	\$_	0	\$	0	360	\$360
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals					0 0 0	
Net change in fund balances - GAAP bas	SIS				Ψ 0	

Statement B-17

City of Santa Rosa

Park Renovations Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	. Am	ounts	Actual	Variances Favorable (Unfavorable)
		Original		Final	(Non-GAAP Budgetary Basis)	Final to Actual
Revenues:						
Total revenues	\$	0	\$	0	\$0	\$0
Expenditures: Current:		11.002		11.002	1.700	10.202
Public works		11,993		11,993	1,700	10,293
Total expenditures	_	11,993	_	11,993	1,700	10,293
Excess (deficiency) of revenues over expenditures		(11,993)		(11,993)	(1,700)	10,293
Fund balances - beginning of year		0	_	0	1,783	1,783
Fund balances - end of year	\$	0	\$_	0	83	\$83
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals					(1,700) 0 0	
Net change in fund balances - GAAP ba	asis				\$ (1,700)	

Statement B-18

City of Santa Rosa

Power Dam Improvements Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	Am	ounts	Actual	Variances Favorable (Unfavorable)
		Original	AIII	Final	(Non-GAAP Budgetary Basis)	Final to Actual
Revenues: State grants	\$	146,143	\$	146,143	\$44,541	\$ (101,602)
Total revenues		146,143		146,143	44,541	(101,602)
Expenditures: Current:						
Public works		310,430		306,630	44,541	262,089
Total expenditures		310,430		306,630	44,541	262,089
Excess (deficiency) of revenues over expenditures		(164,287)		(160,487)	0	160,487
Fund balances - beginning of year		0		0	11,358	11,358
Fund balances - end of year	\$	0	\$	0	11,358	\$ <u>11,358</u>
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals					0 4 0	
Net change in fund balances - GAAP ba	asis				\$4	

Statement B-19

City of Santa Rosa

I-40 Highway Infrastructure Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	l Am	ounte	Actual	Variances Favorable (Unfavorable)
		Original		Final	(Non-GAAP Budgetary Basis)	Final to Actual
Revenues:						
Total revenues	\$	0	\$	0	\$0	\$0
Expenditures:						
Total expenditures		0	_	0	0	0
Excess (deficiency) of revenues over expenditures		0		0	0	0
Fund balances - beginning of year	_	0	_	0	2	2
Fund balances - end of year	\$	0	\$	0	2	\$ <u> 2 </u>
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP ba	asis				0 0 (2) \$ (2)	

Statement B-20

City of Santa Rosa

Airport Construction Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	l Ame	ounts	Actual	Variances Favorable (Unfavorable)		
		Original		Final	(Non-GAAP Budgetary Basis)	Final to Actual		
Revenues: State grants	\$ <u></u>	8,203	\$	8,203	\$ 2,500	\$(5,703)		
Total revenues		8,203		8,203	2,500	(5,703)		
Expenditures: Current:								
Public works	_	3,800	_	3,800	3,005	795		
Total expenditures		3,800		3,800	3,005	795		
Excess (deficiency) of revenues over expenditures		4,403		4,403	(505)	(4,908)		
Fund balances - beginning of year		0	_	0	5,579	5,579		
Fund balances - end of year	\$	0	\$	0	5,074	\$5,074		
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals					(505) 1 (1)			
Net change in fund balances - GAAP b	asis				\$ (505)			

City of Santa Rosa

CDBG Economic Development Grant Dive Center Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	l Aı	mounts	Actual		Variances Favorable (Unfavorable)	_
		Original	_	Final	(Non-GAA Budgetary Ba		Final to Actual	
Revenues: Federal grants	\$	67,125	\$_	67,125	\$162,	223	\$95,098))
Total revenues		67,125	_	67,125	162,	223	95,098	<u>,</u>
Expenditures: Capital outlay		425,670	_	425,670	212,	<u>539</u>	213,131	<u>:</u>
Total expenditures		425,670	_	425,670	212,	<u>539</u>	213,131	<u>.</u>
Excess (deficiency) of revenues over expenditures	_	(358,545)	_	(358,545)	(50,	<u>316</u>)	308,229	<u>)</u>
Other financing sources (uses) Designated cash Transfers in		269,622 88,923	_	269,622 88,923	50,	0 316	(269,622 (38,607	/
Total other financing sources (uses)	_	358,545	_	358,545	50,	<u>316</u>	(308,229	<u>'</u>)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)		0		0		0	0)
Fund balances - beginning of year	_	0	_	0		1	1	-
Fund balances - end of year	\$	0	\$_	0		<u>1</u>	\$1	<u>:</u>
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP bas	is					0 0 380 380		

STATE OF NEW MEXICO

City of Santa Rosa

Downtown Improvements Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	1 4	Amo	ounts	_	Actual (Non-GAAP	Variances Favorable (Unfavorable)	
		Original	riginal		Final		Budgetary Basis)		Final to Actual
Revenues:	Φ.	511 466		¢.	£11 466	Φ	155 002	Φ.	(255, 592)
State grants Federal grants	\$	511,466 11,280		\$	511,466 11,280	\$	155,883 27,262	\$	(355,583) 15,982
Interest income		0			0		15		15
Miscellaneous	_	4,761,000		_	4,761,000		23,966	_	(4,737,034)
Total revenues	_	5,283,746		_	5,283,746		207,126	_	(5,076,620)
Expenditures: Current:									
General government		21,858			21,858		3,158		18,700
Capital outlay	_	388,251			388,251		193,856	-	194,395
Total expenditures	_	410,109		_	410,109		197,014	_	213,095
Excess (deficiency) of revenues over expenditures	_	4,873,637			4,873,637		10,112	_	(4,863,525)
Other financing sources (uses)									
Designated cash Transfers (out)		(4,834,528) (39,109)			(4,834,528) (39,109)		0 (50,000)		4,834,528 (10,891)
,	_					•		-	
Total other financing sources (uses)	_	(4,873,637)			(4,873,637)	•	(50,000)	-	4,823,637
Excess (deficiency) of revenues and other financing sources over expenditures									
and other financing (uses)		0			0		(39,888)		(39,888)
Fund balances - beginning of year	_	0			0		99,307	_	99,307
Fund balances - end of year	\$_	0		\$	0		59,419	\$_	59,419
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP bas	is					\$	(39,888) (13,292) 156,850 103,670		

STATE OF NEW MEXICO

City of Santa Rosa

El Rito Creek Improvements Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

	D. 1			Variances Favorable	
	Budgeted	d Amounts	Actual (Non-GAAP	(Unfavorable)	
	Original	Final	Budgetary Basis)	Final to Actual	
Revenues:	-				
Total revenues	\$ <u> </u>	\$0	\$0	\$0	
Expenditures:					
Total expenditures	0	0	0	0	
Excess (deficiency) of revenues over expenditures	0	0	0	0	
Other financing sources (uses) Designated cash (budgeted increase in cash) Transfers (out)	39,356 (39,356)	39,356 (39,356)	0 (50,317)	(39,356) (10,961)	
Total other financing sources (uses) Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	(50,317) (50,317)	(50,317) (50,317)	
Fund balances - beginning of year	0	0	50,315	50,315	
Fund balances - end of year	\$0	\$0	(2)	\$(2)	
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP bas	sis		(50,317) 0 0 \$(50,317)		

STATE OF NEW MEXICO

City of Santa Rosa

ADA Assessments Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	F	Variances Savorable Infavorable)				
		Original		Final		(Non-GAAP adgetary Basis)	Fina	al to Actual
Revenues:		-						
Total revenues	\$_	0	\$_	0	\$_	0	\$	0
Expenditures:								
Total expenditures		0	_	0	_	0		0
Excess (deficiency) of revenues over expenditures	_	0		0	_	0		0
Other financing sources (uses)								
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)		0		0		0		0
Fund balances - beginning of year	_	0	_	0	_	8,795		8,795
Fund balances - end of year	\$_	0	\$_	0	_	8,795	\$	8,795
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP bas	is				\$ <u></u>	0 0 (8,795) (8,795)		

STATE OF NEW MEXICO

City of Santa Rosa

Culture Corridors Project Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

Revenues:	_	Budgeted Original	<u>l A</u>	mounts Final	Actual (Non-GAAP Budgetary Basis)	Variances Favorable (Unfavorable) Final to Actual
	¢.	0	Φ	0	Φ 0	Φ 0
Total revenues	5	0	\$.	0	\$0	\$0
Expenditures: Current: Culture and recreation	_	25,990	-	25,990	3,755	22,235
Total expenditures		25,990		25,990	3,755	22,235
Excess (deficiency) of revenues over expenditures		(25,990)		(25,990)	(3,755)	22,235
Other financing sources (uses) Designated cash		25,990		25,990	0	(25,990)
Total other financing sources (uses)	_	25,990		25,990	0	(25,990)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)		0		0	(3,755)	(3,755)
Fund balances - beginning of year		0		0	9,993	9,993
Fund balances - end of year	\$	0	\$	0	6,238	\$ 6,238
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP bas	is				(3,755) 2 0 \$ (3,753)	

STATE OF NEW MEXICO

City of Santa Rosa

2007 MAP Project Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

	Budgeted	Ar	nounts		Actual	Variances Favorable (Unfavorable)		
Original			Final	(Non-GAAP Budgetary Basis)		F	inal to Actual	
\$	0	\$_	0	\$	0	\$	0	
	100,250	_	100,250	_	14,210	_	86,040	
	100,250	_	100,250		14,210		86,040	
	(100,250)	_	(100,250)		(14,210)	_	86,040	
	100,250	_	100,250		0		(100,250)	
	100,250	_	100,250		0	_	(100,250)	
	0		0		(14,210)		(14,210)	
	0	_	0		28,943		28,943	
\$	0	\$_	0	_	14,733	\$_	14,733	
sis				\$_	(14,210) 6 (1) (14,205)			
	\$ \$	Original \$	Original \$ 0 \$ 100,250 100,250 (100,250) 100,250 0 0 0 \$ 0 \$	\$ 0 \$ 0 \[\begin{array}{c ccccccccccccccccccccccccccccccccccc	Original Final But \$	Original Final (Non-GAAP Budgetary Basis) \$ 0 \$ 0 \$ 0 0 100,250 100,250 100,250 14,210 14,210 (100,250) (100,250) (14,210) 0 100,250 100,250 0 0 100,250 100,250 0 0 0 0 (14,210) 0 0 28,943 0 0 14,210 0 0 6 (14,210) 0 0 6 (14,210) 0 0 6 (14,210) 0 0 6 (14,210) 0 0 6 (14,210) 0 0 6 (15) 0 0	Original Final (Non-GAAP Budgetary Basis) F \$ 0 \$ 0 \$ 0 \$ \$ 0 \$ \$ 0 \$ \$ 100,250	

STATE OF NEW MEXICO

City of Santa Rosa

Planning Grant Comp Master Plan Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	l An	nounts		Actual	(Variances Favorable Unfavorable)
	Original			Final		(Non-GAAP Budgetary Basis)		Final to Actual
Revenues: State grants Federal grants	\$	36,323 4,581	\$	36,323 4,581	\$	11,071 11,071	\$	(25,252) 6,490
Total revenues		40,904	_	40,904		22,142		(18,762)
Expenditures: Current: Public works		233,805	_	233,805		33,141	_	200,664
Total expenditures		233,805	_	233,805		33,141	_	200,664
Excess (deficiency) of revenues over expenditures		(192,901)	_	(192,901)		(10,999)	_	181,902
Other financing sources (uses) Designated cash		192,901	_	192,901		0	_	(192,901)
Total other financing sources (uses)		192,901	_	192,901		0	_	(192,901)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)		0		0		(10,999)		(10,999)
Fund balances - beginning of year		0		0		11,004		11,004
Fund balances - end of year	\$	0	\$_	0		5	\$_	5
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP bas	is				\$	(10,999) 2 11,000 3		

Statement B-28

City of Santa Rosa

Eddy Ave & 8th Street Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	l Amo	ounts	Actual	Variances Favorable (Unfavorable)
		Original		Final	(Non-GAAP Budgetary Basis)	Final to Actual
Revenues:		-				
Total revenues	\$	0	\$	0	\$0	\$0
Expenditures:						
Total expenditures		0	_	0	0	0
Excess (deficiency) of revenues over expenditures		0		0	0	0
Fund balances - beginning of year		0		0	0	0
Fund balances - end of year	\$	0	\$	0	0	\$0
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP ba	nsis				0 0 0 0 \$0	

STATE OF NEW MEXICO

City of Santa Rosa

Los Amigos Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	l Ar	mounts		Actual	Variances Favorable (Unfavorable)		
	Original			Final	(Non-GAAP Budgetary Basis)		Final to Actual		
Revenues: State grants	\$	263,425	\$_	263,425	\$	80,286	\$_	(183,139)	
Total revenues		263,425	_	263,425		80,286	_	(183,139)	
Expenditures: Current: Public works Capital outlay	_	243,928 93,746	_	243,928 93,746		34,576 46,808	_	209,352 46,938	
Total expenditures		337,674	_	337,674		81,384	_	256,290	
Excess (deficiency) of revenues over expenditures		(74,249)	_	(74,249)		(1,098)	_	73,151	
Other financing sources (uses) Designated cash (budgeted increase in cash)		74,249	_	74,249		0	_	(74,249)	
Total other financing sources (uses)		74,249	_	74,249		0	_	(74,249)	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)		0		0		(1,098)		(1,098)	
Fund balances - beginning of year		0		0		18,764		18,764	
Fund balances - end of year	\$	0	\$_	0		17,666	\$_	17,666	
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP bas	sis				\$ <u></u>	(1,098) 3 (97,496) (98,591)			

STATE OF NEW MEXICO

City of Santa Rosa

CDBG S. 2nd Street Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2010

		Budgeted	l Aı	mounts		ctual	Variances Favorable (Unfavorable)		
	Original			Final	(Non-GAAP Budgetary Basis)		Final to Actual		
Revenues: Federal grants	\$	718,960	\$_	718,960	\$	650,000	\$	(68,960)	
Total revenues	_	718,960	_	718,960		650,000		(68,960)	
Expenditures: Current: Public works Capital outlay		29,232 1,397,764	_	29,232 1,397,764		4,143 697,911		25,089 699,853	
Total expenditures		1,426,996	_	1,426,996		702,054		724,942	
Excess (deficiency) of revenues over expenditures	_	(708,036)	_	(708,036)		(52,054)		655,982	
Other financing sources (uses) Designated cash Transfers in		513,794 194,242	_	513,794 194,242		0 109,910		(513,794) (84,332)	
Total other financing sources (uses)		708,036	_	708,036		109,910		(598,126)	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)		0		0		57,856		57,856	
Fund balances - beginning of year		0	_	0		974		974	
Fund balances - end of year	\$	0	\$_	0		58,830	\$	58,830	
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP bas	sis				\$	57,856 7 252,053 309,916			

STATE OF NEW MEXICO

City of Santa Rosa

Scenic By-way Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2010

		Budgeted	l An	nounts	Actual	_	Variances Favorable (Unfavorable)
		Original		Final	(Non-GAAP Budgetary Basis)		Final to Actual
Revenues: State grants	\$	76,423	\$_	76,423	\$ 23,292	\$	(53,131)
Total revenues	_	76,423	_	76,423	23,292		(53,131)
Expenditures: Current: Public works		164,321		164,321	22 202		141.020
	_	· · · · · ·	_	· · · · · · · · · · · · · · · · · · ·	23,292	•	141,029
Total expenditures	_	164,321	_	164,321	23,292		141,029
Excess (deficiency) of revenues over expenditures	_	(87,898)	_	(87,898)	0		87,898
Other financing sources (uses) Designated cash (budgeted increase in cash)		87,898	_	87,898	0		(87,898)
Total other financing sources (uses)	_	87,898	_	87,898	0		(87,898)
Excess (deficiency) of revenues and other financing sources over expenditures							
and other financing (uses)		0		0	0		0
Fund balances - beginning of year	_	0	_	0	0		0
Fund balances - end of year	\$_	0	\$_	0	0	\$	0
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP bas	sis				0 0 (11,000) \$(11,000)		

Statement B-32

STATE OF NEW MEXICO

City of Santa Rosa ARRA JAG Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Dudastad	۸			A atrua!	F	ariances avorable
		Budgeted	An	nounts		Actual Non-GAAP	<u>(Un</u>	favorable)
		Original		Final	,	getary Basis)	_Fina	ıl to Actual
Revenues: Federal grants	\$_	9,331	\$_	9,331	\$	22,550	\$	13,219
Total revenues		9,331	_	9,331		22,550		13,219
Expenditures: Capital outlay	_	38,175	_	38,175	_	19,061		19,114
Total expenditures	_	38,175	_	38,175		19,061		19,114
Excess (deficiency) of revenues over expenditures	_	(28,844)	_	(28,844)		3,489		32,333
Other financing sources (uses) Designated cash (budgeted increase in cash) Transfers (out)	_	31,573 (2,729)	_	31,573 (2,729)		0 (3,48 <u>9</u>)		(31,573) (760)
Total other financing sources (uses)		28,844	_	28,844		(3,489)		(32,333)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)		0		0		0		0
Fund balances - beginning of year		0		0		0		0
Fund balances - end of year	\$	0	\$_	0		0	\$	0
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP bas	is				\$	5,731 0 5,731		

Statement B-33

STATE OF NEW MEXICO

City of Santa Rosa

ARRA Waste Water Treatment Facility Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	l A	mounts		Actual Non-GAAP	_(Variances Favorable Unfavorable)
	_	Original	_	Final	Buc	dgetary Basis)	<u>F</u>	inal to Actual
Revenues: State grants	\$	178,664	\$	178,664	\$	54,453	\$	(124,211)
Federal grants	Ψ_	213,608	Ψ.	213,608		516,229	Ψ _	302,621
Total revenues	_	392,272	-	392,272		570,682	_	178,410
Expenditures: Current:								
General government	_	3,949,781	_	3,949,781		570,681		3,379,100
Total expenditures	_	3,949,781	-	3,949,781		570,681	_	3,379,100
Excess (deficiency) of revenues over expenditures	_	(3,557,509)	_	(3,557,509)		1	_	3,557,510
Other financing sources (uses) Designated cash	_	3,557,509	_	3,557,509		0	_	(3,557,509)
Total other financing sources (uses)	_	3,557,509	_	3,557,509		0	_	(3,557,509)
Excess (deficiency) of revenues and other financing sources over expenditures								
and other financing (uses)		0		0		1		1
Fund balances - beginning of year	_	0	_	0		0	_	0
Fund balances - end of year	\$_	0	\$_	0		1	\$_	1
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP bas	is				\$	1 411,622 54,452 466,075		

Statement B-35

STATE OF NEW MEXICO

City of Santa Rosa

Corona Lift Station Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

		Budgeted	<u>l A</u>	amounts		Actual	_	Variances Favorable (Unfavorable)
		Original		Final	,	Non-GAAP dgetary Basis)		Final to Actual
Revenues: Federal grants	\$	5,795	\$	5,795	\$	14,004	\$	8,209
Total revenues	_	5,795		5,795		14,004		8,209
Expenditures: Current: General government		473,799		473,799		68,457		405,342
			•				•	
Total expenditures	_	473,799		473,799	_	68,457	,	405,342
Excess (deficiency) of revenues over expenditures	_	(468,004)	•	(468,004)		(54,453)		413,551
Other financing sources (uses) Designated cash (budgeted increase in cash)		468,004		468,004		0		(468,004)
Total other financing sources (uses)	_	468,004		468,004	_	0	,	(468,004)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing								
(uses)		0		0		(54,453)		(54,453)
Fund balances - beginning of year	_	0		0		0		0
Fund balances - end of year	\$	0	\$	0		(54,453)	\$	(54,453)
Reconciliation to GAAP Basis: Revenue accruals Expenditure accruals Net change in fund balances - GAAP bas	sis				\$ <u></u>	(54,453) 5 (104,711) (159,159)		

Statement C-1

STATE OF NEW MEXICO

City of Santa Rosa Water/Sewer Proprietary Fund Statement of Revenues, Expenditures and Changes in Net Assets Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

								ariances
		Budgeted	ΙΛτ	nounts		Actual		avorable nfavorable)
		Duagetee	I AI	Hounts		Non-GAAP	(01	iiavorabic)
		Original		Final	,	dgetary Basis)	Fina	al to Actual
Revenues:								
Charges for services	\$	729,000	\$	729,000	\$	744,271	\$	15,271
Interest income		0		0		3,033		3,033
Taxes		33,000		33,000		36,736		3,736
Miscellaneous	_	28,250	_	28,250	_	35,411		7,161
Total revenues	_	790,250	_	790,250	_	819,451		29,201
Expenditures:								
Personnel services		293,327		293,327		293,327		0
Maintenance and operations		475,986		475,986		430,586		45,400
Capital outlay		27,746		27,746		0		27,746
Revenue bond principal		10,000		10,000		10,000		0
Interest expense	_	0	_	0	_	26,402		(26,402)
Total expenditures	_	807,059	_	807,059	_	760,315		46,744
Excess (deficiency) of revenues over								
expenditures	_	(16,809)	_	(16,809)	_	59,136		75,945
Other financing sources (uses)								
Designated cash		16,809		16,809		0		(16,809)
Transfers in		40,000		40,000		40,000		0
Transfers (out)	_	(40,000)	_	(40,000)		(40,000)		0
Total other financing sources (uses)	_	16,809	_	16,809		0		(16,809)
Excess (deficiency) of revenues and other financing sources over expenditures								
and other financing (uses)		0		0		59,136		59,136
Fund balances - beginning of year	_	0	_	0	_	96,547		96,547
Fund balances - end of year	\$_	0	\$_	0		155,683	\$	155,683
Reconciliation to GAAP Basis:						59,136		
Adjustments to revenues (assets)						(18,068)		
Adjustments to expenditures (liabilities)				_	(171,863)		
Net change in net assets - GAAP basis					\$ <u></u>	(130,795)		

Statement C-2

STATE OF NEW MEXICO

City of Santa Rosa Solid Waste Proprietary Fund Statement of Revenues, Expenditures and Changes in Net Assets Budget (Non-GAAP Budgetary Basis) and Actual For the Year Ended June 30, 2010

								Variances Favorable
		Budgeted	An	nounts		Actual		nfavorable)
		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			(1	Non-GAAP		
		Original	_	Final	Buc	lgetary Basis)	Fin	al to Actual
Revenues:	Φ	206.626	Ф	206.626	Ф	204.720	Ф	(11.006)
Charges for services Interest income	\$	296,626	\$	296,626	\$	284,720 18	\$	(11,906)
State grants		20,000		20,000		11,866		18 (8,134)
Taxes		54,000		54,000		55,197		1,197
Miscellaneous		0		0		24,321		24,321
Total revenues		370,626		370,626		376,122		5,496
Expenditures:								
Personnel services		269,602		269,602		228,370		41,232
Maintenance and operations		109,045		109,045		209,652		(100,607)
Capital outlay		20,000		20,000		0		20,000
Revenue bond principal		48,000		48,000		17,615		30,385
Interest expense	_	0	_	0		2,202		(2,202)
Total expenditures	_	446,647	_	446,647		457,839		(11,192)
Excess (deficiency) of revenues over								
expenditures	_	(76,021)	_	(76,021)		(81,717)		(5,696)
Other financing sources (uses)								
Designated cash		(20,000)		(20,000)		0		20,000
Transfers in	_	96,021	_	96,021		92,010		(4,011)
Total other financing sources (uses)		76,021	_	76,021		92,010		15,989
Excess (deficiency) of revenues and other financing sources over expenditures								
and other financing (uses)		0		0		10,293		10,293
Fund balances - beginning of year	_	0	_	0		74,210		74,210
Fund balances - end of year	\$_	0	\$_	0		84,503	\$	84,503
Reconciliation to GAAP Basis:						10,293		
Adjustments to revenues (assets)						7,052		
Adjustments to expenditures (liabilities)				_	(6,409)		
Net change in net assets - GAAP basis					\$	10,936		



Schedule I

City of Santa Rosa Schedule of Collateral Pledged By Depository For Public Funds June 30, 2010

Name of Depository	Description of Pledged Collateral	Maturity Date	Fair Market Value June 30, 2010	Name and Location of Safekeeper
Wells Fargo Bank	FGH00895	6/1/2037	\$ 240,504	WF CALIF
	FED NATL MTG ASSN POOL 867437	5/1/2036	1,130,699	WF CALIF
	FED NATL MTG ASSN POOL 879100	5/1/2036	83,082	WF CALIF
Total			\$ <u>1,454,285</u>	

City of Santa Rosa Schedule of Deposit and Investment Accounts June 30, 2010

Bank Account Type/Name	We	ells Fargo Bank
Water Meter Deposit Fund	\$	50,122
Los Amigos Project		10,076
Convention & Information Center		17,553
Lodgers Tax Fund		241,672
Golf Course Fund		2,625
Main Street Fund		19,719
Blue Hole Diving Facility		8,834
Fire fund		45,358
Sewer Fund		20,846
Operational Fund		116,336
Water Fund		55,687
Water Meter Deposit Fund Money Market Act		12,042
General Fund Money Market Act		111,814
Water Sewer Fund Money Market Act		8,522
CDBG S. 2nd Street		26,431
Gasoline Tax Fund		50,476
Airport Fund		6,755
Moise Memorial Library		42,238
Downtown Improvements		46,127
Culture Corridors Project		6,240
Juvenile Recreational Fund		3,292
CDBG Economic Development Grant		1
Law Enforcement Protection Fund		6,547
EMS Fire & Rescue Fund		10,029
Airport Construction Account		5,074
Blue Hole Improvements		360
Riverroad Drainage Fund		9,216
Landfill Closure		40,783
Planning Grant		7
Power Dam Fund		11,362
Parks Renovation Fund		83
RUS Project		3,426
Senior Center Nutrition Site		8,681
Local Government Correction Fund		17,358
Solid Waste Fund		19,428
Repair & Replacement Fund		65,608
2007 Map Project		14,738
General Fund CD		11,807
Lodgers Tax CD		17,705
Water Fund CD		94,972
ARRA Wastewater Treatment Facility		4
Corona Lift Station		13,258
Payroll- Direct Deposit		35,121
Total On Deposit		1,288,333
Reconciling Items		149,774
Unreconciling Items		(46,524)
Total per bank, June 30, 2010		1,185,083
Total, all banks and petty cash	\$	1,185,083





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

Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico
and
Albert Campos Jr., Mayor
City Council
City of Santa Rosa
Santa Rosa, New Mexico

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and the combining and individual funds and related budgetary comparisons presented as supplemental information of the City of Santa Rosa (City), as of and for the year ended June 30, 2010, and have issued our report thereon dated December 3, 2013. We were also engaged to audit the financial statement of each of the City's nonmajor governmental funds, the budgetary comparisons for the major capital project funds, proprietary funds and the remaining nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. Due to the City's deficiencies in internal control and lack of adequate accounting records relating to its cash transactions, revenues, and expenditures, the scope of our work was not sufficient to enable us to express, and we did not express, opinions on these opinion units. Except as discussed in the previous sentence, 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, and the standards applicable to financial statement audits contained in the New Mexico State Audit Rule 2.2.2 NMAC.

Internal Control over Financial Reporting

Management of the City of Santa Rosa is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Santa Rosa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of City of Santa Rosa'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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items FS 97-03, FS 09-06, FS 09-07, FS 09-10, FS 10-05, FS 10-06 and FS 10-07 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items FS 00-17, FS 09-02, FS 09-08, FS 10-01, FS 10-02, FS 10-03, and FS 10-04 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Santa Rosa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item FS 09-04 and FS 10-08.

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 agency's response and, accordingly, we express no opinion on it.

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

Harshwal & Company LLP Certified Public Accountants

Hasshwal & Company 14P

Albuquerque, New Mexico December 3, 2013





INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico
and
Albert Campos Jr., Mayor
City Council
City of Santa Rosa
Santa Rosa, New Mexico

Compliance

We were engaged to audit the City of Santa Rosa, New Mexico's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on the City's major federal program for the year ended June 30, 2010. The City's major federal program is identified in the summary of auditors' 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 program is the responsibility of the City's management.

Except as discussed in the following paragraph, 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; and U.S. Office of management and Budget 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.

We were unable to obtain sufficient documentation supporting the amount of federal expenditures. The City did not maintain sufficient internal controls in the areas of cash control, journal entries, computer controls and general ledger transactions in order for the auditor to plan and conduct the audit in a sufficient manner to obtain sufficient evidential matter to form an opinion as to the fairness of presentation of the financial statements in conformity with generally accepted accounting principles. The City's records do not permit the application of other auditing procedures in the areas of cash control, journal entries, computer controls and general ledger transactions. We were unable to obtain sufficient evidence to substantiate the account balances of cash, revenues and expenditures of each major program. We were also unable to obtain sufficient documentation supporting the compliance of the City with any potential major programs regarding compliance requirements, nor were we able to support the City's compliance through use of other auditing procedures.

As the City of Santa Rosa did not maintain sufficient internal controls and we were unable to obtain sufficient evidential matter, we were not able to apply other auditing procedures to satisfy ourselves as to the 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, 2010. Therefore, we do not express an opinion on whether the city complied with the requirements referred to above that are applicable to its major programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weakness, and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items FA 2010-01 and FA 2010-02 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items FA 2009-01 and FA 2010-03 to be significant deficiencies.

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. We did not audit City of Santa Rosa's responses and, accordingly, we express no opinion on the responses.

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

Harshwal & Company LLP Certified Public Accountants

Hasehwal & Company LLP

Albuquerque, New Mexico December 3, 2013

Schedule III

City of Santa Rosa Schedule of Expenditure of Federal Awards June 30, 2010

Federal Grantor or Pass-Through Grantor / Program Title	Pass-through Grant Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Agriculture	0004	10.701	Ф 517.000
ARRA Waste Water Treatment Facility	9204	10.781	\$ <u>516,229</u>
Total U.S. Department of Agriculture			516,229
U.S. Department of Housing and Urban Development			
CDBG South	08-C-RS-I-G-33	14.218	450,000
Planning Grant	07-C-R-I-06-G-57	14.218	22,141
Total U.S. Department of Housing and Urban Development			472,141
U.S. Department of Justice			
ARRA Jag Fund	2009-SB-B9-3081	16.504	22,550
Total U.S. Department of Justice			22,550
U.S. Department of Transportation			
	ECO-5810(1)		
Eddy Ave & Street	ES41200	20.205	70,135
Total U.S. Department of Transportation			70,135
Total Federal Financial Assistance			\$ <u>1,081,055</u>

Schedule III

\$ 1,081,055

STATE OF NEW MEXICO

City of Santa Rosa Schedule of Expenditure of Federal Awards June 30, 2010

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of City of Santa Rosa, New Mexico and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amount presented in. or used in the preparation of the financial statements.

2. Subrecipients

The City did not provide any federal awards to subrecipients during the year.

3. Non-Cash Federal Assistance

The City did not receive any non-cash federal assistance during the year.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards

Total expenditures funded by other sources	4,973,982
Total expenditures	\$ <u>6,055,037</u>

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

1 - SUMMARY OF AUDIT RESULTS

Financial Statements
1. Type of auditors' report

. Type of auditors' report issued: Disclaimer

2. Internal control over financial reporting:

a. Material weakness(es) identified? Yes

b. Significant deficiency(ies) identified that are not considered to be a material weakness(es)?

Yes

c. Noncompliance material to the financial statement noted Yes

Federal Awards

1. Internal control over major programs:

a. Material weakness(es) identified?

b. Significant deficiency(ies) identified that are not considered to be a material weakness(es)?

Yes

2. Type of auditors' report issued on compliance for major programs:

Disclaimer

3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

No

4. IDENTIFICATION OF MAJOR PROGRAMS

CFDA Numbers	Name of Federal Program or Cluster
10.781	ARRA Waste Water Treatment Facility
14.218	CDBG South

5. Dollar threshold used to distinguish between type A and type B programs: \$300,000

6. Auditee qualified as low risk auditee No

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

2. Audit Findings in Relation to Financial Statements

FS 97-03 Depreciation - Repeated (Material Weakness)

Condition: A complete capital asset depreciation schedule was not available. We noted that 11 out of 43 capital outlay were found as capital asset additions when vouched to invoices. Therefore, depreciation was not correctly calculated.

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. A depreciation schedule with corresponding depreciation expense accrual is required by Generally Accepted Accounting Principles.

Effect: The financial statements of the City do not appear to reflect the annual depreciation expense and the balance sheet does not appear to reflect an accurate capital asset costs and related accumulated depreciation amounts. A disclaimer opinion was issued on the City's financial statements due to our inability to sufficiently complete the audit objectives necessary to render an opinion on the capital asset balances and related accounts.

Cause: The staff involved in the process has not been trained to utilize the Fixed Asset module of the City's accounting system. The current management has worked on compiling a schedule however it was never completed.

Auditor's Recommendation: The City needs to prepare a schedule and maintain it every year and have it ready for the audit when the audit is started. Additionally, the City should devote appropriate resources in gaining better functionality within the Incode accounting system in order to expedite the financial reporting close process.

Management's Response: The City Administration is aware of this deficiency and currently contacting the Incode accounting system operators to provide necessary technical expertise and training to install the Capital Asset items, the related depreciation schedules etc. We expect this exercise to be competed in the FY 2013-2014.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

2. Audit Findings in Relation to Financial Statements - Continued

FS 00-17 Late Audit Report - Repeated (Significant Deficiency)

Condition: The fiscal year 2010 Annual Financial Report for the City was not submitted to the New Mexico Office of the State Auditor by the December 1, 2010 submission deadline. The Reports were submitted by the City on December 23, 2013.

Criteria: Section 2.2.2.9 A(1)(d) of NMAC Audit Rule 2010 requires that annual reports be received in the Office of the State Auditor on or before December 1, 2010.

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. Also, due to the late timing of the report, it will be more difficult for the City to correct deficiencies that result in findings.

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

Auditor's Recommendation: The City needs to work on making sure their audits are caught up and have a plan as to which fiscal year will be submitted on time once all other audits are caught up. The City must implement procedures that would produce a timely audit. Proper accounting control must be established where the City is able to produce financial information for the auditor that has been properly reconciled.

Management's Response: The City Administration experienced difficult challenges in the accounting and finance functions due to lack of adequate funding, inadequate software training, and personnel turnover. These problems are currently being addressed and resolved. The administration expects the FY 2013-2014 audit to be completed on time.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

2. Audit Findings in Relation to Financial Statements - Continued

FS-09-02 Excess partial day Per Diem - Revised & Repeated (Significant Deficiency)

Condition: We found five instance of the nine travel related disbursements tested that had the incorrect partial day per diem rate for out of City travel.

- Three employees were paid \$30 for 6 and 9 hours partial days which they should have only received \$20.
- Two employees did not include return time on their In-State Travel form in which they received \$30 partial day rate.

The City does not have a formal system of requiring "Trip Reports" from their employees after the travel is completed.

Criteria: NMAC 2.42.2.8.B(1): Partial day per diem rate: Public officers or employees who occasionally and irregularly travel shall be reimbursed for travel which does not require overnight lodging, but extends beyond a normal work day as follows:

- (a) for less than 2 hours of travel beyond normal work day, none;
- (b) for 2 hours, but less than 6 hours beyond the normal work day, \$12.00;
- (c) for 6 six hours, but less than 12 hours beyond the normal work day, \$20.00;
- (d) for 12 hours or more beyond the normal work day, \$30.00;
- (e) "Occasionally and irregularly" means not on a regular basis and infrequently as determined by the agency. For example, an employee is not entitled to per diem rates under this subparagraph if the employee either travels once a week or travels every fourth Thursday of the month. However, the employee is entitled to per diem rates under this subparagraph if the employee either travels once a month with irregular destinations and at irregular times or travels four times in one month and then does not travel again in the next two months, so long as this is not a regular pattern.
- (f) "Normal work day" means 8 hours within a nine-hour period for all public officers and employees both salaried and nonsalaried, regardless of the officers' or employees' regular work schedule.

Effect: Not using the correct partial day per diem rates could cause City of Santa Rosa to over-spend on out of City travel and could make the city more vulnerable to incidents of fraud within travel related expenditures.

Cause: The City was paying employees \$30 for 6 and 9 hours partial days which they should have only been receiving \$20.

Auditor Recommendation: We recommend that the City Council implement travel and per diem policies that are within the amounts of NMAC rules in order to safeguard against over spending or fraud. We recommend that the City should consider establishing and implementing such a requirement because that will provide for additional accounting and strengthen the internal controls over travel.

Management Response: The City Administration has been working closely with business office staff in getting them to comply with the applicable per diem policies without exception. The Administration will continue to work toward the accomplishment of these objectives and safe guards the interests of the City's finances at this time.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

2. Audit Findings in Relation to Financial Statements - Continued

FS 09-04 Payroll - Revised & Repeated (Non-Compliance)

Condition: During our test work of 26 employees' personnel files and timesheet, we noted the following:

- 2 employees did not have an I-9 completely filled out in the file.
- 1 employee did not have a W-4 in file.
- 1 employee did not have an application in his file.
- 4 employees did not have job descriptions in their file.
- 4 employees did not have a signed form indicating that they had read the City's policies regarding a drug free policy.
- 3 employees did not have time sheets properly authorized.
- 1 employee did not did not have their leave request properly authorized.
- 1 employee did not have authorization for direct deposit.

Criteria: NMAC 6.20.2.18 states the local board shall establish written payroll policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. Immigration Reform & Control Act of 1986 requires all employees hired after November 6, 1986 to complete a Form I-9 within 3 days of hire. Guidance regarding Form I-9 also states that if photocopies of identification are kept for any single employee they must be kept for all employees. Photocopies of identification also do not relieve the obligation to fully complete Section 2 of the Form I-9 nor is it an acceptable substitute for proper completion of the Form I-9 in general.

Segregation of duties in payroll, the existence of an appropriate pay rate schedule, a review of employee timesheets, a review of payroll reports, and proper authorization and approval for wages, as indicated in NMSA 1978 Section 6-6-3 are required to be maintained in order to have proper and sufficient internal controls to reduce the risk of fraudulent activities. And management should establish and implement sound internal control procedures to maintain personnel records on a periodic basis.

Effect: The City is not in compliance with New Mexico State Statutes. The City could be subject to penalties or possibly legal action. Not paying employees the correct salary based upon supporting documentation is a failure of internal control procedures and could result in various legal complications in the event of noncompliance with a contract.

Cause: The City's documentation retention is not what it should be, the City could not provide many of the documents necessary because they had been lost or misfiled.

Auditors' Recommendations: We recommend that the City make periodic checks to ensure all employees are earning the correct rate based upon their contract and to ensure that all employees have all the proper documentation for their pay rates, W-4s, timesheets and I-9s.

Management 's Response: The City Administration understands the certain deficiencies exist in the personnel record keeping and are taking the necessary steps to remedy such deficiencies. The City Clerk is currently engaged in the review of all the personnel files and will make the appropriate corrections so that these files will become complete for the FY 2013-2014.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

2. Audit Findings in Relation to Financial Statements - Continued

FS 09-06 Internal Controls Over Non-Standard Journal Entries - Repeated (Material Weakness)

Condition: The City did not have adequate internal controls over non-standard journal entries entered into its accounting system.

Criteria: Good accounting practices state that journal entries should be completed by knowledgeable staff and then approved by someone in management.

Effect: Without proper review of these journal entries, errors or irregularities could go undetected and cause financial statements to be misstated. The City may be at risk for fraudulent activity without a proper review process over journal entries. A disclaimer opinion was issued on the City's financial statements due to our inability to sufficiently complete the audit objectives necessary to render an opinion on the capital asset balances and related accounts.

Cause: The City had limited knowledgeable staff that is able to review journal entries. As a result, proper controls over journal entries have not been maintained.

Auditors' Recommendation: The City should update their policies and procedures manual regarding the review and approval of journal entries and implement a procedure to insure non-standard journal entries are reviewed, approved and supported.

Management's Response: The City Administration has implemented the internal review and approval process for all journal entries and such approval is being documented on the face of these journal entry documents by affixing a Red color Review stamp. This has been put into place and in operation since March of 2013.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

2. Audit Findings in Relation to Financial Statements - Continued

FS 09-07 Capital Asset Inventory - Revised & Repeated (Material Weakness)

Condition: The City does not have processes or internal control in place over their governmental and business activity capital asset listing to ensure the information is correct. This includes:

- The capital asset system was not being reconciled during the fiscal year.
- Several assets on the listing do not have the required information to properly describe, track, or monitor the assets.
- The City's system did not properly track equipment depreciation by asset.
- The City did not perform the required annual inventory.
- The City is not properly tracking construction in process and does not have a process in place to ensure construction is being monitored.

Criteria: State Auditor Rule 2.2.2.10, Subsection Y states that each agency shall conduct an annual physical inventory count of all equipment listed on the agency's capital asset inventory listing as of year-end. The agency must then certify the correctness of the physical inventory count and the certification must be provided to the agency's auditors.

GASB 34 requires that capital assets be reported at historical cost including ancillary charges directly attributable to asset acquisition - such as freight and transportation charges, site preparation costs, and professional fees. Donated capital assets should be reported at their estimated fair value at the time of acquisition. Capital assets includes land, improvements to land easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

Proprietary fund capital assets were required to be depreciated prior to GASB 34. With the implementation of GASB 34 in FY04 capital assets related to the City's governmental activities must also be depreciated over their estimated useful lives unless they are inexhaustible assets, such as land and land improvements.

Effect: The City is not in compliance with the State Auditor Rule 2.2.2.10 requirements pertaining to the correctness of property listed on the financial statements. The City's financial statements may be materially misstated due to the City's lack of information about its capital assets. The City's capital assets are at risk for being misappropriated because they are not properly accounted for and inventoried each year. A disclaimer opinion was issued on the City's financial statements due to our inability to sufficiently complete the audit objectives necessary to render an opinion on the capital asset balances and related accounts.

Cause: Lack of effective controls or procedures associated with capital assets.

Auditors' Recommendation: Management should establish controls and procedures necessary to ensure that a physical inventory of all equipment is performed. Additionally, we recommend that reconciliation between the physical inventory results and the capital asset inventory listing be performed to identify any necessary adjustments.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

2. Audit Findings in Relation to Financial Statements - Continued

FS 09-07 Capital Asset Inventory - Revised & Repeated (Material Weakness) - Cont'd

Management's Response: The City Administration is aware of this deficiency and currently contacting the Incode accounting system operators to provide necessary technical expertise and training to install the Capital Asset items, the related depreciation schedules etc. We expect this exercise to be competed in the FY 2013-2014.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

2. Audit Findings in Relation to Financial Statements - Continued

FS 09-08 Noncompliance with Budget Requirements - Revised & Repeated (Significant Deficiency)

Condition: The City had expenditure functions where actual expenditures exceeded budgetary authority in the following funds:

Golf Fund	\$ (2,909)
Senior Citizens Nutrition Fund	(31,972)
Moise Memorial Library Fund	(8,567)
Lodger's Tax Fund	(66,017)
Gas Tax Street (Municipal) Fund	(43,445)
Mainstreet Fund	(1,079)
Solid Waste Fund	(11,192)

Criteria: Section 6-6-6 NMSA 1978 requires when any budget for a local public body has been approved and received by a local public body, it is binding upon all officials and governing authorities and no governing authority or official shall allow or approve claims in excess thereof. Deficit budgeting is not allowed according to 6.20.2.9 NMAC

Effect: The City is in violation of Section 6-6-6 of the NMSA 1978.

Cause: The City did not make the appropriate budgetary transfers to alleviate the over-expenditure.

Auditor's Recommendation: The City must follow New Mexico State law and all mandated budgetary requirements. The City should establish a policy of budgetary review at year-end, and make the necessary budget adjustments.

Management's Response: The City Administration experienced difficult challenges in the accounting and finance functions. Budget requirements are carefully monitored throughout the fiscal year and at year end. The specified over expenditures were accounted for by using beginning cash balances which are not reported on the budget section, and are reported on the Department of Finance quarterly reporting. City Administration will work with the Department of Finance to resolve this issue.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

2. Audit Findings in Relation to Financial Statements - Continued

FS 09-10 Bank Reconciliations - Revised & Repeated (Material Weakness)

Condition: During the performance of audit procedures relating to cash and bank reconciliations, the following items were noted:

- The City's general ledger carries two inactive and defunct bank accounts, Cash NMFA Reserve account and Cash NMFA Trust account with book balances of \$62,041 and \$7,593 respectively.
- Payroll bank account has not been reconciled for several years resulted into a difference of \$20,639.
- Five bank accounts have been closed during the fiscal year under audit but no resolution has been passed for the closure of those bank accounts.
- The City adjusted general ledger balances for reconciling items. For this reason many of the accounts reconciled balance did not tie with trial balance. The bank reconciliation process of the City was not effective.
- For three certificate of deposits namely General Funds, Lodgers Tax Fund, and Convention & Information Center #2, the City did not provide the statements of activities, and at the year end, these accounts were not reconciled.

Criteria: Bank reconciliations are an important element of internal control, facilitating timely detection of book/bank differences so they can be investigated and resolved. Such reconciliations are consistent with New Mexico statutes, Section 6-6-3 A NMSA 1978, which require that the City "keep all the books, records, and accounts in their respective offices in a form as prescribed by the Local Government Division"

Good accounting practices state that bank statements should be reconciled to the General Ledger monthly and on a timely basis. In addition, a cash reconciliation that reconciles from the bank to the general ledger balance should be prepared to determine that all transactions have been recorded properly and to discover bank errors.

Effect: Reconciling cash accounts is essential to operational and management decisions. Delays in reconciling accounts may result in unnecessary adjustments which are not properly supported. A disclaimer opinion was issued on the City's financial statements due to our inability to sufficiently complete the audit objectives necessary to render an opinion on the cash and investment accounts.

Cause: The City does not have a procedure for tracking bank accounts to ensure that all are captured on the general ledger and reconciled. The defunct and inactive account somehow got transferred into their accounting system when they changed their software.

Auditor's Recommendation: We recommend that each bank statement is reconciled to the general ledger balances on a monthly basis and all supporting documentation, including bank statements, be maintained. For inactive and defunct accounts, we suggest the City to get a resolution through the City council to approve of the write-off of these accounts.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

2. Audit Findings in Relation to Financial Statements - Continued

FS 09-10 Bank Reconciliations - Revised & Repeated (Material Weakness)-Cont'd

Management's Response: The City Administration is working to correct the exceptions noted in the report by obtaining the governing body's approval to close the inactive/unnecessary bank accounts. The payroll bank account that has not been reconciled for many years is in the process of being closed after such closure is approved by the City's governing body. The CD (Certificate of Deposits) statements are received on a quarterly basis, and the Finance Director of the city records the applicable interest on these accounts on a regular basis. The Finance Director will make the appropriate reconciliations for these CD accounts in FY 2013-2014.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

2. Audit Findings in Relation to Financial Statements - Continued

FS 10-01 Internal Control over Check Signing Process and Storage of Checks Stock (Significant Deficiency)

Condition: The City's computer software program namely the "Incode" allowed the relevant City staff in charge of the check preparation and signature approval process to prepare and sign those checks for payroll, and other disbursements unilaterally without the knowledge or involvement of another member of the City staff. Nevertheless, the current system of check preparation and check signing as created by the Incode module does not provide for the necessary internal control mechanism needed to prevent fraud, misuse or other errors of omission and commission, even though the City does have a system of internal review to verify the accuracy and completeness of the checks before they are disbursed.

The check stock is kept in a filing cabinet in the office which is not locked and thus, anyone can gain easy access to these checks.

Criteria: New Mexico Statutes, Section 6-5-2, NMSA 1978, requires local public bodies to implement internal accounting controls designed to prevent accounting errors and violations of state and federal laws and rules related to financial matters. Good internal control policy requires involvement of a person from management as reviewer in check preparation and signing process to prevent fraud. It is also a good internal control policy to restrict access to the blank check stock to a limited number of individuals, and to physically secure this stock when it is not in use.

Auditing Standards state that management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

Effect: A staff member with access to the check preparation module could create a check with the required two signatures without the necessity of having to involve a second staff member to add anything to the process of such check preparation or check signing.

The lack of security over the blank checks stock leads to a high potential for theft to occur and not be detected on a timely basis.

Cause: This is mainly due to the fact that the City's check preparation and check signing module is set up and programmed to function that way, and is not the result of choices made by the City or its staff in charge of the process.

The city officials believed that the location of check stocks inside the main hallway of the business office premises was safe and secure enough to protect the interests of the city.

Auditor's Recommendation: We recommended two solutions for resolving this issue. One solution would be to strengthen the existing internal review process whereby the City Administrator (or other appropriate officials) verifies all check disbursements on a daily basis to ensure that such disbursements are valid and legitimate.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

2. Audit Findings in Relation to Financial Statements - Continued

FS 10-01 Internal Control over Check Signing Process and Storage of Checks Stocks (Significant Deficiency)-Cont'd

Auditor's Recommendation (Continued): Another solution would be to work with the software provider and see if appropriate changes could be made to the existing Incode module to provide for the involvement of a second staff to the process of preparation and signing of checks. Either way, the controls over this process need to be improved and strengthened to protect the interests of the entity from errors of omission and commission.

For controls over the storage of unused check books, we recommended to move them into the City Clerk's office or at least keeping them under lock and key all the time.

Management's Response: The deficiency noted over the storage of unused checks has been corrected since March of 2013. The lack of adequate control over the check signing process has been addressed through the implementation of compensatory controls in the form of Review/Approval of all issued checks on a daily basis. Such oversight Review/approval is conducted by the city Clerk and the City Administrator. Also the City's Bank has been under instruction to check with the City's Business Office before honoring checks for a value of over \$10,000. The Administration believes this form of compensatory control will protect the interest of the City against potential fraud or misuse.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

2. Audit Findings in Relation to Financial Statements - Continued

FS 10-02 Stale Checks (Significant Deficiency)

Condition: The City maintained twenty five checks in various bank accounts that were dated over one year old at the end June 30, 2010, which amounted to \$11,795.

Criteria: Chapter 7 Article 8A, NMSA 1978, and related regulations require that the City provide information about the payees and the related funds to Unclaimed Property Division of the New Mexico Taxation and Revenue Department for outstanding checks that were distributed but not cashed within one year.

Effect: The City is in violation of state statutes regarding stale-dated checks. Carrying numerous bank reconciling items could result in a misstatement in the accounting records or related misappropriation of funds.

Cause: The City did not implement an internal control policy to account for stale dated outstanding checks and did not clear these checks on a timely basis.

Auditors' Recommendations: We recommend that the City implement a procedure to review the outstanding check listings for all bank accounts and track stale-dated checks. If checks on the outstanding check listings are greater than one year old we recommend these checks be voided. Also, we recommend that the City provide the information to the Property Division of the New Mexico Taxation and Revenue Department as required.

Management's Response: The Administration has recently hired an Accounting Consulting firm based in Albuquerque, New Mexico to provide the necessary advice and guidance to clear these stale checks/remove them from the books, after obtaining the proper Governing Body approval for such clearance. This is expected to be completed in FY 2013-2014.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

2. Audit Findings in Relation to Financial Statements - Continued

FS 10-03 Internal Control over Computer Server Room (Significant Deficiency)

Condition: During the course of our fieldwork, we observed that the City's computer server room in the main hallway remained unlocked and unsecured.

Criteria: The City management is responsible for establishing and maintaining internal controls that include controls over the various process and functions that utilize computerized systems.

Effect: The server security is as important as financial data for an organization. If a computer server is compromised, all of its contents may become available for the cracker to steal or manipulate at will.

Cause: There is no standard safeguarding present over the City's computer server room.

Auditors' Recommendations: We emphasized the importance and the necessity of keeping the computer server room under lock and key on an ongoing basis, except when needed to keep it open for business purposes such as repairs and maintenance, inspection, ventilation and other valid reasons as appropriate.

Management's Response: The City Administration has corrected this deficiency by affixing a digital lock and key system on the computer server room's door since March of 2013. The access to this room is currently limited to authorize City personnel only and all efforts are being made to keep this room safe and protected at all time.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

2. Audit Findings in Relation to Financial Statements - Continued

FS 10-04 Excess payment on account of Compensated Absence (Significant Deficiency)

Condition: We noted that the City has made compensated absences over payments, which amounted to \$6,989. We also noted that for 14 out of 53 employees, compensated absences beginning balance exceeded the maximum eighty (80) hours that can be carried over.

Criteria: According to Ordinance #330 - City of Santa Rosa Merit System Ordinance, section 10.4(I), "a maximum of eighty (80) hours of annual leave may be carried over from one calendar year to another. It is the department head's responsibility to schedule annual leave so that no more than eighty (80) hours are carried over into the next calendar year. This provision can be waived by the City administrator in writing, but the hours in excess of 80 that are carried over to a new calendar year must be used by March 31 of the new year."

Effect: The City failed to comply with its personnel ordinance.

Cause: A lack of management oversight might be the cause of the condition stated above.

Auditors' Recommendations: The City should review and adhere to its personnel policies regarding compensatory time.

Management's Response: The City's Governing Body has changed its personnel Ordinance in October 29, 2013 and according to the new policies, employees with up to 10 years of service can carry over up to 80 hours, employees between 11 to 15 years of service can carry over up to 100 hours, and employees with more than 15 years of service can carry over up to 120 hours. This new policy gives the City Administration the necessary flexibility to work with and resolve the deficiencies note in this area.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

2. Audit Findings in Relation to Financial Statements - Continued

FS 10-05 General Ledger Account Postings and Reconciliations (Material Weakness)

Condition: Many significant adjusting journal entries were required after the accounting records were closed for the year ended June 30, 2010. Several of the balance sheet accounts required extensive analysis and correcting journal entries. Capital assets, cash balance, receivables, payables and net asset accounts required correcting adjustments. The City did not record prior year auditor's adjusting journal entries in the current year trial balance provided to us. In addition, the City does not have adequate internal controls designed to provide for the complete preparation of the financial statements and accompanying footnotes under audit.

Criteria: An accounting system should provide timely and accurate information for management. To achieve this, accounting personnel must periodically reconcile general ledger accounts to sub-ledgers and other supporting documents. The City's internal control system should be designed to provide the complete preparation of the City's financial statements and accompanying footnotes under audit.

In accordance with GASB 34, City shall use a full accrual basis of accounting in preparation of annual financial statements and cash basis of accounting for budgeting and reporting.

Effect: As a result, financial information provided to management may not be accurate. Also, the probability that errors will occur and go undetected is greatly increased. The auditors were not able to rely on the City's trial balance as a whole due to the condition stated above.

Cause: The City does not have adequate internal controls designed to provide for the complete preparation of the financial statements and accompanying footnotes under audit.

Auditors' Recommendations: We recommend the City implement procedures to review the City trial balance after recording of prior year adjusting journal entries and reconcile it timely to ensure accuracy. We also recommend the City initiate policies and procedures to ensure that the required adjustments are made to the general ledger on a timely basis. We recommend the City reconcile all significant balance sheet accounts monthly, and establish a schedule for reconciliations and monitoring of account activity, including the preparation of schedules and account reconciliations needed to prepare the City's annual financial statements and accompanying footnotes.

Management's Response: The City Administration is aware of the shortcomings in this area, and has hired an Accounting Consulting firm based in Albuquerque, New Mexico to work with the Business Office personnel to correct these shortcomings/deficiencies as noted, and also to train them as necessary. The Administration expects to make the necessary improvements as a result of these efforts and present a better picture for the next audit.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

2. Audit Findings in Relation to Financial Statements - Continued

FS 10-06 City Not Preparing Financial Statement (Material Weakness)

Condition: The financial statements and related disclosures are not being prepared by the City. The City does not have procedures in place to detect and correct material misstatements in the financial statements.

Criteria: According to the American Institute of Certified Public Accountants' Statement on Auditing Standards No. 112, a system of internal control over financial reporting does not stop at the general ledger. Well-designed systems should be implemented and should include controls over financial statement preparation, footnote disclosure preparation, and should give the entity the ability to catch material errors that may affect the financial statements.

Effect: When sufficient controls over the preparation of financial statements and related disclosures are not designed, implemented and operating effectively, an entity's ability to prevent or detect a misstatement in its financial statements is limited.

Cause: The City personnel do not have the time to prepare the City's financial statements, or have adequate training to understand the elements of external financial reporting including the preparation of financial statements, the preparation of the related footnote disclosures, or the ability to recognize material errors.

Auditors' Recommendation: We recommend the City's management and personnel receive training on understanding the requirements of external financial reporting. The training should include, but not be limited to:

- Selection of appropriate accounting policies
- Understanding the financial reporting entity
- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplementary information, including Management's Discussion and Analysis
- Supplementary information required by the Office of the State Auditor

In addition, we recommend that the City develop and implement policies and procedures designed to prevent or detect possible misstatements in its financial statements and related footnote disclosures.

Management's Response: The City has hired an Accounting Consulting firm based in Albuquerque, New Mexico and plans to request them to provide the necessary training and support to the Business Office staff to make improvements in this area.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

2. Audit Findings in Relation to Financial Statements - Continued

FS 10-07 Debt Service Activity (Material Weakness)

Condition: During our testwork over debt service activity, we identified the following issues:

- Debt service payments are not appropriately recorded between interest and principal payments, nor are they recorded in the appropriate fund associated with the respective debt agreements.
- Adjusting journal entries totaling approximately \$77,081 were required to reconcile debt service payments and journal entries of approximately \$516,229 were required to reconcile debt service proceeds. Additionally, Debt from federal agencies is not properly recorded in accordance with federal guidelines under the Office of Management and Budget (OMB) Circular A-133.

Criteria: The New Mexico State Audit Rule, Section 2.2.2.8 (O) 2 requires an agency to maintain adequate accounting records. This includes a process for recording, reviewing and reconciling debt activity on a regular basis. Additionally, the receipt and disbursement of federal funds requires the City to comply with OMB Circular A-133.

Cause: Lack of adequate review and management of activity associated with debt agreements.

Effect: Debt service payments on the general ledger were materially misstated during the fiscal year.

Auditors' Recommendations: We recommend the City implement policies and procedures to ensure the appropriate personnel are recording, reviewing and reconciling activity associated with debt service payments and proceeds. Additionally, the City should implement a separate process for monitoring federal disbursements and receipts and also ensure compliance with OMB Circular A-133.

Management's Response: This is also another deficiency which could be corrected through the advice and guidance the City plans to obtain from the newly hired Accounting Consultants. The Administration believes this deficiency will stand corrected in FY 2013-2014.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

2. Audit Findings in Relation to Financial Statements - Continued

FS 10-08 Late Submission of IPA Recommendation Form and Audit Contract (Non Compliance)

Condition: The City did not submit the IPA recommendation form and audit contract to the State Auditor by the required deadline of May 15, 2010. The contract was prepared on December 06, 2012 and received by the State Auditor's office on December 14, 2012.

Criteria: As indicated in Section 2.2.2.8(B) NMAC, 13.1.130 NMSA 1978, and 13-1-117.1 NMSA 1978, the City shall submit the completed IPA Recommendation Form for Audits and the completed and signed audit contract to the State Auditor for approval by May 15.

Cause: The City's audit report was submitted late in the prior year.

Effect: The City was not in compliance with the New Mexico State Audit Rule 2.2.2.8(B), 13.1.130 NMSA 1978, and 13-1-117.1 NMSA 1978.

Auditors' Recommendations: The City's management should ensure IPA recommendation form and contract be executed and be submitted to New Mexico Office of the State Auditor for review and approval on a timely manner.

Management's Response: The City Clerk was late in the filing of the IPA recommendation because the city lacked in having its previous audit completed on time. This process will be done in a timely manner in the future.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

3. Audit Findings and Questioned Costs in Relation to Federal Awards

FA 2009-01 — Data Collection Form - Repeated (Significant Deficiency)

Applicable Federal Programs: All Programs

Condition:

The City did not submit its annual Data Collection Form to the Federal Audit Clearinghouse by the due date of March 31, 2011. This finding applies to all federal programs.

Criteria:

Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" establishes uniform audit requirements for non-Federal entities administering Federal awards. This requires that the single audit reporting package and data collection form shall be submitted within the earlier of thirty days after receipt of the auditor's report or nine months after the end of the audit period, unless a longer period is agreed to by the oversight agency.

Questioned Costs: None

Effect:

The effect of this condition is non-compliance with the OMB Circular A-133 requirement to submit the Data Collection Form timely, which can result in the loss of federal funding. Due to the late submission of the City's single audit reporting package, the City is not in compliance with OMB Circular A-133 report submission requirements.

Cause:

The City's audit was not completed timely because the City's books and records were not ready for audit, resulting in the delay in the submission of the Data Collection Form for the current year.

Auditor's Recommendation:

We recommend that the City have its books and records ready for audit in order to complete the audit process timely so the Data Collection Forms can be submitted timely in the future.

Management's Response:

The Administration plans to work with the newly hired Accounting Consulting firm to provide the necessary training and guidance to the City's Business Office staff so this deficiency could be corrected in the fiscal year of 2013-2014.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

3. Audit Findings and Questioned Costs in Relation to Federal Awards (Continued)

FA 2010-01 —Tracking Property and Equipment Purchased with Federal Award Funds (Material Weakness)

Federal Program Information:

Funding Agency : U.S. Department of Agriculture

Title : ARRA Waste Water Treatment Facility

CFDA Number : 10.781

Condition:

During FY 2010, management did not track any capital assets, including property and equipment purchased with federal awards.

Criteria:

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Good internal controls require that management track any property and equipment purchased with federal award funds.

Questioned Costs: None

Effect:

Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

Cause:

For the fiscal year 2010 management did not have a documented policy to ensure internal controls were in place and working properly. Also, the governing body was unaware of requirements under the A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) that require management to establish and maintain internal controls over Federal Awards. Procedures are not in place to ensure that all federal programs comply with this requirement.

Auditor's Recommendation:

The City should ensure that a comprehensive internal control structure, including tacking of property and equipment purchased with federal award funds, is designed, documented, and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process.

Management's Response:

The City Administration is aware of this deficiency and currently contacting the Incode accounting system operators to provide necessary technical expertise and training to install the Capital Asset items, the related depreciation schedules etc. We expect this exercise to be competed in the FY 2013-2014.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

3. Audit Findings and Questioned Costs in Relation to Federal Awards (Continued)

FA 2010-02 — Schedule of Expenditures of Federal Awards (Material Weakness)

Applicable Federal Programs: All major programs

Condition:

The City does not have proper processes in place to ensure that federal funds are properly tracked and recorded to achieve an accurate SEFA. The City lacks internal controls over the preparation of SEFA. The accompanying SEFA schedule has been derived from the trial balance by the auditors. Since, we were unable to rely on the trial balance provided by the City as a whole, an accurate SEFA could not be compiled from the underlying accounting records.

Criteria:

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Good internal controls require that management have procedures in place for identifying federal, state, and other awards.

Questioned Costs: Unknown

Effect:

Without proper grant awards reported on the SEFA, it is impossible to know if grant records are correct and whether awards are being spent in accordance with grant agreements, which may lead to the City over-expending grant funds and incurring expenditures that may not be reimbursed by grantor agencies.

Cause:

An accurate SEFA was not produced due to repeated turnover in key management at the City during the fiscal year. The turnover of management caused a lack of communication and structure in regards to the amount of funds awarded and expended for the current year.

Auditor's Recommendation:

The City should ensure that a comprehensive internal control structure is designed, documented, and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process, which includes the periodic review of financial reports, which includes establishing procedures to identify federal, state, and other awards.

Management's Response:

The City Administration is currently engaged in the process of providing the necessary training to the Business Office staff, so they would be better prepared to prepare the SEFA and the related reports such as ARRA Compliance reporting. The Administration understands the importance of meeting all the Federal Grant related requirements and will work toward achieving total compliance in this area during the fiscal year 2013-2014. Assistance from the newly hired Accounting Consulting firm would be enlisted as required to achieve such compliance and meet all the applicable requirements.

City of Santa Rosa Schedule of Findings and Questioned Costs June 30, 2010

3. Audit Findings and Questioned Costs in Relation to Federal Awards (Continued)

FA-2010-03 — Compliance ARRA Reporting (Significant Deficiency)

Federal program information:

Funding agency: U.S. Department of Agriculture

Title: ARRA Wastewater Treatment Facility

CFDA number: 10.781

Condition:

While performing a review of the Wastewater Treatment Facility (ARRA) under the Single Audit Act, we noted that City did not submit ARRA 1512 report to the federal agency.

Criteria:

Section 1512 "reports on use of funds" ARRA requires that city to report the "total amount of recovery funds received" and "total amount expended or obligated to projects or activities" not later than 10 days after the end of each calendar quarter.

Questioned Costs:

Unknown

Effect:

The compliance requirements for 1512 reporting for the Water Resource Development grant could not be tested and therefore result in noncompliance of federal awards. It is important to note that noncompliance of federal awards may result in a determination of the Federal awarding agency to recall the funding previously provided or it may impact the City's ability to obtain future federal funding.

Cause:

The City was unable to provide the required documents as audit evidence. The previous Administrator was overseeing this project and may have known where these items were maintained however, the City administration could not locate them at the time of audit. The Auditors also assisted in reviewing files and documents in an attempt to locate the missing documents.

Auditor Recommendation:

We recommend that the City become familiar with the grant requirements and maintain records in accordance with those requirements.

Management's Response:

The City Administration is currently engaged in the process of providing the necessary training to the Business Office staff, so they would be better prepared to prepare the SEFA and the related reports such as ARRA Compliance reporting. The Administration understands the importance of meeting all the Federal Grant related requirements and will work toward achieving total compliance in this area during the fiscal year 2013-2014. Assistance from the newly hired Accounting Consulting firm would be enlisted as required to achieve such compliance and meet all the applicable requirements.

City of Santa Rosa Schedule of Prior Year Audit Findings Year Ended June 30, 2010

Financial Statements Findings:

FS 97-03	Depreciation - Repeated - See finding FS 97-03
FS 00-17	Late Audit Report - Repeated - See finding FS 00-17
FS 03-03	Disbursements - Resolved
FS 06-03	Inactive Water/Sewer Accounts Receivable - Resolved
FS 07-02	Unbudgeted Transfer - Resolved
FS 09-01	Lack of Supporting Documentation - Resolved
FS 09-02	Excess Partial Day Per Diem - Revised and Repeated - See finding FS 09-02
FS 09-03	Credit Cards - Resolved
FS 09-04	Payroll - Revised and Repeated - See finding FS 09-04
FS 09-05	Segregation of Duties (Payroll Cycle) - Resolved
FS 09-06	Internal Controls over Non-standard Journal Entries - Repeated - See finding FS 09-06
FS 09-07	Capital Asset Inventory - Revised and Repeated - See finding FS 09-07
FS 09-08	Noncompliance with Budget Requirements - Revised and Repeated - See finding FS 09-08
FS 09-09	Bids - Resolved
FS 09-10	Bank Reconciliation - Revised and Repeated - See finding FS 09-10

Federal Awards Finding:

FA 2009-01 Data Collection Form - Repeated - See finding FA 2009-01

City of Santa Rosa Exit Conference June 30, 2010

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements were prepared by Harshwal & Company LLP from the original books and records of the CITY OF SANTA ROSA, NEW MEXICO. The contents of these financial statements remain the responsibility of the City.

EXIT CONFERENCE

An exit conference was held at the City on November 26, 2013, to discuss the current audit report. The following individuals were in attendance.

Representing City of Santa Rosa

Albert E. Campos, Jr. Mayor

Alvin V. Maestas, Sr. City Councilor Patrick Cordova City Councilor Ricky L. Muniz City Councilor Harold Sexton City Councilor

Raymond Mondragon Interim Administrator

Margarita Mireles City Clerk

Yolanda Garcia Finance Director

Representing Harshwal & Company, LLP

Nash Nachiappan, CPA Senior Auditor