

**STATE OF NEW MEXICO
CITY OF SANTA ROSA
ANNUAL FINANCIAL REPORT
JUNE 30, 2011**

**Harshwal & Company LLP
Certified Public Accountants
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Albuquerque, NM 87109
(505) 814-1201**

INTRODUCTORY SECTION

STATE OF NEW MEXICO
City of Santa Rosa
Official Roster
June 30, 2011

List of Officials

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

STATE OF NEW MEXICO
City of Santa Rosa
Table of Contents
June 30, 2011

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Official Roster		1
Table of Contents		2
FINANCIAL SECTION		
Independent Auditors' Report		6
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Assets	A-1	10
Statement of Activities	A-2	12
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B-1	15
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets		17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-2	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		20
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Operational Fund	C-1	21
Airport Fund	C-2	23
Golf Fund	C-3	24
Statement of Net Assets – Proprietary Funds	D-1	25
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	D-2	27
Statement of Cash Flows – Proprietary Funds	D-3	28
Notes to the Financial Statements		29
SUPPLEMENTARY INFORMATION		
		<u>Statement</u>
Nonmajor Governmental Fund Descriptions		56
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	67
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non- GAAP Budgetary Basis) and Actual:		
Local Government Corrections Special Revenue Fund	B-1	75
Emergency Medical Services Special Revenue Fund	B-2	76
Fire Protection Special Revenue Fund	B-3	77
Senior Citizens Nutrition Special Revenue Fund	B-4	78
Law Enforcement Protection Special Revenue Fund	B-5	79
Blue Hole Diving Facility Special Revenue Fund	B-6	80

STATE OF NEW MEXICO
City of Santa Rosa
Table of Contents
June 30, 2011

SUPPLEMENTARY INFORMATION (Continued)	<u>Page</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual (Continued):	
Moise Memorial Library Special Revenue Fund	B-7 81
Lodger's Tax Special Revenue Fund	B-8 82
Lodgers Tax Promotional Special Revenue Fund	B-9 83
Gas Tax Special Revenue Fund	B-10 84
Recreation Special Revenue Fund	B-11 85
EMS, Fire, Rescue Special Revenue Fund	B-12 86
Tourism/Convention Center Special Revenue Fund	B-13 87
Mainstreet Special Revenue Fund	B-14 88
River Road Drainage Capital Projects Fund	B-15 89
Blue Hole Improvements Capital Projects Fund	B-16 90
Park Renovations Capital Projects Fund	B-17 91
Power Dam Improvements Capital Projects Fund	B-18 92
Airport Construction Capital Projects Fund	B-19 93
CDBG Economic Development Grant Dive Center Capital Projects Fund	B-20 94
Downtown Improvements Capital Projects Fund	B-21 95
Culture Corridors Project Capital Projects Fund	B-22 96
2007 MAP Project Capital Projects Fund	B-23 97
Planning Grant Comp Master Plan Capital Projects Fund	B-24 98
Eddy Ave & 8th Street Capital Projects Fund	B-25 99
Los Amigos Capital Projects Fund	B-26 100
CDBG South 2nd Street Capital Projects Fund	B-27 101
Scenic By-Way Capital Projects Fund	B-28 102
ARRA JAG Capital Projects Fund	B-29 103
ARRA Waste Water Treatment Facility Capital Projects Fund	B-30 104
Corona Lift Station Capital Projects Fund	B-31 105
Lake Drive Improvement Capital Projects Fund	B-32 106
ARRA Community Outreach Capital Projects Fund	B-33 107
SR Fish Production Capital Projects Fund	B-34 108
Statement of Revenues, Expenditures, and Changes in Net Assets – Budget (Non-GAAP Budgetary Basis) and Actual:	
Water / Sewer Proprietary Fund	C-1 109
Solid Waste Proprietary Fund	C-2 110
SUPPORTING SCHEDULES	<u>Schedule</u>
Schedule of Collateral Pledged by Depository for Public Funds	I 112
Schedule of Deposit and Investment Accounts	II 113

STATE OF NEW MEXICO
City of Santa Rosa
Table of Contents
June 30, 2011

COMPLIANCE SECTION

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		116
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 <i>OMB Circular A-133</i>		119
Schedule of Expenditures of Federal Awards	III	121
Schedule of Findings and Question Costs		123
Schedule of Prior Year Findings		145

EXIT CONFERENCE		146
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FINANCIAL SECTION

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, 2011, 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, 2011, 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 124-143 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 on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2011, 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, 2011, and the respective changes in financial position and the respective budgetary comparisons for the major capital project funds, and the 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

Harshwal & Company LLP

Albuquerque, New Mexico
December 3, 2013

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
City of Santa Rosa
Statement of Net Assets
June 30, 2011

Exhibit A-1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,173,507	\$ 552,395	\$ 1,725,902
Accounts and taxes receivable		129,473	129,473
Prepaid expenses	60,666	12,504	73,170
Internal balances	<u>115,575</u>	<u>(115,575)</u>	
Total Current Assets	<u>1,349,748</u>	<u>578,797</u>	<u>1,928,545</u>
Noncurrent Assets			
Restricted Assets (Cash)			
Customer meter deposits		68,667	68,667
Repair and replacement		45,236	45,236
Sewer capital reserve		54,845	54,845
Solid waste construction			
Total Restricted Cash	<u>0</u>	<u>168,748</u>	<u>168,748</u>
Capital Assets	38,280,850	9,249,111	47,529,961
Less: accumulated depreciation	<u>(13,742,146)</u>	<u>(3,370,831)</u>	<u>(17,112,977)</u>
Total Capital Assets	<u>24,538,704</u>	<u>5,878,280</u>	<u>30,416,984</u>
Total Noncurrent Assets	<u>24,538,704</u>	<u>6,047,028</u>	<u>30,585,732</u>
<i>Total Assets</i>	<u>\$ 25,888,452</u>	<u>\$ 6,625,825</u>	<u>\$ 32,514,277</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	1,083,518	12,147	1,095,665
Accrued expenses	35,872		35,872
Accrued compensated absences	21,143	10,355	31,498
Deposits payable		68,667	68,667
Interest payable	278,896		278,896
Current portion of long-term debt	<u>313,369</u>	<u>28,659</u>	<u>342,028</u>
Total Current Liabilities	<u>1,732,798</u>	<u>119,828</u>	<u>1,852,626</u>
Noncurrent Liabilities			
Bonds payable	7,248,299	769,300	8,017,599
Accrued compensated absences	4,641		4,641
Landfill closure and post closure liabilities		1,203,394	1,203,394
Loans and notes payable	<u>1,300,652</u>	<u>54,770</u>	<u>1,355,422</u>
Total Noncurrent Liabilities	<u>8,553,592</u>	<u>2,027,464</u>	<u>10,581,056</u>
<i>Total Liabilities</i>	<u>10,286,390</u>	<u>2,147,292</u>	<u>12,433,682</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Statement of Net Assets
June 30, 2011

Exhibit A-1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Net Assets			
Invested in capital assets, net of related debt	15,676,384	5,025,551	20,701,935
Restricted for:			
Repair and replacement		100,081	100,081
Special revenue funds	1,022,949		1,022,949
Capital projects funds	294,398		294,398
Unrestricted	(1,391,669)	(647,099)	(2,038,768)
<i>Total Net Assets</i>	15,602,062	4,478,533	20,080,595
<i>Total Liabilities and Net Assets</i>	\$ 25,888,452	\$ 6,625,825	\$ 32,514,277

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Statement of Activities
For the Year Ending June 30, 2011

Exhibit A-2

Functions/Programs	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government				
Governmental Activities:				
General government	\$ 1,320,394	\$ 51,697	\$ 167,840	\$ 2,118,426
Public safety	699,831	11,348	227,697	
Public works	567,784	100,297	19,071	778,793
Culture and recreation	1,066,824	41,201	61,660	
Health and welfare	161,031	20		
Depreciation-unallocated	1,613,738			
Interest on long-term debt	<u>298,007</u>			
<i>Total governmental activities</i>	<u>5,727,609</u>	<u>204,563</u>	<u>476,268</u>	<u>2,897,219</u>
Business-type Activities:				
Water/Sewer	1,165,979	1,464,543		
Solid Waste	<u>518,225</u>	<u>325,030</u>		<u>137,622</u>
<i>Total business-type activities</i>	<u>1,684,204</u>	<u>1,789,573</u>	<u>0</u>	<u>137,622</u>
<i>Total primary government</i>	<u>\$ 7,411,813</u>	<u>\$ 1,994,136</u>	<u>\$ 476,268</u>	<u>\$ 3,034,841</u>
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				
Net assets, ending				

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Statement of Activities
For the Year Ending June 30, 2011

Exhibit A-2

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
	Governmental Activities	Business Type Activities	Total
Primary Government			
Governmental Activities:			
General government	\$ 1,017,569	\$	\$ 1,017,569
Public safety	(460,786)		(460,786)
Public works	330,377		330,377
Culture and recreation	(963,963)		(963,963)
Health and welfare	(161,011)		(161,011)
Depreciation-unallocated	(1,613,738)		(1,613,738)
Interest on long-term debt	(298,007)		(298,007)
<i>Total governmental activities</i>	<i>(2,149,559)</i>	<i>0</i>	<i>(2,149,559)</i>
Business-type Activities:			
Water/Sewer		298,564	298,564
Solid Waste		(55,573)	(55,573)
<i>Total business-type activities</i>	<i>0</i>	<i>242,991</i>	<i>242,991</i>
<i>Total primary government</i>	<i>(2,149,559)</i>	<i>242,991</i>	<i>(1,906,568)</i>
General Revenues:			
Taxes			
Property taxes	198,137		198,137
Franchise taxes	8,952		8,952
Cigarette taxes	1,470		1,470
Gross receipts taxes	2,189,467	88,767	2,278,234
Motor vehicle taxes	18,916		18,916
Gas taxes	184,536		184,536
Lodgers taxes	435,118		435,118
Interest income	6,118	492	6,610
Miscellaneous income	217,732	35,624	253,356
Transfers net	(98,920)	98,920	0
<i>Total General Revenues and Transfers</i>	<i>3,161,526</i>	<i>223,803</i>	<i>3,385,329</i>
Change in net assets	1,011,967	466,794	1,478,761
Net assets beginning	14,590,095	4,011,739	18,601,834
Net assets, ending	\$ 15,602,062	\$ 4,478,533	\$ 20,080,595

The accompanying notes are an integral part of these financial statements

**GOVERNMENTAL
FUND FINANCIAL STATEMENT**

STATE OF NEW MEXICO

Exhibit B-1

City of Santa Rosa
Balance sheet
Governmental Funds
June 30, 2011

	General Fund			ARRA Waste Water Treatment Facility
	Operational Fund	Airport Fund	Golf Fund	
Current assets				
Cash and cash equivalents	\$ 497,092	\$ 2,955	\$ 2,281	\$ 20,634
Prepaid expenses	56,948	2,740		
Due from other funds	<u>265,786</u>	<u> </u>	<u> </u>	<u>104,711</u>
<i>Total assets</i>	<u>\$ 819,826</u>	<u>\$ 5,695</u>	<u>\$ 2,281</u>	<u>\$ 125,345</u>
Current liabilities				
Accounts payable	43,608			1,039,760
Accrued salaries and wages	35,872			
Due to other funds	<u>55,389</u>	<u> </u>	<u>6,016</u>	<u> </u>
<i>Total liabilities</i>	<u>134,869</u>	<u>0</u>	<u>6,016</u>	<u>1,039,760</u>
Fund balance				
Nonspendable	56,948	2,740		
Restricted for:				
Special revenue funds				
Capital projects funds				
Unassigned for:				
General fund	628,009	2,955	(3,735)	
Special revenue funds				
Capital projects funds	<u> </u>	<u> </u>	<u> </u>	<u>(914,415)</u>
<i>Total fund balances</i>	<u>684,957</u>	<u>5,695</u>	<u>(3,735)</u>	<u>(914,415)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 819,826</u>	<u>\$ 5,695</u>	<u>\$ 2,281</u>	<u>\$ 125,345</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Balance sheet
Governmental Funds
June 30, 2011

Exhibit B-1

	<u>Other Governmental</u>	<u>Total</u>
Current assets		
Cash and cash equivalents	\$ 650,545	\$ 1,173,507
Prepaid expenses	978	60,666
Due from other funds	<u>749,739</u>	<u>1,120,236</u>
<i>Total assets</i>	<u>\$ 1,401,262</u>	<u>\$ 2,354,409</u>
Current liabilities		
Accounts payable	150	1,083,518
Accrued salaries and wages		35,872
Due to other funds	<u>943,256</u>	<u>1,004,661</u>
<i>Total liabilities</i>	<u>943,406</u>	<u>2,124,051</u>
Fund balance		
Nonspendable	978	60,666
Restricted for:		
Special revenue funds	1,022,949	1,022,949
Capital projects funds	294,398	294,398
Unassigned for:		
General fund		627,229
Special revenue funds	(625,195)	(625,195)
Capital projects funds	<u>(235,274)</u>	<u>(1,149,689)</u>
<i>Total fund balances</i>	<u>457,856</u>	<u>230,358</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,401,262</u>	<u>\$ 2,354,409</u>

STATE OF NEW MEXICO
City of Santa Rosa
Reconciliation of the Balance Sheet-Governmental Funds to the
Statement of Net Assets
June 30, 2011

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

Fund balances - total governmental funds	\$ 230,358
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	24,538,704
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	(278,896)
Accrued compensated absences	(25,784)
Bond payable	(7,460,593)
Loans payable	<u>(1,401,727)</u>
Total net assets of governmental activities	<u>\$ 15,602,062</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit B-2

City of Santa Rosa

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ending June 30, 2011

	General Fund		
	Operational Fund	Airport Fund	Golf Fund
Revenues			
Property taxes	\$ 198,137	\$	\$
Lodgers taxes			
Franchise taxes	8,952		
Cigarette taxes	979		
Gross receipts taxes	2,189,467		
MVD taxes	11,360		
Gas taxes			
Charges for services	57,430	29,282	18,141
Licenses and permits	23,282		
Fines and forfeitures	44,317		
Local grants	16,786		
State grants	58,609	3,515	
Federal grants			
Interest income	4,965	1	1
Miscellaneous	<u>95,253</u>		
<i>Total revenues</i>	<u>2,709,537</u>	<u>32,798</u>	<u>18,142</u>
Expenditures			
Current			
General government	676,142		
Public safety	528,292		
Public works	130,597	54,240	
Culture and recreation	742,095		89,965
Health and welfare	11,290		
Capital outlay	8,177		14,492
Debt service			
Principal	158,816		
Interest	<u>142,687</u>		
<i>Total expenditures</i>	<u>2,398,096</u>	<u>54,240</u>	<u>104,457</u>
Excess (deficiency) of revenues over expenditures	<u>311,441</u>	<u>(21,442)</u>	<u>(86,315)</u>
Other financing sources (uses)			
Proceed from the issuance of bonds			
Transfers in	48,000	20,000	90,680
Transfers out	<u>(285,673)</u>		
<i>Total other financing sources (uses)</i>	<u>(237,673)</u>	<u>20,000</u>	<u>90,680</u>
<i>Net change in fund balance</i>	73,768	(1,442)	4,365
<i>Fund balance - beginning of year</i>	<u>611,189</u>	<u>7,137</u>	<u>(8,100)</u>
<i>Fund balance - end of year</i>	<u>\$ 684,957</u>	<u>\$ 5,695</u>	<u>\$ (3,735)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit B-2

City of Santa Rosa

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ending June 30, 2011

	ARRA Waste Water Treatment Facility	Other Governmental Funds	Total
Revenues			
Property taxes	\$	\$	\$ 198,137
Lodgers taxes		435,118	435,118
Franchise taxes			8,952
Cigarette taxes		491	1,470
Gross receipts taxes			2,189,467
MVD taxes		7,556	18,916
Gas taxes		184,536	184,536
Charges for services		12,579	117,432
Licenses and permits		18,440	41,722
Fines and forfeitures		1,036	45,353
Local grants		2,100	18,886
State grants	1,668,549	1,005,844	2,736,517
Federal grants	244,809	309,274	554,083
Interest income	33	1,118	6,118
Miscellaneous		186,536	281,789
<i>Total revenues</i>	<u>1,913,391</u>	<u>2,164,628</u>	<u>6,838,496</u>
Expenditures			
Current			
General government	423,813	214,269	1,314,224
Public safety		171,539	699,831
Public works		382,947	567,784
Culture and recreation		234,764	1,066,824
Health and welfare		149,741	161,031
Capital outlay	6,614,839	808,347	7,445,855
Debt service			
Principal		148,364	307,180
Interest		65,389	208,076
<i>Total expenditures</i>	<u>7,038,652</u>	<u>2,175,360</u>	<u>11,770,805</u>
Excess (deficiency) of revenues over expenditures	<u>(5,125,261)</u>	<u>(10,732)</u>	<u>(4,932,309)</u>
Other financing sources (uses)			
Proceed from the issuance of bonds	3,744,771		3,744,771
Transfers in		346,095	504,775
Transfers out		(318,022)	(603,695)
<i>Total other financing sources (uses)</i>	<u>3,744,771</u>	<u>28,073</u>	<u>3,645,851</u>
<i>Net change in fund balance</i>	(1,380,490)	17,341	(1,286,458)
<i>Fund balance - beginning of year</i>	<u>466,075</u>	<u>440,515</u>	<u>1,516,816</u>
<i>Fund balance - end of year</i>	<u>\$ (914,415)</u>	<u>\$ 457,856</u>	<u>\$ 230,358</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2011

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

Net change in fund balances - total governmental funds	\$ (1,286,458)
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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	7,445,855
Depreciation expense	(1,613,738)

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	(3,744,771)
Principal payments on loans and capital leases payable	307,180
Increase in accrued interest payable	(89,931)
Increase in accrued compensated absence	<u>(6,170)</u>

Change in net assets of governmental activities	\$ <u><u>1,011,967</u></u>
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STATE OF NEW MEXICO

Exhibit C-1

City of Santa Rosa

Operational Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Budgetary Basis)	(Unfavorable)
				Final to Actual
Revenues:				
Property taxes	\$ 174,000	\$ 174,000	\$ 198,137	\$ 24,137
Franchise taxes	19,000	19,000	18,069	(931)
Cigarette taxes			979	979
Gross receipts taxes	2,040,475	2,040,475	2,353,490	313,015
MVD taxes	11,000	11,000	11,360	360
Charges for services	35,200	35,200	27,416	(7,784)
Licenses and permits	8,450	8,450	7,405	(1,045)
Fines and forfeitures	54,400	54,400	31,005	(23,395)
Local sources	24,508	106,980	8,988	(97,992)
State grants	74,000	75,765	57,761	(18,004)
Federal grants	2,297	2,297		(2,297)
Interest income	100	100	4,965	4,865
Miscellaneous	321,400	324,661	117,733	(206,928)
Total revenues	2,764,830	2,852,328	2,837,308	(15,020)
Expenditures:				
Current:				
General government	1,030,789	1,134,362	1,128,979	5,383
Public safety	779,317	742,696	691,072	51,624
Public works	193,082	193,082	137,305	55,777
Culture and recreation	526,413	448,550	444,746	3,804
Health and Welfare		14,731	14,644	87
Miscellaneous	22,510	22,510	14,249	8,261
Debt service:				
Total expenditures	2,552,111	2,555,931	2,430,995	124,936
Excess (deficiency) of revenues over expenditures	212,719	296,397	406,313	109,916
Other financing sources (uses)				
Designated cash	(59,454)	(17,212)		17,212
Transfers in	45,000	48,000	48,000	
Transfers (out)	(198,265)	(327,185)	(285,673)	41,512
Total other financing sources (uses)	(212,719)	(296,397)	(237,673)	58,724
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	168,640	168,640

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-1

City of Santa Rosa

Operational Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variances Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	(Non-GAAP Budgetary Basis)	<u>Final to Actual</u>
<i>Fund balances - beginning of year</i>			544,438	544,438
<i>Fund balances - end of year</i>	\$ <u>0</u>	\$ <u>0</u>	713,078	\$ <u>713,078</u>
Reconciliation to GAAP Basis:				
Net change in fund balances			168,640	
Revenue accruals			(127,771)	
Expenditure accruals			32,899	
Net change in fund balances - GAAP basis			\$ <u>73,768</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-2

City of Santa Rosa

Airport Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 23,000	\$ 23,000	\$ 29,282	\$ 6,282
State grants	10,000	10,000	3,515	(6,485)
Interest income	10	10		(10)
Miscellaneous	100	100	1	(99)
<i>Total revenues</i>	<u>33,110</u>	<u>33,110</u>	<u>32,798</u>	<u>(312)</u>
Expenditures:				
Current:				
Public works	35,000	57,500	56,981	519
<i>Total expenditures</i>	<u>35,000</u>	<u>57,500</u>	<u>56,981</u>	<u>519</u>
Excess (deficiency) of revenues over expenditures	(1,890)	(24,390)	(24,183)	207
Other financing sources (uses)				
Designated cash	1,890	4,390		(4,390)
Transfers in		20,000	20,000	
<i>Total other financing sources (uses)</i>	<u>1,890</u>	<u>24,390</u>	<u>20,000</u>	<u>(4,390)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	(4,183)	(4,183)
<i>Fund balances - beginning of year</i>			<u>7,137</u>	<u>7,137</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>2,954</u>	<u>\$ 2,954</u>
Reconciliation to GAAP Basis:			(4,183)	
Revenue accruals			0	
Expenditure accruals			2,741	
Net change in fund balances - GAAP basis			<u>\$ (1,442)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-3

City of Santa Rosa

Golf Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ending June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 21,000	\$ 21,000	\$ 18,142	\$ (2,858)
Interest income	10	10		(10)
Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>1</u>	<u>(1,499)</u>
<i>Total revenues</i>	<u>22,510</u>	<u>22,510</u>	<u>18,143</u>	<u>(4,367)</u>
Expenditures:				
Current:				
Culture and recreation	94,011	94,011	91,015	2,996
Capital outlay	<u>1,000</u>	<u>30,492</u>	<u>14,492</u>	<u>16,000</u>
<i>Total expenditures</i>	<u>95,011</u>	<u>124,503</u>	<u>105,507</u>	<u>18,996</u>
Excess (deficiency) of revenues over expenditures	(72,501)	(101,993)	(87,364)	14,629
Other financing sources (uses)				
Designated cash	(7,002)	(7,002)		7,002
Transfers in	<u>79,503</u>	<u>108,995</u>	<u>90,680</u>	<u>(18,315)</u>
<i>Total other financing sources (uses)</i>	<u>72,501</u>	<u>101,993</u>	<u>90,680</u>	<u>(11,313)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	3,316	3,316
Fund balances - beginning of year			(7,050)	(7,050)
Fund balances - end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>(3,734)</u>	<u>\$ (3,734)</u>
Reconciliation to GAAP Basis:			3,316	
Revenue accruals			(1)	
Expenditure accruals			<u>1,050</u>	
Net change in fund balances - GAAP basis			<u>\$ 4,365</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Statement of Net Assets
Proprietary Funds
June 30, 2011

Exhibit D-1

	<u>Enterprise Funds</u>		
	<u>Water/Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	
Assets			
<i>Current assets</i>			
Cash	\$ 529,809	\$ 22,586	\$ 552,395
Accounts receivable	100,283	29,190	129,473
Prepaid expenses	12,504		12,504
Due from other funds	<u>43,460</u>		<u>43,460</u>
<i>Total current assets</i>	<u>686,056</u>	<u>51,776</u>	<u>737,832</u>
<i>Restricted Assets (Cash)</i>			
Customer meter deposits	68,667		68,667
Repair and replacement	45,236		45,236
Sewer Capital Reserve	<u>54,845</u>		<u>54,845</u>
<i>Total Restricted Assets (Cash)</i>	<u>168,748</u>	<u>0</u>	<u>168,748</u>
<i>Noncurrent assets</i>			
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	264,461		264,461
Less: accumulated depreciation	<u>(2,777,612)</u>	<u>(593,219)</u>	<u>(3,370,831)</u>
<i>Total noncurrent assets</i>	<u>5,175,300</u>	<u>702,980</u>	<u>5,878,280</u>
<i>Total Assets</i>	<u>\$ 6,030,104</u>	<u>\$ 754,756</u>	<u>\$ 6,784,860</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Statement of Net Assets
Proprietary Funds
June 30, 2011

Exhibit D-1

Liabilities and Net Assets

Liabilities

Current liabilities

Accounts payable	\$ 429	\$ 11,718	\$ 12,147
Deposits Payable	68,667		68,667
Current portion of bond payable	12,000		12,000
Current portion of notes payable		16,659	16,659
Due to other funds	115,719	43,316	159,035
Accrued compensated absences	<u>4,094</u>	<u>6,261</u>	<u>10,355</u>

<i>Total current liabilities</i>	<u>200,909</u>	<u>77,954</u>	<u>278,863</u>
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Noncurrent liabilities

Bonds payable	769,300		769,300
Notes payable		54,770	54,770
Landfill closure and post closure liabilities		<u>1,203,394</u>	<u>1,203,394</u>

<i>Total noncurrent liabilities</i>	<u>769,300</u>	<u>1,258,164</u>	<u>2,027,464</u>
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<i>Total liabilities</i>	<u>970,209</u>	<u>1,336,118</u>	<u>2,306,327</u>
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Net Assets

Invested in capital assets, net of related debt	4,394,000	631,551	5,025,551
Restricted for repair and replacement	100,081	0	100,081
Unrestricted	<u>565,814</u>	<u>(1,212,913)</u>	<u>(647,099)</u>
<i>Total net assets</i>	<u>5,059,895</u>	<u>(581,362)</u>	<u>4,478,533</u>

<i>Total Liabilities and Net Assets</i>	<u>\$ 6,030,104</u>	<u>\$ 754,756</u>	<u>\$ 6,784,860</u>
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STATE OF NEW MEXICO

Exhibit D-2

City of Santa Rosa

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended June 30, 2011

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Water/Sewer</u>	<u>Solid Waste</u>	
Operating revenues:			
Charges for services	\$ <u>1,464,543</u>	\$ <u>325,030</u>	\$ <u>1,789,573</u>
<i>Total operating revenues</i>	<u>1,464,543</u>	<u>325,030</u>	<u>1,789,573</u>
Operating expenses:			
Personnel services	474,134	193,664	667,798
Maintenance and operations	430,489	266,913	697,402
Depreciation	<u>223,850</u>	<u>56,921</u>	<u>280,771</u>
<i>Total operating expenses</i>	<u>1,128,473</u>	<u>517,498</u>	<u>1,645,971</u>
<i>Operating income (loss)</i>	<u>336,070</u>	<u>(192,468)</u>	<u>143,602</u>
Non-Operating revenues (expenses):			
Interest income	367	125	492
State grants		56,942	56,942
Federal grants	80,680		80,680
Environmental gross receipts	23,291	65,476	88,767
Interest expense	(37,506)	(727)	(38,233)
Miscellaneous income	<u>18,301</u>	<u>17,323</u>	<u>35,624</u>
<i>Total non-operating revenues (expenses)</i>	<u>85,133</u>	<u>139,139</u>	<u>224,272</u>
Income (loss) before transfers	421,203	(53,329)	367,874
Other financing source (uses)			
Transfers In	65,324	149,782	215,106
Transfers (out)	<u>(85,324)</u>	<u>(30,862)</u>	<u>(116,186)</u>
<i>Total other financing sources (uses)</i>	<u>(20,000)</u>	<u>118,920</u>	<u>98,920</u>
<i>Change in net assets</i>	401,203	65,591	466,794
<i>Net assets, beginning of year</i>	<u>4,658,692</u>	<u>(646,953)</u>	<u>4,011,739</u>
<i>Net assets, end of year</i>	<u>\$ 5,059,895</u>	<u>\$ (581,362)</u>	<u>\$ 4,478,533</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

Exhibit D-3

	Water/Sewer Fund	Solid Waste	Total
<i>Cash flows from operating activities:</i>			
Cash received from user charges	\$ 1,449,950	\$ 328,786	\$ 1,778,736
Cash payments to supplies	(414,511)	(252,618)	(667,129)
Cash payments to employees	(480,295)	(198,675)	(678,970)
Internal activity	(65,864)	36,591	(29,273)
<i>Net cash provided (used) by operating activities</i>	489,280	(85,916)	403,364
<i>Cash flows from noncapital financing activities:</i>			
Miscellaneous income	18,301	17,323	35,624
Cash received from State grants		56,942	56,942
Compensated absences	(1,321)	(242)	(1,563)
Environmental gross receipts	23,291	65,476	88,767
Cash received from federal grants	80,680		
Decrease in liability for landfill closure and post-closure		(176,144)	(176,144)
<i>Net cash provided (used) by noncapital financing activities</i>	120,951	(36,645)	84,306
<i>Cash flows from capital and related financing activities:</i>			
Acquisition of capital assets	(136,877)		(136,877)
Operating transfers	(20,000)	118,920	98,920
Interest expenses	(45,232)	(3,233)	(48,465)
Loan / Bond Payments	(11,000)	(15,923)	(26,923)
Interest income	367	125	492
<i>Net cash provided (used) by capital and related financing activities</i>	(212,742)	99,889	(112,853)
<i>Net increase (decrease) in cash and cash equivalents</i>	397,489	(22,672)	374,817
<i>Cash and cash equivalents - beginning of year</i>	301,068	45,258	346,326
<i>Cash and cash equivalents - end of year</i>	\$ 698,557	\$ 22,586	\$ 721,143
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i>			
Operating income (loss)	\$ 336,070	\$ (192,468)	\$ 143,602
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	223,850	56,921	280,771
Changes in assets and liabilities			
Receivables	(14,593)	3,756	(10,837)
Internal activity	(65,864)	36,591	(29,273)
Accrued salaries and wages	(6,161)	(5,011)	(11,172)
Accounts payable	(246)	11,718	11,472
Deposits Payable	6,969		6,969
Prepaid expenses	9,255	2,577	11,832
<i>Net cash provided (used) by operating activities</i>	\$ 489,280	\$ (85,916)	\$ 403,364

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

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.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

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 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*.

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.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

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:

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

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:

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.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

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.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

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."

STATE OF NEW MEXICO
 City of Santa Rosa
 Notes to Financial Statements
 June 30, 2011

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>	<u>Years</u>
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.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

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.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

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 \$1,417,428 of restricted net assets, of which \$294,398 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.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

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, 2011.

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.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

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 Dodd Frank Act of 2010 required that all funds in a non-interest bearing bank account be fully insured by the FDIC through December 31, 2012. The City has an interest bearing account therefore; they are not subject to the Dodd-Frank Act of 2010.

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:

	<u>Wells Fargo</u> <u>Bank</u>
Amount of Deposits	2,088,834
FDIC Coverage	<u>(250,000)</u>
Total uninsured public funds	<u>\$ 1,838,834</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	<u>985,422</u>
Uninsured and uncollateralized	<u>\$ 853,412</u>
Collateral requirement (50% of uninsured public funds)	919,417
Pledged collateral	<u>985,422</u>
(Over)/under collateralized	<u>\$ (66,005)</u>

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, 2011, \$1,838,834 of the City's bank balance of \$2,088,834 was exposed to custodial credit risk.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

NOTE 4. Receivables

Accounts receivable at June 30, 2011, consisted of the following:

<u>Governmental Activities</u>	<u>Proprietary Funds</u>	<u>Total Primary Government</u>
Other accounts receivables:	<u>129,473</u>	<u>129,473</u>
Totals	<u>\$ 129,473</u>	<u>\$ 129,473</u>

NOTE 5. Interfund Receivables, Payables, and Transfers

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

Governmental Activities:	<u>Transfers In</u>	<u>Transfers Out</u>
Operational Fund	\$ 48,000	\$ 285,673
Airport Fund	20,000	
Golf Fund	90,680	
Non-Major Governmental Funds	<u>346,095</u>	<u>318,022</u>
Total Governmental Activities	<u>504,775</u>	<u>603,695</u>
 Business Type Activities:		
Solid Waste Fund	149,782	30,862
Water/Sewer Funds	<u>65,324</u>	<u>85,324</u>
Total Business Type Activities	<u>215,106</u>	<u>116,186</u>
 Total Primary Government	 <u>\$ 719,881</u>	 <u>\$ 719,881</u>

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

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

Receivables and payables from interfund transactions as of June 30, 2011 are listed below. Interfund receivables and payables represent short-term loans and are expected to be repaid within one year.

<u>Funds</u>	<u>Due From</u>	<u>Funds</u>	<u>Due To</u>
Operational Fund	\$ 265,786	Operational Fund	\$ 55,389
		Golf Fund	6,016
		Non-Major Governmental Funds	943,256
		Waste/Sewer Fund	115,719
ARRA WW Treatment Facility	104,711	Solid Waste Fund	43,316
Non-Major Governmental Funds	749,739		
Waste/Sewer Fund	<u>43,460</u>		<u> </u>
Total	<u>\$1,163,696</u>		<u>\$1,163,696</u>

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2011 follows. Land is not subject to depreciation.

Governmental Activities:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Capital assets, not being depreciated:				
Land	\$ <u>1,688,145</u>	\$ _____	\$ _____	\$ <u>1,688,145</u>
Total capital assets, not being depreciated:	<u>1,688,145</u>	<u>0</u>	<u>0</u>	<u>1,688,145</u>
Capital assets being depreciated:				
Land improvements	5,324,674			5,324,674
Buildings & improvements	5,987,596	7,354,750		13,342,346
Airport	4,207,959			4,207,959
Street improvements	9,872,577	8,178		9,880,755
Vehicles & equipment	<u>3,754,044</u>	<u>82,927</u>	_____	<u>3,836,971</u>
Total capital assets being depreciated:	<u>29,146,850</u>	<u>7,445,855</u>	<u>0</u>	<u>36,592,705</u>
Total capital assets	<u>30,834,995</u>	<u>7,445,855</u>	<u>0</u>	<u>38,280,850</u>
Less: accumulated depreciation:				
Total accumulated depreciation:	<u>12,128,408</u>	<u>1,613,738</u>	<u>0</u>	<u>13,742,146</u>
Capital assets, net	<u>\$ 18,706,587</u>	<u>\$ 5,832,117</u>	<u>\$ 0</u>	<u>\$ 24,538,704</u>

Depreciation expense, in the amount of \$1,613,738, for the year ended June 30, 2011 was unallocated by function.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

NOTE 6. Capital Assets (continued)

Business Type-Activities:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Capital assets, not being depreciated:				
Land	\$ 158,559	\$	\$	\$ 158,559
Total capital assets, not being depreciated:	<u>158,559</u>	<u>0</u>	<u>0</u>	<u>158,559</u>
Capital assets being depreciated:				
Buildings	127,584	136,877		264,461
Equipment	143,244			143,244
Heavy equipment	847,424			847,424
Vehicles	268,000			268,000
Plant	<u>7,567,423</u>			<u>7,567,423</u>
Total business type assets	<u>8,953,675</u>	<u>136,877</u>	<u>0</u>	<u>9,090,552</u>
Total capital assets	<u>9,112,234</u>	<u>136,877</u>	<u>0</u>	<u>9,249,111</u>
Less: accumulated depreciation:				
Buildings	72,279	14,383		86,662
Equipment	112,682	10,815		123,497
Heavy equipment	417,400	40,074		457,474
Vehicles	264,935	2,095		267,030
Plant	<u>2,222,764</u>	<u>213,404</u>		<u>2,436,168</u>
Total accumulated depreciation:	<u>3,090,060</u>	<u>280,771</u>	<u>0</u>	<u>3,370,831</u>
Capital assets, net	<u>\$ 6,022,174</u>	<u>\$ (143,894)</u>	<u>\$ 0</u>	<u>\$ 5,878,280</u>

Depreciation expense relating to business-type activities for the year ended June 30, 2011 totaled \$280,771.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

NOTE 7. Long-term Debt

During the year ended June 30, 2011, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

Governmental Long-Term Debt:

	Balance <u>June 30, 2010</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2011</u>	Current <u>Maturities</u>
Revenue bonds series 2006A	\$ 1,709,075	\$	\$ 73,885	\$ 1,635,190	\$ 76,401
Revenue bonds series 2006B	1,697,796		73,393	1,624,403	75,893
Revenue Bond series 2009	516,229	3,744,771	60,000	4,201,000	60,000
NMFA Loan-Fire tanker	62,056		12,021	50,035	12,199
NMFA Loan-Golf course inf imp	186,386		10,376	176,010	10,436
NMFA Loan-Asst liv facility	876,632		21,561	855,071	22,069
NMFA Loan - Fire Pumper	319,243		41,616	277,627	42,043
NMFA Loan -Police Vehicles	57,312		14,328	42,984	14,328
Compensated absences	<u>19,614</u>	<u>47,785</u>	<u>41,615</u>	<u>25,784</u>	<u>21,143</u>
Total Long-Term Debt	<u>\$ 5,444,343</u>	<u>\$3,792,556</u>	<u>\$ 348,795</u>	<u>\$ 8,888,104</u>	<u>\$ 334,512</u>

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 last year, the City drew down proceeds in the amount of \$516,229 and during the current year, the City drew down the remaining proceeds in the amount of \$3,744,771.

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

<u>Series</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2011</u>
2006 A	5/1/2027	1,942,085	3.908%	\$ 1,635,190
2006 B	5/1/2027	1,943,951	3.913%	1,624,403
2009	4/22/2050	4,261,000	2.75%	<u>4,201,000</u>
				<u>\$ 7,460,593</u>

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the governmental bonds as of June 30, 2011 including the interest payments are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
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	245,367	212,560	457,927
2017-2021	1,351,827	928,967	2,280,794
2022-2026	1,611,775	665,847	2,277,622
2027-2031	748,322	410,935	1,159,257
2032-2036	560,000	329,100	889,100
2037-2041	630,000	248,600	878,600
2042-2046	730,000	156,300	886,300
2047-2050	691,000	49,700	740,700
	<u>\$ 7,460,593</u>	<u>\$ 3,928,868</u>	<u>\$ 11,389,461</u>

Governmental Funds-NMFA Loans

The annual requirements to amortize the governmental long term debt to NMFA as of June 30, 2011, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
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	85,447	40,657	126,104
2017-2021	244,012	177,229	421,241
2022-2026	226,168	142,757	368,925
2027-2031	225,796	96,017	321,813
2032-2036	216,479	31,548	248,027
	<u>\$ 1,401,727</u>	<u>\$ 669,668</u>	<u>\$ 2,071,395</u>

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

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, 2011:

Business-Type Long-Term Debt:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Current</u> <u>Maturities</u>
Revenue bonds series 2001A	\$ 229,300	\$	\$ 4,000	\$ 225,300	\$ 4,000
Revenue bonds series 2001B	179,000		3,000	176,000	3,000
Revenue bonds series 2006	384,000		4,000	380,000	5,000
NMFA Loan-Refuse Truck	87,352		15,923	71,429	16,659
Compensated absences	<u>11,918</u>	<u>21,478</u>	<u>23,041</u>	<u>10,355</u>	<u>10,355</u>
Total Long-Term Debt	<u>\$ 891,570</u>	<u>\$ 21,478</u>	<u>\$ 49,964</u>	<u>\$ 863,084</u>	<u>\$ 39,014</u>

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

<u>Series</u>	<u>Maturity Date</u>	<u>Original</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Balance</u> <u>June 30, 2011</u>
2001 A	5/31/2041	256,300	4.50%	\$ 225,300
2001 B	5/31/2041	200,000	4.50%	176,000
2006	6/23/2046	400,000	4.25%	<u>380,000</u>
				<u>\$ 781,300</u>

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the business-type bonds as of June 30, 2011 including interest payments are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
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	15,000	16,900	31,900
2017-2021	78,000	78,300	156,300
2022-2026	98,000	67,000	165,000
2027-2031	121,000	52,900	173,900
2031-2036	151,000	35,000	186,000
2037-2041	172,300	13,000	185,300
2042-2046	<u>98,000</u>	<u>98,000</u>	<u>98,000</u>
	<u>\$ 781,300</u>	<u>\$ 333,800</u>	<u>\$ 1,115,100</u>

The annual requirements to amortize the business-type long term debt to NMFA as of June 30, 2011, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2012	\$ 16,659	\$ 3,351	\$ 20,010
2013	17,434	2,578	20,012
2014	18,250	1,763	20,013
2015	<u>19,086</u>	<u>906</u>	<u>19,992</u>
	<u>\$ 71,429</u>	<u>\$ 8,598</u>	<u>\$ 80,027</u>

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 \$1,203,394 reported as landfill closure and post-closure care liability at June 30, 2011 represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

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, 2011 were as follows

Golf Fund	\$	3,735
AARA Waste Water Treatment Facility		914,415
Lodgers Tax Promotional Fund		625,195
Eddy Ave & 8th Street Fund		4,780
Los Amigo's fund		79,976
Corona Lift Station		150,518

B. Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2011:

Fire Protection Fund	\$	(74,265)
Senior Citizens Nutrition Fund		(1,871)
Law Enforcement Protection Fund		(1,380)
Downtown Improvement Fund		(50,031)
2007 MAP Project Fund		(9,026)
Scenic By-Way		(45,031)
ARRA Community Outreach Fund		(23,670)
Solid Waste fund		(45,150)

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

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, 2011, 2010 and 2009 were \$136,664, \$146,508 and \$140,716, 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.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

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, 2011, 2010, and 2009, City of Santa Rosa remitted \$22,354, \$17,172, and \$18,445 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.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

NOTE 15. Subsequent Accounting Standard Pronouncements

In November 2010, GASB Statement No. 60 Accounting and Financial Reporting for Service Concession Arrangements. Effective Date: For financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The standard is expected to have no effect on the City in upcoming years.

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:

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

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.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2011

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.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUND

STATE OF NEW MEXICO
City of Santa Rosa
Nonmajor Governmental Fund Descriptions
June 30, 2011

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)

STATE OF NEW MEXICO
City of Santa Rosa
Nonmajor Governmental Fund Descriptions
June 30, 2011

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

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.

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.

STATE OF NEW MEXICO
City of Santa Rosa
Nonmajor Governmental Fund Descriptions
June 30, 2011

NON-MAJOR CAPITAL PROJECTS FUND - CONTINUED

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.

CDBG SOUTH 2ND STREET - To account for infrastructure and utilities for 2nd street.

DOWNTOWN IMPROVEMENTS FUND - To account for a transfer from the general fund to improve the Downtown area and to eventually promote tourism.

EDDY AVE & 8TH STREET - To account for the grant for infrastructure on Eddy and 8th Street.

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

SR FISH PRODUCTION FUND - To account for funds received for the purpose of overcoming wildlife's limiting factors and restoration of lakes and trout streams.

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.

LAKE DRIVE IMPROVEMENT - To account funds received from federal sources for the development of Lake Drive residences.

STATE OF NEW MEXICO
City of Santa Rosa
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2011

Statement A-1

	Special Revenue Fund			
	Local Gov Correction Fund	Emergency Medical Service	Fire Protection Fund	Senior Citizens Nutrition
Current assets				
Cash and cash equivalents	\$ 9,974	\$	\$ 24,912	\$ 9,179
Prepaid expenses				978
Due from other funds				2,992
<i>Total assets</i>	<u>\$ 9,974</u>	<u>\$ 0</u>	<u>\$ 24,912</u>	<u>\$ 13,149</u>
Current liabilities				
Accounts payable				
Due from to funds	20			
<i>Total liabilities</i>	<u>20</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance				
Nonspendable				978
Restricted for:				
Special revenue funds	9,954		24,912	12,171
Capital projects funds				
Unassigned for:				
Special revenue funds				
Capital projects funds				
<i>Total fund balances</i>	<u>9,954</u>	<u>0</u>	<u>24,912</u>	<u>13,149</u>
<i>Total liabilities and fund balances</i>	<u>\$ 9,974</u>	<u>\$ 0</u>	<u>\$ 24,912</u>	<u>\$ 13,149</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2011

Statement A-1

	Special Revenue Fund				
	Law Enforcement Protection	Blue Hole Diving Facility	Moise Memorial Library	Lodgers Tax Fund	Lodgers Tax Promotional Fund
Current assets					
Cash and cash equivalents	\$	\$ 16,810	\$ 44,748	\$ 232,772	\$
Prepaid expenses					
Due from other funds			233	629,824	
<i>Total assets</i>	<u>\$ 0</u>	<u>\$ 16,810</u>	<u>\$ 44,981</u>	<u>\$ 862,596</u>	<u>\$ 0</u>
Current liabilities					
Accounts payable					150
Due from to funds				7,700	625,045
<i>Total liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,700</u>	<u>625,195</u>
Fund balance					
Nonspendable					
Restricted for:					
Special revenue funds		16,810	44,981	854,896	
Capital projects funds					
Unassigned for:					
Special revenue funds					(625,195)
Capital projects funds					
<i>Total fund balances</i>	<u>0</u>	<u>16,810</u>	<u>44,981</u>	<u>854,896</u>	<u>(625,195)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 0</u>	<u>\$ 16,810</u>	<u>\$ 44,981</u>	<u>\$ 862,596</u>	<u>\$ 0</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2011

Statement A-1

	Special Revenue Fund				
	Gasoline Tax Street Fund	Recreation Fund	EMS, Fire & Rescue Fund	Tourism / Convention Center	Mainstreet Fund
Current assets					
Cash and cash equivalents	\$ 38,390	\$ 823	\$ 14,175	\$ 21,379	\$ 22,011
Prepaid expenses					
Due from other funds					
<i>Total assets</i>	<u>\$ 38,390</u>	<u>\$ 823</u>	<u>\$ 14,175</u>	<u>\$ 21,379</u>	<u>\$ 22,011</u>
Current liabilities					
Accounts payable					
Due from to funds	<u>37,553</u>				
<i>Total liabilities</i>	<u>37,553</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance					
Nonspendable					
Restricted for:					
Special revenue funds	837	823	14,175	21,379	22,011
Capital projects funds					
Unassigned for:					
Special revenue funds					
Capital projects funds					
<i>Total fund balances</i>	<u>837</u>	<u>823</u>	<u>14,175</u>	<u>21,379</u>	<u>22,011</u>
<i>Total liabilities and fund balances</i>	<u>\$ 38,390</u>	<u>\$ 823</u>	<u>\$ 14,175</u>	<u>\$ 21,379</u>	<u>\$ 22,011</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 City of Santa Rosa
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2011

Statement A-1

	Capital Project Fund			
	River Road Drainage Fund	Blue Hole Improvement	Park Renovation	Power Dam Improvements Fund
Current assets				
Cash and cash equivalents	\$	\$ 360	\$ 83	\$ 11,365
Prepaid expenses				
Due from other funds				
<i>Total assets</i>	\$ 0	\$ 360	\$ 83	\$ 11,365
Current liabilities				
Accounts payable				
Due from to funds				
<i>Total liabilities</i>	0	0	0	0
Fund balance				
Nonspendable				
Restricted for:				
Special revenue funds				
Capital projects funds		360	83	11,365
Unassigned for:				
Special revenue funds				
Capital projects funds				
<i>Total fund balances</i>	0	360	83	11,365
<i>Total liabilities and fund balances</i>	\$ 0	\$ 360	\$ 83	\$ 11,365

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2011

Statement A-1

	Capital Project Fund			
	CDBG			
	Airport Construction Fund	Economic Dev Grant Dive Center Fund	DOWNTOW N IMPROVE MENTS	Culture Corridors Project Fund
Current assets				
Cash and cash equivalents	\$ 3,764	\$ 25,001	\$ 62,957	\$ 6,241
Prepaid expenses				
Due from other funds				
<i>Total assets</i>	<u>\$ 3,764</u>	<u>\$ 25,001</u>	<u>\$ 62,957</u>	<u>\$ 6,241</u>
Current liabilities				
Accounts payable				
Due from to funds				
<i>Total liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance				
Nonspendable				
Restricted for:				
Special revenue funds				
Capital projects funds	3,764	25,001	62,957	6,241
Unassigned for:				
Special revenue funds				
Capital projects funds				
<i>Total fund balances</i>	<u>3,764</u>	<u>25,001</u>	<u>62,957</u>	<u>6,241</u>
<i>Total liabilities and fund balances</i>	<u>\$ 3,764</u>	<u>\$ 25,001</u>	<u>\$ 62,957</u>	<u>\$ 6,241</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2011

Statement A-1

	Capital Project Fund			
	2007 Map Project	Planning Grant Comp Master Plan Fund	Eddy Ave & 8th Street Fund	Los Amigo
Current assets				
Cash and cash equivalents	\$ 1,387	\$ 7	\$	\$ 18,016
Prepaid expenses				
Due from other funds		<u>11,000</u>		
<i>Total assets</i>	<u>\$ 1,387</u>	<u>\$ 11,007</u>	<u>\$ 0</u>	<u>\$ 18,016</u>
Current liabilities				
Accounts payable				
Due from to funds			<u>4,780</u>	<u>97,992</u>
<i>Total liabilities</i>	<u>0</u>	<u>0</u>	<u>4,780</u>	<u>97,992</u>
Fund balance				
Nonspendable				
Restricted for:				
Special revenue funds				
Capital projects funds	1,387	11,007		
Unassigned for:				
Special revenue funds				
Capital projects funds			<u>(4,780)</u>	<u>(79,976)</u>
<i>Total fund balances</i>	<u>1,387</u>	<u>11,007</u>	<u>(4,780)</u>	<u>(79,976)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,387</u>	<u>\$ 11,007</u>	<u>\$ 0</u>	<u>\$ 18,016</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2011

Statement A-1

	Capital Project Fund			
	CDBG S 2ND STREET	Scenic By Way Fund	ARRA JAG Fund	Corona Lift Station
Current assets				
Cash and cash equivalents	\$ 26,439	\$ 15,092	\$ 580	\$ 8,647
Prepaid expenses				
Due from other funds	<u>97,990</u>			
<i>Total assets</i>	<u><u>\$ 124,429</u></u>	<u><u>\$ 15,092</u></u>	<u><u>\$ 580</u></u>	<u><u>\$ 8,647</u></u>
Current liabilities				
Accounts payable				
Due from to funds		<u>11,001</u>		<u>159,165</u>
<i>Total liabilities</i>	<u>0</u>	<u>11,001</u>	<u>0</u>	<u>159,165</u>
Fund balance				
Nonspendable				
Restricted for:				
Special revenue funds				
Capital projects funds	124,429	4,091	580	
Unassigned for:				
Special revenue funds				
Capital projects funds				<u>(150,518)</u>
<i>Total fund balances</i>	<u>124,429</u>	<u>4,091</u>	<u>580</u>	<u>(150,518)</u>
<i>Total liabilities and fund balances</i>	<u><u>\$ 124,429</u></u>	<u><u>\$ 15,092</u></u>	<u><u>\$ 580</u></u>	<u><u>\$ 8,647</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2011

Statement A-1

Capital Project Fund

	<u>Lake Drive Improvement</u>	<u>ARRA Community Outreach</u>	<u>SR Fish Production</u>	<u>Total</u>
Current assets				
Cash and cash equivalents	\$ 31,433	\$ 4,000	\$	\$ 650,545
Prepaid expenses				978
Due from other funds			<u>7,700</u>	<u>749,739</u>
<i>Total assets</i>	<u>\$ 31,433</u>	<u>\$ 4,000</u>	<u>\$ 7,700</u>	<u>\$ 1,401,262</u>
Current liabilities				
Accounts payable				150
Due from to funds				<u>943,256</u>
<i>Total liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>943,406</u>
Fund balance				
Nonspendable				978
Restricted for:				
Special revenue funds				1,022,949
Capital projects funds	31,433	4,000	7,700	294,398
Unassigned for:				
Special revenue funds				(625,195)
Capital projects funds				<u>(235,274)</u>
<i>Total fund balances</i>	<u>31,433</u>	<u>4,000</u>	<u>7,700</u>	<u>457,856</u>
<i>Total liabilities and fund balances</i>	<u>\$ 31,433</u>	<u>\$ 4,000</u>	<u>\$ 7,700</u>	<u>\$ 1,401,262</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2011

Statement A-2

	Special Revenue Fund			
	Local Gov Correction Fund	Emergency Medical Service	Fire Protection Fund	Senior Citizens Nutrition
Revenues				
Taxes				
Loggers taxes	\$	\$	\$	\$
Cigarette taxes				
MVD taxes				
Gas taxes				
Charges for services	10,957			
Licenses and fees				
Fines and forfeitures				
Local sources				
State grants		10,139	188,075	65,929
Federal grants				30,492
Interest income	4	13	34	2
Miscellaneous			69,458	18,624
<i>Total revenues</i>	10,961	10,152	257,567	115,047
Expenditures				
Current				
General government				
Public safety	17,005	18,648	120,177	
Public works				
Culture and recreation				
Health and welfare			98	143,672
Capital outlay			97,095	20,458
Debt service				
Principal			60,643	
Interest				
<i>Total expenditures</i>	17,005	18,648	278,013	164,130
Excess (deficiency) of revenues over/ under expenditures	(6,044)	(8,496)	(20,446)	(49,083)
Other financing sources (uses)				
Transfers in				36,651
Transfers out				
<i>Total other financing sources (uses)</i>	0	0	0	36,651
<i>Net change in fund balances</i>	(6,044)	(8,496)	(20,446)	(12,432)
<i>Fund balances - beginning of year</i>	15,998	8,496	45,358	25,581
<i>Fund balances - end of year</i>	\$ 9,954	\$ 0	\$ 24,912	\$ 13,149

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2011

Statement A-2

	<u>Special Revenue Fund</u>				
	<u>Law Enforcement Protection</u>	<u>Blue Hole Diving Facility</u>	<u>Moise Memorial Library</u>	<u>Lodgers Tax Fund</u>	<u>Lodgers Tax Promotional Fund</u>
Revenues					
Taxes					
Loggers taxes	\$	\$	\$	\$ 435,118	\$
Cigarette taxes					
MVD taxes					
Gas taxes					
Charges for services					
Licenses and fees		18,440			
Fines and forfeitures				1,036	
Local sources					
State grants	14,328		18,794		
Federal grants					
Interest income	2	3	14	879	
Miscellaneous		5,001	512		
<i>Total revenues</i>	<u>14,330</u>	<u>23,444</u>	<u>19,320</u>	<u>437,033</u>	<u>0</u>
Expenditures					
Current					
General government			132		
Public safety	11,862		137		
Public works					
Culture and recreation		8,784	4,610	2,255	176,578
Health and welfare			1,733	1,423	
Capital outlay		7,517	9,965		
Debt service					
Principal	14,328				
Interest					
<i>Total expenditures</i>	<u>26,190</u>	<u>16,301</u>	<u>16,577</u>	<u>3,678</u>	<u>176,578</u>
Excess (deficiency) of revenues over/ under expenditures	<u>(11,860)</u>	<u>7,143</u>	<u>2,743</u>	<u>433,355</u>	<u>(176,578)</u>
Other financing sources (uses)					
Transfers in					
Transfers out				(288,679)	
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(288,679)</u>	<u>0</u>
<i>Net change in fund balances</i>	<u>(11,860)</u>	<u>7,143</u>	<u>2,743</u>	<u>144,676</u>	<u>(176,578)</u>
<i>Fund balances - beginning of year</i>	<u>11,860</u>	<u>9,667</u>	<u>42,238</u>	<u>710,220</u>	<u>(448,617)</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 16,810</u>	<u>\$ 44,981</u>	<u>\$ 854,896</u>	<u>\$ (625,195)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2011

Statement A-2

	Special Revenue Fund				
	Gasoline Tax Street Fund	Recreation Fund	EMS, Fire & Rescue Fund	Tourism / Convention Center	Mainstreet Fund
Revenues					
Taxes					
Loggers taxes	\$	\$	\$	\$	\$
Cigarette taxes		491			
MVD taxes					7,556
Gas taxes	184,536				
Charges for services				1,622	
Licenses and fees					
Fines and forfeitures					
Local sources					2,100
State grants			7,000		
Federal grants					
Interest income	12		4	87	32
Miscellaneous					6,509
<i>Total revenues</i>	<u>184,548</u>	<u>491</u>	<u>7,004</u>	<u>1,709</u>	<u>16,197</u>
Expenditures					
Current					
General government	188,559				
Public safety			1,856		1,854
Public works					
Culture and recreation		2,623		10,759	29,155
Health and welfare			1,002		1,813
Capital outlay					
Debt service					
Principal				73,393	
Interest				65,389	
<i>Total expenditures</i>	<u>188,559</u>	<u>2,623</u>	<u>2,858</u>	<u>149,541</u>	<u>32,822</u>
Excess (deficiency) of revenues over/ under expenditures	<u>(4,011)</u>	<u>(2,132)</u>	<u>4,146</u>	<u>(147,832)</u>	<u>(16,625)</u>
Other financing sources (uses)					
Transfers in				184,188	35,000
Transfers out	(17,343)			(12,000)	
<i>Total other financing sources (uses)</i>	<u>(17,343)</u>	<u>0</u>	<u>0</u>	<u>172,188</u>	<u>35,000</u>
<i>Net change in fund balances</i>	<u>(21,354)</u>	<u>(2,132)</u>	<u>4,146</u>	<u>24,356</u>	<u>18,375</u>
<i>Fund balances - beginning of year</i>	<u>22,191</u>	<u>2,955</u>	<u>10,029</u>	<u>(2,977)</u>	<u>3,636</u>
<i>Fund balances - end of year</i>	<u>\$ 837</u>	<u>\$ 823</u>	<u>\$ 14,175</u>	<u>\$ 21,379</u>	<u>\$ 22,011</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement A-2

City of Santa Rosa

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2011

	Capital Project Fund			
	River Road Drainage Fund	Blue Hole Improvement	Park Renovation Fund	Power Dam Improvements Fund
Revenues				
Taxes				
Loggers taxes	\$	\$	\$	\$
Cigarette taxes				
MVD taxes				
Gas taxes				
Charges for services				
Licenses and fees				
Fines and forfeitures				
Local sources				
State grants				57,188
Federal grants				
Interest income				3
Miscellaneous				
<i>Total revenues</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>57,191</u>
Expenditures				
Current				
General government				
Public safety				
Public works				57,188
Culture and recreation				
Health and welfare				
Capital outlay	9,216			
Debt service				
Principal				
Interest				
<i>Total expenditures</i>	<u>9,216</u>	<u>0</u>	<u>0</u>	<u>57,188</u>
Excess (deficiency) of revenues over/ under expenditures	<u>(9,216)</u>	<u>0</u>	<u>0</u>	<u>3</u>
Other financing sources (uses)				
Transfers in				
Transfers out				
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net change in fund balances</i>	<u>(9,216)</u>	<u>0</u>	<u>0</u>	<u>3</u>
<i>Fund balances - beginning of year</i>	<u>9,216</u>	<u>360</u>	<u>83</u>	<u>11,362</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 360</u>	<u>\$ 83</u>	<u>\$ 11,365</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2011

Statement A-2

	Capital Project Fund			
	Airport Construction Fund	CDBG Economic Dev Grant Dive Center Fund	DOWNTOW N IMPROVE MENTS	Culture Corridors Project Fund
Revenues				
Taxes				
Loggers taxes	\$	\$	\$	\$
Cigarette taxes				
MVD taxes				
Gas taxes				
Charges for services				
Licenses and fees				
Fines and forfeitures				
Local sources				
State grants	12,625			
Federal grants	253,782	25,000		
Interest income	2		12	1
Miscellaneous			79,945	
<i>Total revenues</i>	<u>266,409</u>	<u>25,000</u>	<u>79,957</u>	<u>1</u>
Expenditures				
Current				
General government			1,034	
Public safety				
Public works	144,951		1,773	
Culture and recreation				
Health and welfare				
Capital outlay	126,681	12,000	80,320	
Debt service				
Principal				
Interest				
<i>Total expenditures</i>	<u>271,632</u>	<u>12,000</u>	<u>83,127</u>	<u>0</u>
Excess (deficiency) of revenues over/ under expenditures	<u>(5,223)</u>	<u>13,000</u>	<u>(3,170)</u>	<u>1</u>
Other financing sources (uses)				
Transfers in	3,913	12,000	20,000	
Transfers out				
<i>Total other financing sources (uses)</i>	<u>3,913</u>	<u>12,000</u>	<u>20,000</u>	<u>0</u>
<i>Net change in fund balances</i>	<u>(1,310)</u>	<u>25,000</u>	<u>16,830</u>	<u>1</u>
<i>Fund balances - beginning of year</i>	<u>5,074</u>	<u>1</u>	<u>46,127</u>	<u>6,240</u>
<i>Fund balances - end of year</i>	<u>\$ 3,764</u>	<u>\$ 25,001</u>	<u>\$ 62,957</u>	<u>\$ 6,241</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement A-2

City of Santa Rosa

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2011

	Capital Project Fund			
	2007 Map Project	Planning Grant Comp Master Plan Fund	Eddy Ave & 8th Street 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				
State grants			259,112	30,076
Federal grants				
Interest income	2			3
Miscellaneous				6,487
<i>Total revenues</i>	<u>2</u>	<u>0</u>	<u>259,112</u>	<u>36,566</u>
Expenditures				
Current				
General government				
Public safety				
Public works	13,353		40,558	27,505
Culture and recreation				
Health and welfare				
Capital outlay			223,334	8,715
Debt service				
Principal				
Interest				
<i>Total expenditures</i>	<u>13,353</u>	<u>0</u>	<u>263,892</u>	<u>36,220</u>
Excess (deficiency) of revenues over/ under expenditures	<u>(13,351)</u>	<u>0</u>	<u>(4,780)</u>	<u>346</u>
Other financing sources (uses)				
Transfers in				
Transfers out				
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net change in fund balances</i>	<u>(13,351)</u>	<u>0</u>	<u>(4,780)</u>	<u>346</u>
<i>Fund balances - beginning of year</i>	<u>14,738</u>	<u>11,007</u>	<u>0</u>	<u>(80,322)</u>
<i>Fund balances - end of year</i>	<u>\$ 1,387</u>	<u>\$ 11,007</u>	<u>\$ (4,780)</u>	<u>\$ (79,976)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2011

Statement A-2

	Capital Project Fund			
	CDBG S 2ND STREET	Scenic By Way Fund	ARRA JAG Fund	Corona Lift Station
Revenues				
Taxes				
Loggers taxes	\$	\$	\$	\$
Cigarette taxes				
MVD taxes				
Gas taxes				
Charges for services				
Licenses and fees				
Fines and forfeitures				
Local sources				
State grants		28,201		205,068
Federal grants				
Interest income	7			2
Miscellaneous				
<i>Total revenues</i>	7	28,201	0	205,070
Expenditures				
Current				
General government			5,151	19,393
Public safety				
Public works				
Culture and recreation				
Health and welfare				
Capital outlay		28,110		177,036
Debt service				
Principal				
Interest				
<i>Total expenditures</i>	0	28,110	5,151	196,429
Excess (deficiency) of revenues over/ under expenditures	7	91	(5,151)	8,641
Other financing sources (uses)				
Transfers in		15,000		
Transfers out				
<i>Total other financing sources (uses)</i>	0	15,000	0	0
<i>Net change in fund balances</i>	7	15,091	(5,151)	8,641
<i>Fund balances - beginning of year</i>	124,422	(11,000)	5,731	(159,159)
<i>Fund balances - end of year</i>	\$ 124,429	\$ 4,091	\$ 580	\$ (150,518)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2011

Statement A-2

	Capital Project Fund			
	Lake Drive Improvement	ARRA Community Outreach	SR Fish Production	Total
Revenues				
Taxes				
Loggers taxes	\$	\$	\$	\$ 435,118
Cigarette taxes				491
MVD taxes				7,556
Gas taxes				184,536
Charges for services				12,579
Licenses and fees				18,440
Fines and forfeitures				1,036
Local sources				2,100
State grants	62,592	39,017	7,700	1,005,844
Federal grants				309,274
Interest income				1,118
Miscellaneous				186,536
<i>Total revenues</i>	62,592	39,017	7,700	2,164,628
Expenditures				
Current				
General government				214,269
Public safety				171,539
Public works	62,602	35,017		382,947
Culture and recreation				234,764
Health and welfare				149,741
Capital outlay	7,900			808,347
Debt service				
Principal				148,364
Interest				65,389
<i>Total expenditures</i>	70,502	35,017	0	2,175,360
Excess (deficiency) of revenues over/ under expenditures	(7,910)	4,000	7,700	(10,732)
Other financing sources (uses)				
Transfers in	39,343			346,095
Transfers out				(318,022)
<i>Total other financing sources (uses)</i>	39,343	0	0	28,073
<i>Net change in fund balances</i>	31,433	4,000	7,700	17,341
<i>Fund balances - beginning of year</i>	0	0	0	440,515
<i>Fund balances - end of year</i>	\$ 31,433	\$ 4,000	\$ 7,700	\$ 457,856

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-1

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 25,010	\$ 25,010	\$ 10,978	\$ (14,032)
Interest income			4	4
<i>Total revenues</i>	<u>25,010</u>	<u>25,010</u>	<u>10,982</u>	<u>(14,028)</u>
Expenditures:				
Current:				
Public safety	<u>25,000</u>	<u>25,000</u>	<u>17,005</u>	<u>7,995</u>
<i>Total expenditures</i>	<u>25,000</u>	<u>25,000</u>	<u>17,005</u>	<u>7,995</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>10</u>	<u>10</u>	<u>(6,023)</u>	<u>(6,033)</u>
Other financing sources (uses)				
Designated cash	<u>(10)</u>	<u>(10)</u>		<u>10</u>
<i>Total other financing sources (uses)</i>	<u>(10)</u>	<u>(10)</u>	<u>0</u>	<u>10</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	(6,023)	(6,023)
<i>Fund balances - beginning of year</i>			<u>15,998</u>	<u>15,998</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>9,975</u>	<u>\$ 9,975</u>
Reconciliation to GAAP Basis:			(6,023)	
Revenue accruals			(21)	
Expenditure accruals			0	
Net change in fund balances - GAAP basis			<u>\$ (6,044)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-2

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	\$ 19,622	\$ 19,622	\$ 18,635	\$ (987)
Interest income	<u>10</u>	<u>10</u>	<u>13</u>	<u>3</u>
<i>Total revenues</i>	<u>19,632</u>	<u>19,632</u>	<u>18,648</u>	<u>(984)</u>
Expenditures:				
Current:				
Public safety	<u>19,632</u>	<u>19,632</u>	<u>18,648</u>	<u>984</u>
<i>Total expenditures</i>	<u>19,632</u>	<u>19,632</u>	<u>18,648</u>	<u>984</u>
Excess (deficiency) of revenues over expenditures	0	0	0	0
<i>Fund balances - beginning of year</i>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Fund balances - end of year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>0</u></u>	<u><u>\$ 0</u></u>
Reconciliation to GAAP Basis:			0	
Revenue accruals			(8,496)	
Expenditure accruals			<u>0</u>	
Net change in fund balances - GAAP basis			<u><u>\$ (8,496)</u></u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-3

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	\$ 137,723	\$ 198,366	\$ 188,075	\$ (10,291)
Interest income	25	25	34	9
Miscellaneous	<u>2,000</u>	<u>66,000</u>	<u>69,458</u>	<u>3,458</u>
<i>Total revenues</i>	<u>139,748</u>	<u>264,391</u>	<u>257,567</u>	<u>(6,824)</u>
Expenditures:				
Current:				
Public safety	76,457	140,457	120,177	20,280
Health and Welfare			98	(98)
Capital outlay			97,095	(97,095)
Debt service:				
Principal	52,391	52,391	60,643	(8,252)
Interest	<u>10,900</u>	<u>10,900</u>		<u>10,900</u>
<i>Total expenditures</i>	<u>139,748</u>	<u>203,748</u>	<u>278,013</u>	<u>(74,265)</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>60,643</u>	<u>(20,446)</u>	<u>(81,089)</u>
Other financing sources (uses)				
Designated cash		(60,643)		60,643
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>(60,643)</u>	<u>0</u>	<u>60,643</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	<u>0</u>	<u>0</u>	<u>(20,446)</u>	<u>(20,446)</u>
<i>Fund balances - beginning of year</i>	<u></u>	<u></u>	<u>45,358</u>	<u>45,358</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>24,912</u>	<u>\$ 24,912</u>
Reconciliation to GAAP Basis:			(20,446)	
Revenue accruals			0	
Expenditure accruals			0	
Net change in fund balances - GAAP basis			<u>\$ (20,446)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-4

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	\$ 52,266	\$ 74,298	\$ 75,525	\$ 1,227
Federal grants	34,050	34,050	38,045	3,995
Interest income	20	20	2	(18)
Miscellaneous	<u>15,140</u>	<u>15,140</u>	<u>18,624</u>	<u>3,484</u>
<i>Total revenues</i>	<u>101,476</u>	<u>123,508</u>	<u>132,196</u>	<u>8,688</u>
Expenditures:				
Current:				
Health and Welfare	141,325	144,770	144,770	
Capital outlay	<u> </u>	<u>18,587</u>	<u>20,458</u>	<u>(1,871)</u>
<i>Total expenditures</i>	<u>141,325</u>	<u>163,357</u>	<u>165,228</u>	<u>(1,871)</u>
Excess (deficiency) of revenues over expenditures	(39,849)	(39,849)	(33,032)	6,817
Other financing sources (uses)				
Transfers in	<u>39,849</u>	<u>39,849</u>	<u>36,651</u>	<u>(3,198)</u>
<i>Total other financing sources (uses)</i>	<u>39,849</u>	<u>39,849</u>	<u>36,651</u>	<u>(3,198)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	3,619	3,619
<i>Fund balances - beginning of year</i>	<u> </u>	<u> </u>	<u>10,913</u>	<u>10,913</u>
<i>Fund balances - end of year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u>14,532</u>	<u><u>\$ 14,532</u></u>
Reconciliation to GAAP Basis:			3,619	
Revenue accruals			(17,149)	
Expenditure accruals			<u>1,098</u>	
Net change in fund balances - GAAP basis			<u><u>\$ (12,432)</u></u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-5

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	\$ 24,800	\$ 24,800	\$ 24,800	\$
Interest income	<u>10</u>	<u>10</u>	<u>2</u>	<u>(8)</u>
<i>Total revenues</i>	<u>24,810</u>	<u>24,810</u>	<u>24,802</u>	<u>(8)</u>
Expenditures:				
Current:				
Public safety	10,482	10,482	11,862	(1,380)
Debt service:				
Principal	<u>14,328</u>	<u>14,328</u>	<u>14,328</u>	
<i>Total expenditures</i>	<u>24,810</u>	<u>24,810</u>	<u>26,190</u>	<u>(1,380)</u>
Excess (deficiency) of revenues over expenditures	0	0	(1,388)	(1,388)
<i>Fund balances - beginning of year</i>			<u>1,388</u>	<u>1,388</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
Reconciliation to GAAP Basis:			(1,388)	
Revenue accruals			(10,472)	
Expenditure accruals			<u>0</u>	
Net change in fund balances - GAAP basis			<u>\$ (11,860)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Licenses and permits	\$ 20,000	\$ 20,000	\$ 18,440	\$ (1,560)
Interest income	200	200	3	(197)
Miscellaneous			5,000	5,000
<i>Total revenues</i>	<u>20,200</u>	<u>20,200</u>	<u>23,443</u>	<u>3,243</u>
Expenditures:				
Current:				
Culture and recreation	<u>2,200</u>	<u>22,600</u>	<u>16,301</u>	<u>6,299</u>
<i>Total expenditures</i>	<u>2,200</u>	<u>22,600</u>	<u>16,301</u>	<u>6,299</u>
Excess (deficiency) of revenues over expenditures	18,000	(2,400)	7,142	9,542
Other financing sources (uses)				
Designated cash	<u>(18,000)</u>	<u>2,400</u>		<u>(2,400)</u>
<i>Total other financing sources (uses)</i>	<u>(18,000)</u>	<u>2,400</u>	<u>0</u>	<u>(2,400)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	7,142	7,142
<i>Fund balances - beginning of year</i>			<u>9,667</u>	<u>9,667</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>16,809</u>	<u>\$ 16,809</u>
Reconciliation to GAAP Basis:			7,142	
Revenue accruals			1	
Expenditure accruals			0	
Net change in fund balances - GAAP basis			<u>\$ 7,143</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Local sources	\$ 17,554	\$ 14,836	\$	\$ (14,836)
State grants	14,118	14,118	18,794	4,676
Interest income	20	20	14	(6)
Miscellaneous			512	512
<i>Total revenues</i>	<u>31,692</u>	<u>28,974</u>	<u>19,320</u>	<u>(9,654)</u>
Expenditures:				
Current:				
General government	429	429	132	297
Public safety			138	(138)
Culture and recreation	10,191	10,191	4,610	5,581
Health and Welfare	5,626	5,626	1,733	3,893
Capital outlay	<u>21,118</u>	<u>21,118</u>	<u>9,965</u>	<u>11,153</u>
<i>Total expenditures</i>	<u>37,364</u>	<u>37,364</u>	<u>16,578</u>	<u>20,786</u>
Excess (deficiency) of revenues over expenditures	(5,672)	(8,390)	2,742	11,132
Other financing sources (uses)				
Designated cash	<u>5,672</u>	<u>8,390</u>		<u>(8,390)</u>
<i>Total other financing sources (uses)</i>	<u>5,672</u>	<u>8,390</u>	<u>0</u>	<u>(8,390)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	2,742	2,742
<i>Fund balances - beginning of year</i>			<u>42,238</u>	<u>42,238</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>44,980</u>	<u>\$ 44,980</u>
Reconciliation to GAAP Basis:			2,742	
Revenue accruals			0	
Expenditure accruals			1	
Net change in fund balances - GAAP basis			<u>\$ 2,743</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Lodgers taxes	\$ 415,000	\$ 415,000	\$ 460,554	\$ 45,554
Fines and forfeitures	1,000	1,000	1,036	36
State grants		10,275	10,275	
Interest income	50	50	879	829
<i>Total revenues</i>	<u>416,050</u>	<u>426,325</u>	<u>472,744</u>	<u>46,419</u>
Expenditures:				
Current:				
Culture and recreation	212,000	212,000	184,916	27,084
Health and Welfare			1,423	(1,423)
Capital outlay	10,000	10,000	10,000	
<i>Total expenditures</i>	<u>222,000</u>	<u>222,000</u>	<u>196,339</u>	<u>25,661</u>
Excess (deficiency) of revenues over expenditures	194,050	204,325	276,405	72,080
Other financing sources (uses)				
Designated cash	25,950	145,659		(145,659)
Transfers (out)	(220,000)	(349,984)	(288,679)	61,305
<i>Total other financing sources (uses)</i>	<u>(194,050)</u>	<u>(204,325)</u>	<u>(288,679)</u>	<u>(84,354)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	(12,274)	(12,274)
<i>Fund balances - beginning of year</i>			<u>2,607,227</u>	<u>2,607,227</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>2,594,953</u>	<u>\$ 2,594,953</u>
Reconciliation to GAAP Basis:			(12,274)	
Revenue accruals			(35,711)	
Expenditure accruals			192,661	
Net change in fund balances - GAAP basis			<u>\$ 144,676</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
<i>Total revenues</i>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Expenditures:				
<i>Total expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	0	0	0	0
<i>Fund balances - beginning of year</i>	<u> </u>	<u> </u>	<u>(432,534)</u>	<u>(432,534)</u>
<i>Fund balances - end of year</i>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	<u>(432,534)</u>	\$ <u><u>(432,534)</u></u>
Reconciliation to GAAP Basis:			0	
Revenue accruals			0	
Expenditure accruals			<u>(176,578)</u>	
Net change in fund balances - GAAP basis			\$ <u><u>(176,578)</u></u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Gasoline Tax Street 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, 2011

Statement B-10

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Gas taxes	\$ 190,000	\$ 205,428	\$ 205,586	\$ 158
State grants	282,250	282,250		(282,250)
Interest income			12	12
<i>Total revenues</i>	472,250	487,678	205,598	(282,080)
Expenditures:				
Current:				
General government	155,845	193,345	192,805	540
<i>Total expenditures</i>	155,845	193,345	192,805	540
Excess (deficiency) of revenues over expenditures	316,405	294,333	12,793	(281,540)
Other financing sources (uses)				
Designated cash	(10,902)	14,170		(14,170)
Transfers (out)	(305,503)	(308,503)	(17,343)	291,160
<i>Total other financing sources (uses)</i>	(316,405)	(294,333)	(17,343)	276,990
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	(4,550)	(4,550)
<i>Fund balances - beginning of year</i>	0	0	50,386	50,386
<i>Fund balances - end of year</i>	\$ 0	\$ 0	45,836	\$ 45,836
Reconciliation to GAAP Basis:			(4,550)	
Revenue accruals			(21,050)	
Expenditure accruals			4,246	
Net change in fund balances - GAAP basis			\$ (21,354)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Cigarette taxes	\$ _____	\$ _____ 491	\$ _____ 491	\$ _____
<i>Total revenues</i>	_____ 0	_____ 491	_____ 491	_____ 0
Expenditures:				
Current:				
Culture and recreation	_____ 2,955	_____ 2,955	_____ 2,624	_____ 331
<i>Total expenditures</i>	_____ 2,955	_____ 2,955	_____ 2,624	_____ 331
Excess (deficiency) of revenues over expenditures	(2,955)	(2,464)	(2,133)	331
Other financing sources (uses)				
Designated cash	_____ 2,955	_____ 2,464	_____	_____ (2,464)
<i>Total other financing sources (uses)</i>	_____ 2,955	_____ 2,464	_____ 0	_____ (2,464)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	(2,133)	(2,133)
<i>Fund balances - beginning of year</i>	_____	_____	_____ 2,956	_____ 2,956
<i>Fund balances - end of year</i>	\$ _____ 0	\$ _____ 0	_____ 823	\$ _____ 823
Reconciliation to GAAP Basis:			(2,133)	
Revenue accruals			0	
Expenditure accruals			1	
Net change in fund balances - GAAP basis			\$ _____ (2,132)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	\$ 7,000	\$ 7,000	\$ 7,000	\$
Interest income			4	4
<i>Total revenues</i>	<u>7,000</u>	<u>7,000</u>	<u>7,004</u>	<u>4</u>
Expenditures:				
Current:				
Public safety	3,500	3,500	1,856	1,644
Health and Welfare	<u>3,500</u>	<u>3,500</u>	<u>1,002</u>	<u>2,498</u>
<i>Total expenditures</i>	<u>7,000</u>	<u>7,000</u>	<u>2,858</u>	<u>4,142</u>
Excess (deficiency) of revenues over expenditures	0	0	4,146	4,146
<i>Fund balances - beginning of year</i>			<u>10,029</u>	<u>10,029</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>14,175</u>	<u>\$ 14,175</u>
Reconciliation to GAAP Basis:			4,146	
Revenue accruals			0	
Expenditure accruals			<u>0</u>	
Net change in fund balances - GAAP basis			<u>\$ 4,146</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-13

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$	\$ 1,623	\$ 1,623	\$
Interest income		87	87	
<i>Total revenues</i>	<u>0</u>	<u>1,710</u>	<u>1,710</u>	<u>0</u>
Expenditures:				
Current:				
Culture and recreation		10,759	10,759	
Capital outlay		20,882	20,882	
Debt service:				
Principal	73,393	73,393	73,393	
Interest	65,726	65,726	65,389	337
<i>Total expenditures</i>	<u>139,119</u>	<u>170,760</u>	<u>170,423</u>	<u>337</u>
Excess (deficiency) of revenues over expenditures	(139,119)	(169,050)	(168,713)	337
Other financing sources (uses)				
Designated cash	(20,881)	(30,950)		30,950
Transfers in	160,000	188,000	172,188	(15,812)
Transfers (out)		12,000		(12,000)
<i>Total other financing sources (uses)</i>	<u>139,119</u>	<u>169,050</u>	<u>172,188</u>	<u>3,138</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	3,475	3,475
<i>Fund balances - beginning of year</i>			<u>17,905</u>	<u>17,905</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>21,380</u>	<u>\$ 21,380</u>
Reconciliation to GAAP Basis:			3,475	
Revenue accruals			(1)	
Expenditure accruals			<u>20,882</u>	
Net change in fund balances - GAAP basis			<u>\$ 24,356</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-14

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
MVD taxes	\$	\$	\$ 7,556	\$ 7,556
Local sources	10,000	10,000	2,100	(7,900)
Interest income			32	32
Miscellaneous		6,475	6,509	34
<i>Total revenues</i>	<u>10,000</u>	<u>16,475</u>	<u>16,197</u>	<u>(278)</u>
Expenditures:				
Current:				
Public safety		3,238	1,854	1,384
Culture and recreation	45,000	45,000	45,238	(238)
Health and Welfare		3,237	1,813	1,424
<i>Total expenditures</i>	<u>45,000</u>	<u>51,475</u>	<u>48,905</u>	<u>2,570</u>
Excess (deficiency) of revenues over expenditures	(35,000)	(35,000)	(32,708)	2,292
Other financing sources (uses)				
Transfers in	35,000	35,000	35,000	
<i>Total other financing sources (uses)</i>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	2,292	2,292
<i>Fund balances - beginning of year</i>			<u>19,719</u>	<u>19,719</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>22,011</u>	<u>\$ 22,011</u>
Reconciliation to GAAP Basis:			2,292	
Revenue accruals			0	
Expenditure accruals			16,083	
Net change in fund balances - GAAP basis			<u>\$ 18,375</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Local sources	\$ 3,116	\$ 3,116	\$	\$ (3,116)
State grants	<u>4,565</u>	<u>6,765</u>		<u>(6,765)</u>
<i>Total revenues</i>	<u>7,681</u>	<u>9,881</u>	<u>0</u>	<u>(9,881)</u>
Expenditures:				
Capital outlay	<u>14,483</u>	<u>18,891</u>	<u>14,764</u>	<u>4,127</u>
<i>Total expenditures</i>	<u>14,483</u>	<u>18,891</u>	<u>14,764</u>	<u>4,127</u>
Excess (deficiency) of revenues over expenditures	(6,802)	(9,010)	(14,764)	(5,754)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	<u>6,802</u>	<u>9,010</u>		<u>(9,010)</u>
<i>Total other financing sources (uses)</i>	<u>6,802</u>	<u>9,010</u>	<u>0</u>	<u>(9,010)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	(14,764)	(14,764)
<i>Fund balances - beginning of year</i>			<u>9,216</u>	<u>9,216</u>
<i>Fund balances - end of year</i>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	<u>(5,548)</u>	\$ <u><u>(5,548)</u></u>
Reconciliation to GAAP Basis:			(14,764)	
Revenue accruals			0	
Expenditure accruals			<u>5,548</u>	
Net change in fund balances - GAAP basis			\$ <u><u>(9,216)</u></u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Total revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Current:				
Public works	370	393		393
Total expenditures	370	393	0	393
Excess (deficiency) of revenues over expenditures	(370)	(393)	0	393
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	370	393		(393)
Total other financing sources (uses)	370	393	0	(393)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	0	0
Fund balances - beginning of year			360	360
Fund balances - end of year	\$ 0	\$ 0	360	\$ 360
Reconciliation to GAAP Basis:			0	
Revenue accruals			0	
Expenditure accruals			0	
Net change in fund balances - GAAP basis			\$ 0	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Total revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Current:				
Public works	85	90		90
Total expenditures	85	90	0	90
Excess (deficiency) of revenues over expenditures	(85)	(90)	0	90
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	85	90		(90)
Total other financing sources (uses)	85	90	0	(90)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	0	0
Fund balances - beginning of year			83	83
Fund balances - end of year	\$ 0	\$ 0	83	\$ 83
Reconciliation to GAAP Basis:			0	
Revenue accruals			0	
Expenditure accruals			0	
Net change in fund balances - GAAP basis			\$ 0	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Local sources	\$ 93,044	\$ 93,044	\$	\$ (93,044)
State grants	136,260	202,025	65,255	(136,770)
Interest income			3	3
<i>Total revenues</i>	<u>229,304</u>	<u>295,069</u>	<u>65,258</u>	<u>(229,811)</u>
Expenditures:				
Current:				
Public works	<u>119,282</u>	<u>126,830</u>	<u>38,657</u>	<u>88,173</u>
<i>Total expenditures</i>	<u>119,282</u>	<u>126,830</u>	<u>38,657</u>	<u>88,173</u>
Excess (deficiency) of revenues over expenditures	110,022	168,239	26,601	(141,638)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	<u>(110,022)</u>	<u>(168,239)</u>		<u>168,239</u>
<i>Total other financing sources (uses)</i>	<u>(110,022)</u>	<u>(168,239)</u>	<u>0</u>	<u>168,239</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	26,601	26,601
<i>Fund balances - beginning of year</i>			<u>11,362</u>	<u>11,362</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>37,963</u>	<u>\$ 37,963</u>
Reconciliation to GAAP Basis:			26,601	
Revenue accruals			(8,067)	
Expenditure accruals			(18,531)	
Net change in fund balances - GAAP basis			<u>\$ 3</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-19

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Local sources	\$ 15,825	\$ 15,825	\$	\$ (15,825)
State grants	23,175	34,360	14,406	(19,954)
Federal grants	356,440	356,440	255,730	(100,710)
Interest income			2	2
<i>Total revenues</i>	<u>395,440</u>	<u>406,625</u>	<u>270,138</u>	<u>(136,487)</u>
Expenditures:				
Current:				
Public works	181,573	193,063	97,983	95,080
Capital outlay	342,988	447,382	202,938	244,444
<i>Total expenditures</i>	<u>524,561</u>	<u>640,445</u>	<u>300,921</u>	<u>339,524</u>
Excess (deficiency) of revenues over expenditures	(129,121)	(233,820)	(30,783)	203,037
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	129,121	233,200		(233,200)
Transfers in		620	6,075	5,455
<i>Total other financing sources (uses)</i>	<u>129,121</u>	<u>233,820</u>	<u>6,075</u>	<u>(227,745)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	(24,708)	(24,708)
Fund balances - beginning of year			5,074	5,074
Fund balances - end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>(19,634)</u>	<u>\$ (19,634)</u>
Reconciliation to GAAP Basis:			(24,708)	
Revenue accruals			(5,891)	
Expenditure accruals			29,289	
Net change in fund balances - GAAP basis			<u>\$ (1,310)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-20

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Federal grants	\$ 19,748	\$ 19,748	\$ 25,191	\$ 5,443
<i>Total revenues</i>	<u>19,748</u>	<u>19,748</u>	<u>25,191</u>	<u>5,443</u>
Expenditures:				
Capital outlay	28,455	37,116	19,224	17,892
<i>Total expenditures</i>	<u>28,455</u>	<u>37,116</u>	<u>19,224</u>	<u>17,892</u>
Excess (deficiency) of revenues over expenditures	(8,707)	(17,368)	5,967	23,335
Other financing sources (uses)				
Designated cash	8,707	12,368		(12,368)
Transfers in		5,000	18,630	13,630
<i>Total other financing sources (uses)</i>	<u>8,707</u>	<u>17,368</u>	<u>18,630</u>	<u>1,262</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	24,597	24,597
<i>Fund balances - beginning of year</i>			<u>1</u>	<u>1</u>
<i>Fund balances - end of year</i>	\$ <u>0</u>	\$ <u>0</u>	<u>24,598</u>	\$ <u>24,598</u>
Reconciliation to GAAP Basis:			24,597	
Revenue accruals			(6,821)	
Expenditure accruals			7,224	
Net change in fund balances - GAAP basis			\$ <u>25,000</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-21

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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
Revenues:				
Interest income	\$	\$	\$ 20	\$ 20
Miscellaneous		79,945	79,945	
<i>Total revenues</i>	<u>0</u>	<u>79,945</u>	<u>79,965</u>	<u>20</u>
Expenditures:				
Current:				
General government	14,251	14,251	2,894	11,357
Public works			1,198	(1,198)
Capital outlay	52,500	68,480	128,670	(60,190)
<i>Total expenditures</i>	<u>66,751</u>	<u>82,731</u>	<u>132,762</u>	<u>(50,031)</u>
Excess (deficiency) of revenues over expenditures	(66,751)	(2,786)	(52,797)	(50,011)
Other financing sources (uses)				
Designated cash	66,751	(5,214)		5,214
Transfers in		8,000	31,048	23,048
<i>Total other financing sources (uses)</i>	<u>66,751</u>	<u>2,786</u>	<u>31,048</u>	<u>28,262</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	(21,749)	(21,749)
<i>Fund balances - beginning of year</i>			<u>46,127</u>	<u>46,127</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>24,378</u>	<u>\$ 24,378</u>
Reconciliation to GAAP Basis:			(21,749)	
Revenue accruals			(11,056)	
Expenditure accruals			49,635	
Net change in fund balances - GAAP basis			<u>\$ 16,830</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-22

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Interest income	\$ _____	\$ _____	\$ _____ 2	\$ _____ 2
<i>Total revenues</i>	<u>0</u>	<u>0</u>	<u>2</u>	<u>2</u>
Expenditures:				
Capital outlay	<u>7,101</u>	<u>9,263</u>		<u>9,263</u>
<i>Total expenditures</i>	<u>7,101</u>	<u>9,263</u>	<u>0</u>	<u>9,263</u>
Excess (deficiency) of revenues over expenditures	(7,101)	(9,263)	2	9,265
Other financing sources (uses)				
Designated cash	<u>7,101</u>	<u>9,263</u>		<u>(9,263)</u>
<i>Total other financing sources (uses)</i>	<u>7,101</u>	<u>9,263</u>	<u>0</u>	<u>(9,263)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	2	2
<i>Fund balances - beginning of year</i>	<u>_____</u>	<u>_____</u>	<u>6,240</u>	<u>6,240</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>6,242</u>	<u>\$ 6,242</u>
Reconciliation to GAAP Basis:			2	
Revenue accruals			(1)	
Expenditure accruals			0	
Net change in fund balances - GAAP basis			<u>\$ 1</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-23

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Interest income	\$	\$	\$ 2	\$ 2
<i>Total revenues</i>	<u>0</u>	<u>0</u>	<u>2</u>	<u>2</u>
Expenditures:				
Current:				
Public works			9,026	(9,026)
<i>Total expenditures</i>	<u>0</u>	<u>0</u>	<u>9,026</u>	<u>(9,026)</u>
Excess (deficiency) of revenues over expenditures	0	0	(9,024)	(9,024)
<i>Fund balances - beginning of year</i>			<u>14,738</u>	<u>14,738</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>5,714</u>	<u>\$ 5,714</u>
Reconciliation to GAAP Basis:			(9,024)	
Revenue accruals			0	
Expenditure accruals			(4,327)	
Net change in fund balances - GAAP basis			<u>\$ (13,351)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-24

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
<i>Total revenues</i>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Expenditures:				
<i>Total expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	0	0	0	0
<i>Fund balances - beginning of year</i>	<u> </u>	<u> </u>	<u>7</u>	<u>7</u>
<i>Fund balances - end of year</i>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	<u>7</u>	\$ <u><u>7</u></u>
Reconciliation to GAAP Basis:			0	
Revenue accruals			0	
Expenditure accruals			<u>0</u>	
Net change in fund balances - GAAP basis			\$ <u><u>0</u></u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-25

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	\$ 392,000	\$ 392,000	\$ 259,112	\$ (132,888)
Interest income			1	1
<i>Total revenues</i>	<u>392,000</u>	<u>392,000</u>	<u>259,113</u>	<u>(132,887)</u>
Expenditures:				
Current:				
Public works	20,000	20,000	40,559	(20,559)
Capital outlay	<u>372,000</u>	<u>372,000</u>	<u>223,334</u>	<u>148,666</u>
<i>Total expenditures</i>	<u>392,000</u>	<u>392,000</u>	<u>263,893</u>	<u>128,107</u>
Excess (deficiency) of revenues over expenditures	0	0	(4,780)	(4,780)
<i>Fund balances - beginning of year</i>				
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(4,780)</u>	<u>\$ (4,780)</u>
Reconciliation to GAAP Basis:			(4,780)	
Revenue accruals			(1)	
Expenditure accruals			1	
Net change in fund balances - GAAP basis			<u>\$ (4,780)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-26

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Local sources	\$ 123,240	\$ 123,240	\$	\$ (123,240)
State grants	180,486	267,597	34,318	(233,279)
Interest income			3	3
Miscellaneous			6,487	6,487
<i>Total revenues</i>	<u>303,726</u>	<u>390,837</u>	<u>40,808</u>	<u>(350,029)</u>
Expenditures:				
Current:				
Public works	152,368	162,010	18,593	143,417
Capital outlay			13,961	(13,961)
<i>Total expenditures</i>	<u>152,368</u>	<u>162,010</u>	<u>32,554</u>	<u>129,456</u>
Excess (deficiency) of revenues over expenditures	151,358	228,827	8,254	(220,573)
Designated cash (budgeted increase in cash)	<u>(151,358)</u>	<u>(228,827)</u>		<u>228,827</u>
<i>Total other financing sources (uses)</i>	<u>(151,358)</u>	<u>(228,827)</u>	<u>0</u>	<u>228,827</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	8,254	8,254
<i>Fund balances - beginning of year</i>			<u>17,670</u>	<u>17,670</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>25,924</u>	<u>\$ 25,924</u>
Reconciliation to GAAP Basis:			8,254	
Revenue accruals			(4,242)	
Expenditure accruals			(3,666)	
Net change in fund balances - GAAP basis			<u>\$ 346</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-27

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Interest income	\$	\$	7	7
<i>Total revenues</i>	<u>0</u>	<u>0</u>	<u>7</u>	<u>7</u>
Expenditures:				
Capital outlay	<u>30,084</u>	<u>39,240</u>		<u>39,240</u>
<i>Total expenditures</i>	<u>30,084</u>	<u>39,240</u>	<u>0</u>	<u>39,240</u>
Excess (deficiency) of revenues over expenditures	(30,084)	(39,240)	7	39,247
Other financing sources (uses)				
Designated cash	<u>30,084</u>	<u>39,240</u>		<u>(39,240)</u>
<i>Total other financing sources (uses)</i>	<u>30,084</u>	<u>39,240</u>	<u>0</u>	<u>(39,240)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	7	7
<i>Fund balances - beginning of year</i>			<u>26,432</u>	<u>26,432</u>
<i>Fund balances - end of year</i>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	<u>26,439</u>	\$ <u><u>26,439</u></u>
Reconciliation to GAAP Basis:			7	
Revenue accruals			0	
Expenditure accruals			<u>0</u>	
Net change in fund balances - GAAP basis			\$ <u><u>7</u></u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-28

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	\$	\$	\$ 32,180	\$ 32,180
<i>Total revenues</i>	<u>0</u>	<u>0</u>	<u>32,180</u>	<u>32,180</u>
Expenditures:				
Capital outlay			45,031	(45,031)
<i>Total expenditures</i>	<u>0</u>	<u>0</u>	<u>45,031</u>	<u>(45,031)</u>
Excess (deficiency) of revenues over expenditures	0	0	(12,851)	(12,851)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)		(6,000)		6,000
Transfers in		6,000	23,286	17,286
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>23,286</u>	<u>23,286</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	10,435	10,435
<i>Fund balances - beginning of year</i>				
<i>Fund balances - end of year</i>	\$ <u>0</u>	\$ <u>0</u>	<u>10,435</u>	\$ <u>10,435</u>
Reconciliation to GAAP Basis:			10,435	
Revenue accruals			(12,265)	
Expenditure accruals			16,921	
Net change in fund balances - GAAP basis			\$ <u>15,091</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-29

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Federal grants	\$ 1,105	\$ 1,105	\$	\$ (1,105)
<i>Total revenues</i>	<u>1,105</u>	<u>1,105</u>	<u>0</u>	<u>(1,105)</u>
Expenditures:				
Capital outlay	<u>1,594</u>	<u>2,078</u>		<u>2,078</u>
<i>Total expenditures</i>	<u>1,594</u>	<u>2,078</u>	<u>0</u>	<u>2,078</u>
Excess (deficiency) of revenues over expenditures	(489)	(973)	0	973
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	<u>489</u>	<u>973</u>		<u>(973)</u>
<i>Total other financing sources (uses)</i>	<u>489</u>	<u>973</u>	<u>0</u>	<u>(973)</u>
<i>Fund balances - beginning of year</i>				
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
Reconciliation to GAAP Basis:			0	
Revenue accruals			0	
Expenditure accruals			(5,151)	
Net change in fund balances - GAAP basis			<u>\$ (5,151)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-30

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	\$ 1,956,176	\$ 1,956,176	\$ 1,807,869	\$ (148,307)
Federal grants	9,368,956	9,368,956	4,261,878	(5,107,078)
Interest income			33	33
<i>Total revenues</i>	<u>11,325,132</u>	<u>11,325,132</u>	<u>6,069,780</u>	<u>(5,255,352)</u>
Expenditures:				
Current:				
General government			451,240	(451,240)
Public works	1,119,335	1,119,335		1,119,335
Capital outlay	<u>10,205,797</u>	<u>10,205,797</u>	<u>5,597,910</u>	<u>4,607,887</u>
<i>Total expenditures</i>	<u>11,325,132</u>	<u>11,325,132</u>	<u>6,049,150</u>	<u>5,275,982</u>
Excess (deficiency) of revenues over expenditures	0	0	20,630	20,630
<i>Fund balances - beginning of year</i>			<u>4</u>	<u>4</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>20,634</u>	<u>\$ 20,634</u>
Reconciliation to GAAP Basis:			20,630	
Revenue accruals			(411,618)	
Expenditure accruals			<u>(989,502)</u>	
Net change in fund balances - GAAP basis			<u>\$ (1,380,490)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-31

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Local sources	\$ 207,410	\$ 207,410	\$	\$ (207,410)
State grants	303,745	450,350	233,997	(216,353)
Interest income			5	5
<i>Total revenues</i>	<u>511,155</u>	<u>657,760</u>	<u>234,002</u>	<u>(423,758)</u>
Expenditures:				
Current:				
General government	267,283	267,284	54,295	212,989
Capital outlay	<u>265,732</u>	<u>346,613</u>	<u>283,605</u>	<u>63,008</u>
<i>Total expenditures</i>	<u>533,015</u>	<u>613,897</u>	<u>337,900</u>	<u>275,997</u>
Excess (deficiency) of revenues over expenditures	(21,860)	43,863	(103,898)	(147,761)
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	<u>21,860</u>	<u>(43,863)</u>		<u>43,863</u>
<i>Total other financing sources (uses)</i>	<u>21,860</u>	<u>(43,863)</u>	<u>0</u>	<u>43,863</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	(103,898)	(103,898)
<i>Fund balances - beginning of year</i>			<u>(54,448)</u>	<u>(54,448)</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(158,346)</u>	<u>\$ (158,346)</u>
Reconciliation to GAAP Basis:			(103,898)	
Revenue accruals			(28,932)	
Expenditure accruals			<u>141,471</u>	
Net change in fund balances - GAAP basis			<u>\$ 8,641</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-32

City of Santa Rosa

Lake Drive Improvement 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	\$	\$	\$ 71,422	\$ 71,422
Federal grants	349,637	349,637		(349,637)
Interest income			1	1
<i>Total revenues</i>	<u>349,637</u>	<u>349,637</u>	<u>71,423</u>	<u>(278,214)</u>
Expenditures:				
Current:				
Public works	99,665	105,974	42,318	63,656
Capital outlay	<u>798,060</u>	<u>1,040,964</u>	<u>12,655</u>	<u>1,028,309</u>
<i>Total expenditures</i>	<u>897,725</u>	<u>1,146,938</u>	<u>54,973</u>	<u>1,091,965</u>
Excess (deficiency) of revenues over expenditures	(548,088)	(797,301)	16,450	813,751
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	548,088	760,059		(760,059)
Transfers in		<u>37,242</u>	<u>61,078</u>	<u>23,836</u>
<i>Total other financing sources (uses)</i>	<u>548,088</u>	<u>797,301</u>	<u>61,078</u>	<u>(736,223)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	77,528	77,528
<i>Fund balances - beginning of year</i>				
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>77,528</u>	<u>\$ 77,528</u>
Reconciliation to GAAP Basis:			77,528	
Revenue accruals			(30,566)	
Expenditure accruals			<u>(15,529)</u>	
Net change in fund balances - GAAP basis			<u>\$ 31,433</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-33

City of Santa Rosa

ARRA Community Outreach 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	\$ _____	\$ _____	\$ 44,521	\$ 44,521
<i>Total revenues</i>	<u>0</u>	<u>0</u>	<u>44,521</u>	<u>44,521</u>
Expenditures:				
Current:				
Public works	_____	_____	23,670	(23,670)
<i>Total expenditures</i>	<u>0</u>	<u>0</u>	<u>23,670</u>	<u>(23,670)</u>
Excess (deficiency) of revenues over expenditures	0	0	20,851	20,851
<i>Fund balances - beginning of year</i>	_____	_____	_____	_____
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>20,851</u>	<u>\$ 20,851</u>
Reconciliation to GAAP Basis:			20,851	
Revenue accruals			(5,504)	
Expenditure accruals			(11,347)	
Net change in fund balances - GAAP basis			<u>\$ 4,000</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-34

City of Santa Rosa

SR Fish Production 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	\$ _____	\$ _____	\$ 8,786	\$ 8,786
<i>Total revenues</i>	<u>0</u>	<u>0</u>	<u>8,786</u>	<u>8,786</u>
Expenditures:				
<i>Total expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	0	0	8,786	8,786
<i>Fund balances - beginning of year</i>	_____	_____	_____	_____
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>8,786</u>	<u>\$ 8,786</u>
Reconciliation to GAAP Basis:			8,786	
Revenue accruals			(1,086)	
Expenditure accruals			0	
Net change in fund balances - GAAP basis			<u>\$ 7,700</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-1

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, 2011

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 980,000	\$ 1,146,398	\$ 1,262,090	\$ 115,692
Interest income	325	325	356	31
State grants	1,333,263	1,333,263		(1,333,263)
Federal grants	3,665,680	3,665,680	80,680	(3,585,000)
Taxes	32,000	32,000	52,538	20,538
Miscellaneous	4,910,600	4,935,098	188,187	(4,746,911)
<i>Total revenues</i>	<u>10,921,868</u>	<u>11,112,764</u>	<u>1,583,851</u>	<u>(9,528,913)</u>
Expenditures:				
Personnel services	4,198,800	4,244,700	480,035	3,764,665
Maintenance and operations	3,724,400	3,765,120	434,803	3,330,317
Capital outlay	432,460	437,180	136,429	300,751
Revenue bond principal	2,447,774	2,474,534	10,964	2,463,570
Interest expense			56,112	(56,112)
<i>Total expenditures</i>	<u>10,803,434</u>	<u>10,921,534</u>	<u>1,118,343</u>	<u>9,803,191</u>
Excess (deficiency) of revenues over expenditures	118,434	191,230	465,508	274,278
Other financing sources (uses)				
Designated cash	(71,110)	(143,906)		143,906
Transfers in	38,000	44,000	65,324	21,324
Transfers (out)	(85,324)	(91,324)	(85,324)	6,000
<i>Total other financing sources (uses)</i>	<u>(118,434)</u>	<u>(191,230)</u>	<u>(20,000)</u>	<u>171,230</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	445,508	445,508
<i>Fund balances - beginning of year</i>			<u>149,072</u>	<u>149,072</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>594,580</u>	<u>\$ 594,580</u>
Reconciliation to GAAP Basis:			445,508	
Adjustments to revenues (assets)			3,331	
Adjustments to expenditures (liabilities)			(47,636)	
Net change in net assets - GAAP basis			<u>\$ 401,203</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-2

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 300,000	\$ 300,000	\$ 325,030	\$ 25,030
Interest income	10	10	114	104
Taxes	52,000	52,000	65,476	13,476
Miscellaneous			22,721	22,721
<i>Total revenues</i>	<u>352,010</u>	<u>352,010</u>	<u>413,341</u>	<u>61,331</u>
Expenditures:				
Personnel services	97,780	125,435	139,325	(13,890)
Maintenance and operations	135,284	173,550	192,769	(19,219)
Capital outlay	75,400	96,730	107,439	(10,709)
Revenue bond principal	7,825	10,040	11,153	(1,113)
Interest expense	1,590	2,044	2,263	(219)
<i>Total expenditures</i>	<u>317,879</u>	<u>407,799</u>	<u>452,949</u>	<u>(45,150)</u>
Excess (deficiency) of revenues over expenditures	34,131	(55,789)	(39,608)	16,181
Other financing sources (uses)				
Designated cash	(24,131)	(13,269)		13,269
Transfers in	10,000	99,920	99,920	
Transfers (out)	(20,000)	(30,862)	(30,862)	
<i>Total other financing sources (uses)</i>	<u>(34,131)</u>	<u>55,789</u>	<u>69,058</u>	<u>13,269</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	29,450	29,450
Fund balances - beginning of year			<u>86,248</u>	<u>86,248</u>
Fund balances - end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>115,698</u>	<u>\$ 115,698</u>
Reconciliation to GAAP Basis:			29,450	
Adjustments to revenues (assets)			101,417	
Adjustments to expenditures (liabilities)			(65,276)	
Net change in net assets - GAAP basis			<u>\$ 65,591</u>	

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Collateral Pledged By Depository
For Public Funds
June 30, 2011

Schedule I

Name of Depository	Description of Pledged Collateral	Maturity Date	Fair Market Value June 30, 2011	Name and Location of Safekeeper
Wells Fargo Bank	FG H01489	4/1/2036	\$ 1,537	WF CALIF
	FN AH7010	3/1/2041	426,007	WF CALIF
	FN 831219	1/1/2036	153,586	WF CALIF
	FN 831472	5/1/2036	224,676	WF CALIF
	FN 867437	5/1/2036	43,916	WF CALIF
	FN 872775	6/1/2036	11,605	WF CALIF
	FN 963560	6/1/2038	18,457	WF CALIF
Community Ist Bank	11041103391	8/1/2020	<u>105,638</u>	CFB NM
Total			<u>\$ 985,422</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Deposit and Investment Accounts
June 30, 2011

Schedule II

Bank Account Type/Name	Wells Fargo Bank
Water Meter Deposit Fund	\$ 58,865
Sewer Asset Management Reserve	6,000
Sewer Reserve Debt	21,324
Los Amigos Project	10,423
Lake Drive Improvements	31,433
Lodgers Tax Fund	260,302
Golf Course Fund	3,288
Main Street Fund	22,011
Blue Hole Diving Facility	16,785
Fire fund	27,786
Sewer Fund	298,618
Water Fund	81,811
Water Meter Deposit Fund Money Market Act	12,057
General Fund Money Market Act	111,858
Water Sewer Fund Money Market Act	8,534
CDBG S. 2nd Street	26,439
Gasoline Tax Fund	38,415
Airport Fund	2,688
Moise Memorial Library	44,748
Downtown Improvements	62,957
Culture Corridors Project	6,241
Eddy Ave & 8th St	1
Scenic Byways	15,092
Juvenile Recreational Fund	823
CDBG Economic Development Grant	25,001
Ambulance Fund	115,333
EMS Fire & Rescue Fund	14,175
Airport Construction Account	7,921
Blue Hole Improvements	360
Landfill Closure	68,339
Planning Grant	7
Power Dam Fund	11,365
General Fund	232,503
Parks Renovation Fund	83
RUS Project	3,429
Senior Center Nutrition Site	9,408
Local Government Correction Fund	9,934
Solid Waste Fund	22,383
Repair & Replacement Fund	78,757
2007 Map Project	1,387
General Fund CD	11,816
Lodgers Tax CD	17,718
Water Fund CD	95,043
Convention Center	21,027
ARRA Wastewater Treatment Facility	20,634
ARRA Jag Fund	580
Corona Lift Station	8,647
ARRA Community Outreach	4,000
Payroll- Direct Deposit	<u>140,485</u>
Total on Deposit	2,088,834

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Deposit and Investment Accounts
June 30, 2011

Schedule II

Reconciling Items	(240,794)
Unreconciling Items	<u>46,609</u>
Total per bank, June 30, 2011	<u>1,894,649</u>
Total, all banks and petty cash	<u>\$ 1,894,649</u>

The accompanying notes are an integral part of these financial statements

COMPLIANCE SECTION

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

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, 2011, 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, 2011, 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 responses as items FS 97-03, FS 09-06, FS 09-07, FS 09-10, FS 10-05 and FS-10-06 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 09-08, 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 items FS 09-04, FS 10-08 and FS 11-01.

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

Harshwal & Company LLP

Albuquerque, New Mexico
December 3, 2013

FEDERAL FINANCIAL ASSISTANCE

**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, 2011. 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, 2011. 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, 2011.

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item FA 2009-01 to be significant deficiency.

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

Harshwal & Company LLP

Albuquerque, New Mexico
December 3, 2013

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Expenditure of Federal Awards
June 30, 2011

Schedule III

<u>Federal Grantor or Pass-Through Grantor / Program Title</u>	<u>Pass-through Grant Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
ARRA Waste Water Treatment Facility	9200	10.781	\$ 515,108
ARRA Waste Water Treatment Facility	9204	10.781	3,744,771
Water and Waste Disposal Systems for Rural Communities	9204	10.760	<u>80,680</u>
Total U.S. Department of Agriculture			<u>4,340,559</u>
U.S. Department of Housing and Urban Development			
CDBG South	10-C-RS-I-01-G-28	14.218	<u>62,592</u>
Total U.S. Department of Housing and Urban Development			<u>62,592</u>
U.S. Department of Transportation			
Eddy Ave & Street	ECO-5810(1) ES41200	20.205	<u>259,112</u>
Total U.S. Department of Transportation			<u>259,112</u>
Environmental Protection Agency			
Capitalization Grants for Clean Water State Revolving Funds	<u>CWSRF 13</u>	<u>66.458</u>	<u>1,807,869</u>
Total Environmental Protection Agency			<u>1,807,869</u>
Total Federal Financial Assistance			<u>\$ 6,470,132</u>

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Expenditure of Federal Awards
June 30, 2011

Schedule III

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	\$ 6,470,132
Total expenditures funded by other sources	<u>5,300,673</u>
Total expenditures	<u><u>\$ 11,770,805</u></u>

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

- | | |
|--|------------|
| 1. 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? | Yes |
| 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

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low risk auditee | No |

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

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.

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 Encode 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 completed in the FY 2013-2014.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

2. Audit Findings in Relation to Financial Statements - Continued

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

Condition: The fiscal year 2011 Annual Financial Report for the City was not submitted to the New Mexico Office of the State Auditor by the December 1, 2011 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 2011 requires that annual reports be received in the Office of the State Auditor on or before December 1, 2011.

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.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

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 in their files.
- 2 employees did not have a W-4 in their files.
- 1 employee did not have an application in his file.
- 5 employees did not have job descriptions in their files.
- 2 employees did not have a signed form indicating that they had read the City's policies regarding a drug free policy.
- 1 employee was not properly authorized for Overtime.

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.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

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.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

2. Audit Findings in Relation to Financial Statements - Continued

FS 09-07 Capital Asset Inventory - 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.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

2. Audit Findings in Relation to Financial Statements - Continued

FS 09-07 Capital Asset Inventory - 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 completed in the FY 2013-2014.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

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:

Nonmajor Funds:

Fire Protection Special Revenue Fund	\$ (74,265)
Senior Citizens Nutrition Special Revenue Fund	(1,871)
Law Enforcement Protection Special Revenue Fund	(1,380)
Downtown Improvement Capital Project Fund	(50,031)
ARRA Community Outreach Capital Project Fund	(23,670)
2007 MAP Project Capital Project Fund	(9,026)
Scenic By- Way Capital Project Fund	(45,031)

Enterprise Fund:

Solid Waste	<u>(45,150)</u>
Total	<u>\$ (250,424)</u>

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.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

2. Audit Findings in Relation to Financial Statements - Continued

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

Condition: During the performance of audit procedures relating to cash and bank reconciliation's, 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 \$24,164.
- Four 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 Water Fund, the City did not provide the bank reconciliation

Criteria: Bank reconciliation's are an important element of internal control, facilitating timely detection of book/bank differences so they can be investigated and resolved. Such reconciliation's 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.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

2. Audit Findings in Relation to Financial Statements - Continued

FS 09-10 Bank Reconciliation - 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.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

2. Audit Findings in Relation to Financial Statements - Continued

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

Condition: The City's computer software program namely the "Encode" 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 Encode 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.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

2. Audit Findings in Relation to Financial Statements - Continued

FS 10-01 Internal Control over Check Signing Process and Storage of Checks Stock-Repeated (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 Encode 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 \$10,000.00. The Administration believes this form of compensatory control will protect the interest of the City against potential fraud or misuse.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

2. Audit Findings in Relation to Financial Statements - Continued

FS 10-02 Stale Checks - Revised & Repeated (Significant Deficiency)

Condition: The City maintained thirty checks in various bank accounts that were dated over one year old at the end June 30, 2011, which amounted to \$6,014.

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.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

2. Audit Findings in Relation to Financial Statements - Continued

FS 10-03 Internal Control over Computer Server Room-Repeated (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.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

2. Audit Findings in Relation to Financial Statements - Continued

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

Condition: We noted that the City has made compensated absences over payments, which amounted to \$2,562. We also noted that for 21 out of 45 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.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

2. Audit Findings in Relation to Financial Statements - Continued

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

Condition: Many significant adjusting journal entries were required after the accounting records were closed for the year ended June 30, 2011. 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 reconciliation and monitoring of account activity, including the preparation of schedules and account reconciliation 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.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

2. Audit Findings in Relation to Financial Statements - Continued

FS 10-06 City Not Preparing Financial Statement - Repeated(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.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

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, 2011. 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.

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.

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

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.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

2. Audit Findings in Relation to Financial Statements - Continued

FS 11-01 Violation of Open Meetings Act (Non Compliance)

Condition: While reviewing the Council Minutes for the City, we noted one instance where the minute was not approved at the next held public meeting and approval of minute was not included as a separate agenda. We also noted that the regular meeting was not held for the month October 2010.

Criteria: The Open Meetings Act (OMA), specifically Section 10-15-1G NMSA 1978, requires that the board, commission or other policymaking body shall keep written minutes of all its meetings. The minutes shall include at a minimum the date, time and place of the meeting, the names of members in attendance and those absent, the substance of the proposals considered and a record of any decisions and votes taken that show how each member voted. Draft minutes shall be prepared within ten working days after the meeting and shall be approved, amended or disapproved at the next meeting where a quorum is present. Approval of past minutes should always appear as an agenda item for all regular meeting of the board of trustees.

Effect: Noncompliance with the New Mexico State Statutes could subject officials and employees to penalties and fines. The actions of the City's Board are not fully transparent to the public. The City's Board minutes are also not readily available for public inspection when not prepared.

Cause: The City is not in compliance with New Mexico state statutes and requirements of Open Meeting Act for preparation and approval of minutes.

Auditors' recommendation: We recommend the City implement administrative procedures to ensure compliance with New Mexico state statutes. Furthermore, we recommend the City's Attorney provide training to the City's Board of Trustees and staff concerning the requirements of the Open Meetings Act.

Management's Response: The Administration will intensify its efforts in this area to achieve full compliance.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

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, 2012. 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.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

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

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

Federal program information:

Funding agency: U.S. Department of Agriculture
Title: ARRA Wastewater Treatment Facility
CFDA number: 10.781

Condition:

During FY 2011, 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 2011 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 tracking 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 completed in the FY 2013-2014.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2011

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

FA 2010-02 — Schedule of Expenditures of Federal Awards - Repeated (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.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Prior Year Audit Findings
Year Ended June 30, 2011

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 09-02 Excess Partial Day Per Diem - Resolved
- FS 09-04 Payroll - Revised & Repeated - See finding FS 09-04
- FS 09-06 Internal Controls over Non-standard Journal Entries - Repeated - See finding FS 09-06
- FS 09-07 Capital Asset Inventory - Repeated - See finding FS 09-07
- FS 09-08 Noncompliance with Budget Requirements - Revised & Repeated - See finding FS 09-08
- FS 09-10 Bank Reconciliation - Revised & Repeated - See finding FS 09-10
- FS 10-01 Internal Control over Check Signing Process and Storage of Checks Stock - Repeated
- See finding FS 10-01
- FS 10-02 Stale Checks - Revised & Repeated - See finding FS 10-02
- FS 10-03 Internal Control over Computer Server Room - Repeated - See finding FS 10-03
- FS 10-04 Excess payment on account of Compensated Absence - Revised & Repeated - See finding FS 10-04
- FS 10-05 General Ledger Account Postings and Reconciliations - Repeated - See finding FS 10-05
- FS 10-06 City Not Preparing Financial Statement - Repeated - See finding FS 10-06
- FS 10-07 Debt Service Activity - Resolved
- FS 10-08 Late Submission of IPA Recommendation Form and Audit Contract Repeated - See finding FS 10-08

Federal Awards Finding:

- FA 2009-01 Data Collection Form - Repeated - See finding FA 2009-01
- FA 2010-01 Tracking Property and Equipment Purchased with Federal Award Funds - Repeated
- See finding FA 2010-01
- FA 2010-02 Schedule of Expenditures of Federal Awards - Repeated - See finding FA 2010-02
- FA-2010-03 Compliance ARRA Reporting - Resolved

STATE OF NEW MEXICO
City of Santa Rosa
Exit Conference
June 30, 2011

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
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